



India-Saudi Arabia Relations

For Prelims: [Foreign Direct Investment](#), [National Anti-Doping Agency](#), [EX-SADA TANSEEO](#), [Bilateral Haj Agreement](#)

For Mains: India's Foreign Policy and Strategic Partnerships, India-Saudi Arabia Relations, India's strategic alliances within the Gulf Cooperation Council (GCC)

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Why in News?

Prime Minister Narendra Modi paid a state visit to the **Kingdom of Saudi Arabia** and chaired the 2nd meeting of the [India-Saudi Arabia Strategic Partnership Council \(SPC\)](#).



What are the Key Outcomes of the India-Saudi Arabia Bilateral Engagement?

- **New Ministerial Committees:** The 2nd Leaders' Meeting of the **SPC**, led to the creation of two new Ministerial Committees on **Defence Cooperation and Tourism & Cultural Cooperation**.
 - The SPC now operates through four key committees: **Political, Consular & Security Cooperation; Defence Cooperation; Economy, Energy, Investment & Technology; and Tourism & Cultural Cooperation**.
- **High Level Task Force on Investment (HLTF):** Saudi Arabia's commitment to invest **USD 100 billion in India** spans sectors like energy, infrastructure, tech, and health.
 - The HLTF has facilitated collaboration on establishing **two refineries** in India and achieved progress in taxation, boosting future investment cooperation.
- **MoUs/Agreements Signed:**
 - **Space Cooperation:** MoU between **Saudi Space Agency** and [Department of Space of India](#) for **cooperation in space activities** for peaceful purposes.
 - **Health Cooperation:** Saudi Arabia signed MoU with **India** to foster cooperation in **healthcare**.
 - **Anti-Doping Cooperation:** MoU between the **Saudi Arabian Anti-Doping Committee (SAADC)** and the [National Anti-Doping Agency \(NADA\)](#) (India) on **anti-doping education and prevention**.
 - **Postal Cooperation:** Agreement between **Saudi Post Corporation (SPL)** and **Department of Posts, India** on **cooperation in inward surface parcel services**.

How have India-Saudi Arabia Relations Developed Over the Years?

- **Diplomatic and Strategic Relations:** India and Saudi Arabia established diplomatic ties in 1947, with key milestones including the **Delhi Declaration (2006)** and the **Riyadh Declaration (2010)** during PM Manmohan Singh's visit, which elevated ties to a Strategic Partnership.
 - In 2019, PM Narendra Modi's 2nd visit led to the formation of the SPC.
- **Economic Cooperation:**
 - **Trade:** India is Saudi Arabia's **2nd largest trade partner**, while Saudi Arabia ranks as **India's 5th largest**.
 - In FY 2023-24, bilateral trade stood at **USD 42.98 billion**, with Indian exports at USD 11.56 billion and imports at USD 31.42 billion.
 - **Investments:** Indian investments in Saudi Arabia total around USD 3 billion, focusing on sectors like IT, telecom, pharma, and construction.
 - Saudi investments in India amount to USD 10 billion, led by **Public Investment Fund (PIF)**.
 - Saudi Arabia occupies the 20th position in [Foreign Direct Investment \(FDI\)](#) equity inflows into India with a cumulative FDI amount of USD 3.22 billion from 2000- 2024.
- **Energy Partnership:** In FY 2023-24, Saudi Arabia was India's **3rd largest source of crude oil**, which accounted for 14.3% of India's total **crude imports**.
 - It was also the **3rd largest [Liquefied Petroleum Gas \(LPG\)](#) supplier**, contributing 18.2% to India's total LPG imports.
- **Defence Partnership:** The first India-Saudi joint land exercise, **EX-SADA TANSEEQ**, was held in India in 2024, and the bilateral naval exercise **'Al Mohed Al Hindi'** has also been conducted.
- **Cultural Relations:** India and Saudi Arabia signed the [Bilateral Haj Agreement 2024](#), allocating a quota of around 1.75 lakh Indian pilgrims. The agreement also supports India's initiative to allow women pilgrims without a Mehram.
 - Yoga gained popularity in Saudi Arabia after being **recognized as a sports activity in 2017**. In 2018, **Ms. Nouf Al-Marwaai** received the [Padma Shri](#) for promoting yoga in Saudi Arabia.
 - The 2.6 million-strong Indian community in Saudi Arabia is the largest expatriate community in the Kingdom and is the **'most preferred community'**.

What are the Key Challenges in India-Saudi Arabia Relations?

- **Labour Welfare Concerns:** Reports of poor working conditions, delayed wages, and exploitation are common among **Indian blue-collar workers** in Saudi Arabia.
 - Restrictive Labour Laws like the **Kafala system (which ties workers' legal status to their employer)** limit mobility and rights.
- **Worsening Trade Deficit:** India's trade deficit with Saudi Arabia touched **nearly USD 20 billion in 2023-24**, driven by crude oil imports. While the Saudi economy is diversifying under Vision 2030, it remains oil-dependent.
 - India's reliance on Saudi oil makes their trade ties vulnerable to global price shifts, increasing the trade imbalance
- **Saudi Arabia's Foreign Policy and Regional Instability:** Saudi Arabia's military actions in **Yemen**, the **Qatar blockade**, and involvement in Syria destabilize the **Gulf**, complicating India's security and economic interests in the region.
 - **Saudi-Iran rivalry** creates a diplomatic challenge for India, which has strategic ties with both, especially in energy security and regional cooperation.
 - Saudi Arabia's shift towards stronger ties with **China and Pakistan** challenges **India's traditional alignment with the US**, complicating India's efforts to balance its strategic relationship with Saudi Arabia and its broader regional alliances.

What are the Key Areas for Strengthening Relations Between India and Saudi Arabia?

- **Green Energy Collaboration:** With **Saudi Arabia's Vision 2030** aiming for diversification, India's expertise in **solar and green hydrogen** opens doors for joint renewable energy projects.
 - Saudi Arabia's vast deserts hold great potential for **solar power**, and through the **International Solar Alliance**, both nations could create the world's **largest solar zone**, driving sustainable energy and global clean energy exports.
- **Technology and Innovation Partnership:** India's IT and AI expertise, combined with Saudi Arabia's tech innovation drive, offers a unique opportunity to co-develop a "**Digital Silk Road**", focusing on next-gen financial systems and AI solutions.
 - A joint **AI and FinTech Innovation Lab** in Riyadh or Bengaluru could drive investment and create cutting-edge solutions for the Middle East and Asia.
- **Enhance the Strategic Partnership:** The **IMEC (India-Middle East Economic Corridor)** offers a strategic opportunity for seamless connectivity in trade, energy, and services, transforming the region into a global economic powerhouse.
 - By developing ultra-modern trade and shipping hubs will boost both countries' positions in global trade networks.
- **Utilizing GCC Platforms:** As Saudi Arabia shifts towards a more assertive foreign policy, India's diplomatic channels within the **GCC (Gulf Cooperation Council)** can help facilitate collaboration on regional stability and peace efforts, especially in the context of evolving relations with Iran and other regional powers.

Drishti Mains Question:

Discuss the strategic significance of the India-Saudi Arabia Strategic Partnership. How does the evolving relationship align with India's foreign policy objectives?

UPSC Civil Services Examination Previous Year Question (PYQ)

Prelims

Q. Which of the following is not a member of 'Gulf Cooperation Council'? (2016)

- (a) Iran
- (b) Saudi Arabia

- (c) Oman
(d) Kuwait

Ans: (a)

Exp:

- The **Gulf Cooperation Council (GCC)** is an alliance of 6 countries in the Arabian Peninsula – Bahrain, Kuwait, Oman, Qatar, **Saudi Arabia** and the United Arab Emirates. Iran is not a member of the GCC.
- It was established in 1981 to promote economic, security, cultural and social cooperation between the members and holds a summit every year to discuss cooperation and regional affairs.
- **Therefore, option (a) is the correct answer.**

Mains

Q. The question of India's Energy Security constitutes the most important part of India's economic progress. Analyse India's energy policy cooperation with West Asian countries. **(2017)**

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