



## 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)

[Source: PIB](#)

### 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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