



**KAMARAJ IAS ACADEMY**  
Only IAS Academy by Grandson of "Perunthalsivam Kamarajar"

# India- Saudi Arabia Relations

Published On: 12-09-2022

## What's in News?

India's External Minister is on a three-day visit to Saudi Arabia.

## News Highlights:

The collaboration between both the countries holds the promise of shared growth, prosperity, stability, security, and development.

India needs the Gulf countries, Saudi Arabia in particular, to invest in the country and power its economic recovery.

After the diplomatic backlash over the remarks on the Prophet earlier this year, the government is proactively seeking to deepen the ties.

The External Affairs minister also have held interaction with Indian community in Saudi Arabia

Over the past few years, India and Saudi Arabia have considerably strengthened their ties in several aspects including in political, security, energy, trade, investment, health, food security, cultural and defence fields.

The top leadership of both countries remained in close touch even during the covid pandemic.

## Gulf Cooperation Council (GCC):

The GCC is a regional, intergovernmental, political, and economic union comprising **Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates.**

The council's main **headquarters is located in Riyadh, Saudi Arabia**

It was established by an agreement concluded on 25 May 1981 in Riyadh, Saudi Arabia

The official language is **Arabic**

The GCC Charter states that the basic objectives are to have coordination, integration and inter-connection between Member States in all fields, strengthening ties between their peoples, formulating similar regulations in various fields such as economy, finance, trade, customs, tourism, legislation, administration, as well as fostering scientific and technical progress in industry, mining, agriculture, water and animal resources, establishing scientific research centres, setting up joint ventures, and encouraging cooperation of the private sector.

The GCC members and Yemen are also members of the **Greater Arab Free Trade Area (GAFTA).**

## India and GCC:

During the visit to Saudi Arabia, External Affairs Minister of India have signed MoU on the mechanism of consultations between India and the six-nation regional bloc (GCC).

**Kamaraj IAS Academy**

Plot A P.127, AF block, 6 th street, 11th Main Rd, Shanthi Colony, Anna Nagar, Chennai, Tamil Nadu 600040

Phone: **044 4353 9988 / 98403 94477 / Whatsapp : 09710729833**

India's old, historical ties with the GCC states, coupled with increasing imports of oil and gas, growing trade and investment, and the presence of approximately 6.5 million Indian workers in the region, are of vital interest to India

India's economic linkage with the GCC has increased steadily, especially due to the growth in oil imports.

During 2020-21, India's exports to GCC were \$28.06 billion.

The bilateral two-way trade during the period was USD 87.36 billion.

### **India- Saudi Arabia Relations:**

The establishment of diplomatic relations started in 1947.

The '**Delhi Declaration**' signed in 2006 is one of the watershed moments in the bilateral relations, followed by '**Riyadh Declaration**' signed in 2010 raised the level of bilateral engagement to a 'Strategic Partnership'.

In 2019, **Strategic Partnership Council Agreement** was signed, identifying India as one of the Kingdom's Strategic Partner Countries under '**Vision 2030**' with a high-level partnership council at the leadership level.

### **Strategic Partnership Council:**

The Strategic Partnership Council (SPC) has two sub-committees –

I) Committee on Political, Security, Social and Cultural Cooperation; and

II) Committee on Economy and Investments

### **Commercial Relations:**

**Saudi Arabia is India's fourth largest trade partner** (after China, USA and Japan) and a major source of energy as India imports around **18% of its crude oil requirement** from the Kingdom.

Saudi Arabia is also a **major source of LPG for India**

In FY 2021-22, bilateral trade was valued at US \$42.8billion.

The main products that **Saudi Arabia exported to India are Crude Petroleum, Petroleum Gas and Ammonia.**

The main products that **India exported to Saudi Arabia were Rice, Refined Petroleum, and Cars.**

Major Indian companies and corporate groups such as L&T, TATAs, Wipro, TCS, TCIL, Shapoorji & Pallonji, etc. have established a strong presence in Saudi Arabia

Saudi Petrochemical Giant SABIC set up its R&D Centre in Bangalore with an investment of over US\$ 100 million in November 2013.

Saudi Aramco and UAE's ADNOC are jointly participating in the development of US \$ 44 billion 'West Coast Refinery & Petrochemicals Project Limited' in Raigad, Maharashtra

### **Indian Community in Saudi Arabia:**

The 2.2 million strong **Indian community in Saudi Arabia is the largest expatriate community** in the Kingdom

The integration of the Indian e-Migrate system and the Saudi e-Thawtheeq system for the convenience of migration of workers was announced in 2019

The Haj pilgrimage is another important component of bilateral relations

