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India- Saudi Arabia Relation: An Overview of Present Scenario

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Abstract:

The kingdom of Saudi Arabia, the biggest country of the gulf lies to the west of India. They are linked to each other through the Indian Ocean .Both are of immense importance to each other and have connection since years back. In the early period the relationship was confined only to trade and cultural exchange. But today it is observed that this relationship has got diversified .Today both the countries extend their cooperation in the field of energy Security, maritime security, counter terrorism, political relation, investment relation, expatriate relation and so on. Therefore, this paper is an attempt to highlight the factors that has contributed in developing a friendly relation between the two. And it would also throw light at the present scenario as well.

METHODOLOGY: The work is mainly based on secondary resources which comprise of articles and newspapers. Further certain facts have also been collected from government website of Saudi Arabia and India.

Keywords: Saudi Arabia, India, energy, expatriate, counter terrorism

1. Introduction

1.1. Historical Background

Saudi Arabia and India have developed close relation in the last few years. This relationship is reflected in every sphere be it political, cultural or economical. This is not a very new development .In fact; the relation can be traced back to the third millennium B.C when trade and travel flourished between India and the GCC. It is said that the Archaeological evidence about the great Indus valley civilization period proofs that there were movement of people between the two regionsⁱ.With the passage of time the relationship got diversified and got extended to many sphere. Going back to the history, it is said that the diplomatic relation between independent India and Saudi Arabia began with the visit of King Saud bin Abdul Aziz to India in 1955. Which was further strengthened with the reciprocate visit of Jawaharlal Nehru to Saudi Arabia in 1956.After that there was a long “communication gap” between the two countries which was revived in 1982 by Prime Minister Indira Gandhi on her visit to Riyadh.ⁱⁱ And after that, gradually the relation began to grow stronger between the two countries with continuous exchange of ministers and delegates till date. One of the reasons behind such low ebb relation was the India’s foreign policy which stood in contradiction with the Saudi foreign policy. As stated by Robert Mason, India recognized the Israel in 1950 and supported the Israel stateⁱⁱⁱ; this was in contraction to Arab policy which opposed the Israeli establishment. Added to this India supported the secular Arab nationalist regimes like Egypt, Syria, Iraq who were against the regime dependent on Western forces.^{iv} On the other hand same was the case with Saudi Arabia whose policy stood contradictory to the Indian policy. Likewise, Saudi Arabia was in full support for Pakistan on Kashmir issue and during Bangladesh liberation war. The Iran-Iraq war further increased Saudi dependency on Pakistan and United State of America. Similarly India’s silence during Soviet invasion of Afghanistan and during Iraq invasion of Kuwait further increased the political distance between the two. Thus, with such major political hurdles of years the relationship between Saudi Arabia and India remained confined to trade only.

1.2. Brief Overview of the Factors that has Helped in Developing Ties

However with the passage of time the political gap was also reduced and the bond between the two became stronger due to the emergence of various new events and circumstances. Here is a brief overview of these factors.

1.2.1. Discovery of Vast Oil Reserve in Saudi Arabia

Oil was discovered in 1933s in the Kingdom. India, the fastest growing economy was at that time in need of oil. Therefore, India started establishing good ties with it. It is observed that out of the total oil consumption in India some about 30% only is consume from home production. And therefore it has to rely on the neighbouring oil producing country to fulfil the requirement of fastest growing economy of the country. Hence abundant of oil in Saudi Arabia and India’s need for this valuable resource necessitated for developing better relation between the two. And slowly and gradually India became one of the important importers of oil from the Kingdom.

1.2.2. Saudi's Need for Manpower from India

Soon Saudi became very rich with the oil money. And the increasing oil revenue led to the increase in demand of various commodities for the people there. Now, Saudi was in a mission to transform its pastoral economy to modern one. However the deserted Saudi was running short of manpower and many other things that were required for the set mission. As a result Saudi turned towards the neighbouring Asian countries for the imports of goods, services and manpower as well. Taking the opportunity large number of people from India also migrated to Saudi in their quest for wealth and better life. The Indians got engaged into different sector consisting from construction workers to engineer to high level jobs. In this group there was also another class which was composed of the business community. These business communities from India started to expand their base through partnership with Gulf business communities. Since then onwards huge number of expatriate is found in the Kingdom who brings huge remittance to India. Thus, on the one hand Saudi Arabia was in need for manpower from India who could be of great help to them. On the other hand, it was a golden opportunity for Indian to make money. Both joined their hands.

1.2.3. Introduction of Economic Liberalization

At the later stage the economic liberalization policy of 1990s further strengthened the trade relationship between the two economies. Both the regions became interdependent on each other in order to boost up their respective economy. India's energy demand was increasing tremendously and on the other hand food security, economic diversification, creation of job opportunities were the major concern for the Saudis. Therefore, realizing the need and importance of each other, both the regions started cooperating with each other and thus contributing to the development of each other's economy.

1.2.4. Emergence of "Look East Policy"

Added to this, another very significant factor that has immensely helped in widening the relationship between the two was the impact of 9/11 event. Later it was revealed that most of the attackers of 9/11 were mainly from Saudi Arabia. As a result of this, the relation between America and Saudi Arabia suffered a lot. In fact, not only America but other western countries as well became skeptical about whole of GCC and especially of Saudi Arabia. Changes were noticed in their approach. This environment very badly affected the business between the GCC and the western countries. That is why GCC countries now turned their look towards the "East countries". They welcomed the Eastern countries for developing better economic relation. And the GCC's economic engagement with Asia in general and India in particular got stronger. So was the Case between Saudi Arabia and India. Both became establishing more cooperation in diverse field.

1.2.5. Concern for Security

Another factor which facilitated cooperation between the two countries was the concern for "security". Saudi Arabia is in all need to protect its huge valuable energy and India can be a great help for it. On the other hand the maritime security is also the major concern for India, through which the import and export of all the commodities takes place. Therefore, both the countries came together to protect each other.

1.3. Various Dimensions of Relation

1.3.1. Political Relation

In the recent years Indo-Saudi relations have gain a new momentum. In 2006 during the Republic Day celebration of India, Late King Abdullah was the guest of honor. During his visit he signed the 'Delhi Declaration' and in 2010 the 'Riyadh Declaration' was signed during Indian Prime Minister Manmohan Singh's visit to Saudi Arabia. These visits have resulted to an increased level of interaction between the two countries covering the areas like oil and gas, science & technology, energy, banking & investment etc. This bond was further strengthened by Prime Minister Modi by his two day visit to Saudi Arabia on 2nd and 3rd April 2016. The major issues that were discussed in the meeting included bilateral trade, investment opportunities, Expatriate issue, security issue, Counter Terrorism and Energy. Apart from this there were large numbers of official visits by other Ministers and delegates from both the side in the last few years. Saudi foreign Minister Prince Saud Al Faisal visited India in 2006 and twice in 2008. They were also the Justice Minister, Minister of Health, Minister of commerce and Industry, Minister of health and Petroleum Minister who visited India in 2008. In the very same year huge number of Indian ministers also visited Saudi Arabia. External Affairs Minister, Lok Sabha Speaker, MHRD, Minister of State for external Affairs, Minister of youth Affairs and sports, national Security adviser, Minister of petroleum and Natural gas were among them. During 2009, finance Minister Pranab Mukherjee, Minister of State for external affairs, Minister of State for Tourism, Minister of state for Railway visited Saudi Arabia. From Saudi side Intelligence Chief Prince Muqrin and Saudi commerce Minister paid their visit to India. The year 2010 and 2011 also witnessed number of visits like Prince Salman bin Abdul Aziz Al Saud was there in India in 2010, Saudi Minister of economic and Planning Khalid bin Mohammad and Prince Bandar Bin sultan came in 2011. From Indian side, Minister of state for external Affairs Shashi Tharoor, Minister of overseas, Minister of petroleum and Natural gas, External affair Minister went to Saudi. Again during 2012 and 2013 official visits were given by Minister of Defense, Deputy Chairman of Rajya Sabha, External affairs Minister, and Ministry of state for Affairs, Ministry of overseas Indian Affairs (MOIE), Attorney General of India, secretary in MOIE, secretary MEA to the Kingdom. Finance Minister, PChidambaram visited in 2014. From the Saudi side were the Saudi Deputy Minister of labor, Saudi Deputy Minister of law and crown prince Salman bin Abdul Aziz.

1.3.2. Economic Relation

Saudi Arabia is the fourth largest trading partner for India^{vi}. The value of the two-way trade between the two countries in 2011-2012 was 37,500.99 US\$.^{vii} In 2012 -2013 it was 43,783.89 US\$. In 2013-2014 it increased to 48, 622.61 US\$. In 2014 -2015 it was 39,268.99 US\$ and in 2015-2016 it came down to 26,710.57US\$.^{viii} According to the report of Indian Embassy in Saudi Arabia, for India, Saudi Arabia is the fifth largest market for Indian exports. It is the source of 3.6% of India's global export and 6.3% of Indian global imports. On the other hand, for Saudi Arabia India is the 5th largest market for export. It is source of 8.87% Saudi's global export and 3.6% of Saudi Arabia's total import.^{ix} India's major imports from Saudi Arabia includes mineral fuels, mineral oil and its products, organic chemicals, plastic and its articles, inorganic chemicals, fertilizers, aluminum and its articles, iron and steel, copper and its articles, diverse chemical products, raw hides and skins and leather, etc. The major items of export to Saudi Arabia by India include rice, tea, fabrics, chemicals, cotton yarn, iron, steel, plastic products, machineries and instruments.^x Saudi Arabia is the largest supplier of crude oil to India. The public sector oil firms in India purchase about 10 Million Metric Tonnes of crude per year. In addition, private Indian companies buy another 7 to 9 Million Metric Tonnes of crude per annum from Saudi ARAMCO.^{xi} Added to this a large number of institutional mechanisms for the bilateral economic cooperation have also been set up in collaboration of both the country. Some of these mechanisms are: the Saudi-India Joint Business Council, the Indo-Saudi Joint Commission Meetings, and the Joint Working Groups on Hydrocarbons etc. India and Saudi Arabia are also actively engaged with each other in forums like India-GCC Industrial Conference and the India-GCC Free Trade Agreement Talks.^{xii} As regard to the investment relation it is observed that large number of investment are made in fields like cement, chemicals, computer software, granite processing, industrial products and machinery, metallurgical industries, paper manufacture etc. Indian firms also have established joint venture projects or wholly owned subsidiaries in the Kingdom of Saudi Arabia. As quoted by Farah Naaz, "India has 56 FDI projects having worth 304 Million Saudi Riyal during 2005 in Saudi Arabia."^{xiii} These projects include construction projects, management and consultancy services, information technology, telecommunications, pharmaceuticals etc. Several Indian companies are also working in the Kingdom in the areas of designing, consultancy, financial services and software development. Saudi Arabia is the 50th biggest investor in Indian with investments from April 2000 to February 2015 amounting to US\$ 53.37 million.^{xiv} However this is very low as compared to the potential it has. Recently India has invited Saudi Arabia for investment in Indian Economy especially in private sector. India has launched "Make in India" program for which it has offered investment in various sectors like automobile, aviation, defense, biotechnology, thermal power, pharmaceutical etc.^{xv} During recent Modi's visit to Saudi Arabia an MOU was signed between India and Saudi Arabia Investment Authority to create a framework for investment promotion cooperation between the two countries.^{xvi}

1.3.3. Defense Relations

The initiative for defense co operation was undertaken by Manmohan Singh during his tenure as Prime Minister of India. Discussion was held in 2010 during his visit to Riyadh and in 2014 MOU was signed by the then Defense Minister Salman of Saudi Arabia on his visit to India. In 2012 Saudi Arabia deported an accused terrorist, Zabiuddin Ansari involved in the Mumbai attack.^{xvii} Since then many others involve in such terrorist activity were deported by the Saudi regime. In 2010 when Late King Abdullah visited India, an MOU was signed between the two countries. This memorandum of understanding mainly emphasized on combating terrorism by all possible means and stopping money laundering and smuggles of drugs and ammunition. In order to accomplice the target both the country urged for better cooperation and exchange of intelligence information and expertise from both sides.^{xviii} In the recent year during Prime Minister Modi's visit to Saudi Arabia "Counter Terrorism" was one of the major areas of discussion. Both the country is under the threat from "Islamic State" which had threatened to attack the Holy Mosque in Saudi Arabia and had already abducted Indian nurses in the Gulf.^{xix} They had also claimed the attacks on rationalist and secularist in Bangladesh.^{xx} Such a situation necessitated for better intelligence and security cooperation between the two countries to curb such efforts. Therefore, P.M Modi called for more cooperation and coordination from Saudi Arabia to counter Terrorism. Under the "Make in India" program by Modi government defense indigenization has been promoted and investors are welcomed in defense sector. Saudi Arabia too needs to take the opportunity and invest in India. Cyber security was also given due emphasis as some Indians have been radicalized by the IS over internet.^{xxi} India has also sought Saudi support for its draft Comprehensive Convention on International Terrorism.^{xxii}

1.3.4. Cultural Relation

Saudi Arabia is the custodian of two holy Mosque of Islam, Mecca and Medina. This made Saudi Arabia the guardian of the Muslim World whereby people come from around the globe to perform Hajj and Umrah. India having the largest number of Muslim population also witnessed the Indian Muslims performing Hajj every year. It is said that approximately around 1, 70,000 Indians perform Hajj every year.^{xxiii} Statistic shows that during 2010 the number was around 171,671.^{xxiv} During 2011 the number was 170,362. In 2012 it was 169,971. During 2013 the number came down to 135,938 due to reduced in Quota.^{xxv} In 2014 and 2015 it was 1, 36,020^{xxvi} and in 2016 it came down to 98,820.^{xxvii} Added to this huge number of Indian also performs Umrah every year. Thus it can be said that the old cultural bonding is strengthening day by day.

1.4. Area that Needs Consideration

- Food security:

The other area which needs consideration for growth is that of Food security. From very ancient time India has been helping Saudi Arabia by providing food stuff. Now that the major problem Saudi Arabia is facing is the food crises therefore the kingdom is investing huge sum in domestic agriculture projects as well as to acquire land abroad to ensure food security. India should take advantage of this opportunity and can establish a joint venture in this regard.^{xxviii}

- Wind energy and solar energy:

So far the importance is given only to the oil energy Added to this other energy which have the potential for growth should also be given importance like; India is one of the largest wind energy producers and has been very much successful in manufacturing world class wind energy equipments. Saudi Arabia having the vast coastline can work together with India in this field. Again both the country should work on solar energy as well. India is pioneer in solar energy sector as compared to Saudi Arabia and recently Saudi Arabia has focused its attention in harnessing solar power. Here India can be a great help to the Kingdom in this regard.^{xxxix}

- Maritime security:

Maritime Security is the major concern for both the countries. The commercial ties between the two countries mainly take place through maritime shipping. Therefore security of trade route is of utmost importance to both the country. Added to this the 2008 Mumbai attack by the terrorist has proved the weak maritime security of India.^{xxxix} Thus, both the countries need to join hands together and adopt better strategy to counter piracy. Saudi Arabia can offer a base to Indian navy on Red Sea or Arab Gulf. This would also help India to evacuate its large number of Indian expatriate during the time of emergency.^{xxxix} There should also be Indian navy in the region especially in two choke points; Strait of Hormuz and Bab Al Mandeb through which majority of world oil passes.^{xxxix}

- Energy:

The most important driving force in building the relation is the energy. India has got fastest growing economy for which it is heavily relied on other oil producing countries According to Global energy statistical year book 2016, India ranks 3th position in energy consumption in the world. And 70% imported oil comes from Gulf. According to UN world Trade organization International Trade centre 20% of Indian oil is imported from Saudi Arabia. It is estimated that by 2040 the demand for oil would be more than double as compared to the present time.^{xxxix} It is also observed that 40% of India's total import bill consists of oil, petroleum, lubricant etc. Under such scenario, India needs to manage its growing energy bill, and should think for a new kind of arrangements with the Kingdom.^{xxxix} Like for example, recently India has build three "strategic oil reserves" in Vishakhapatnam, Mangalore and padur. These reserves would store million tons of crude oil and would protect India during global price shocks. Thus, ARAMCO can help India build more storage capacity.^{xxxix}

1.5. Conclusion

To conclude, this can be said that the relation between the two is very old in matters of trade and cultural exchange but diplomatic relation got developed only in independent India. It can be said that at early stage the diplomatic relation was not very strong due to number of factors. However, recently this relation has got strengthened. There are many factors which have made this possible and have increased the various dimension of the relationship. Energy, expatriate, hajj, concern for security, defense, counter terrorism, investment, trade etc. all have contributed to this bonding. At the same time impact of international situation also cannot be ignored which has resulted in "look East policy". Nowadays lots of effort have also been made at the political level from both sides. This is a sign of positive growth. But along with this effort all that is important is to remove the obstacles that some way or other has hindered the relation. And secondly both the country needs to explore new areas where both India and Saudi Arabia can work together and contribute to each others development.

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