Chandrawat & Partners



BILATERAL RELATIONS

INDIA - SAUDI ARABIA

INTRODUCTION

India–Saudi Arabia relations (Hindi: **भारत-सऊद अरब संसंबंबंध**; Arabic: العلاقات الهندية السعودية), also referred to as Indian-Saudi relations or Indo-Saudi relations, are the bilateral relations between the Republic of India and the Kingdom of Saudi Arabia. Relations between the two nations are generally strong and close, especially in commercial interests. Indo-Saudi bilateral trade reached US$27.48 billion in the financial year 2017–18, up from US$25.1 billion in the preceding year. Saudi Arabia's exports to India stood at US$22.06 billion whereas India's exports were US$5.41 billion.

The two countries share a special relationship, and Saudi Arabia has been considered to be a popular migration destination for Indian Muslims who share strong cultural and religious ties with



HISTORY

Trade and cultural links between ancient India and Arabia date back to the third millennium BC. By 1000 AD, the trade relations between southern India and Arabia flourished and became the backbone of the Arabian economy. Arab traders held a monopoly over the spice trade between India and Europe until the rise of European imperialist empires. India was one of the first nations to establish ties with the Third Saudi State. During the 1930s, British India heavily funded Nejd through financial subsidies.

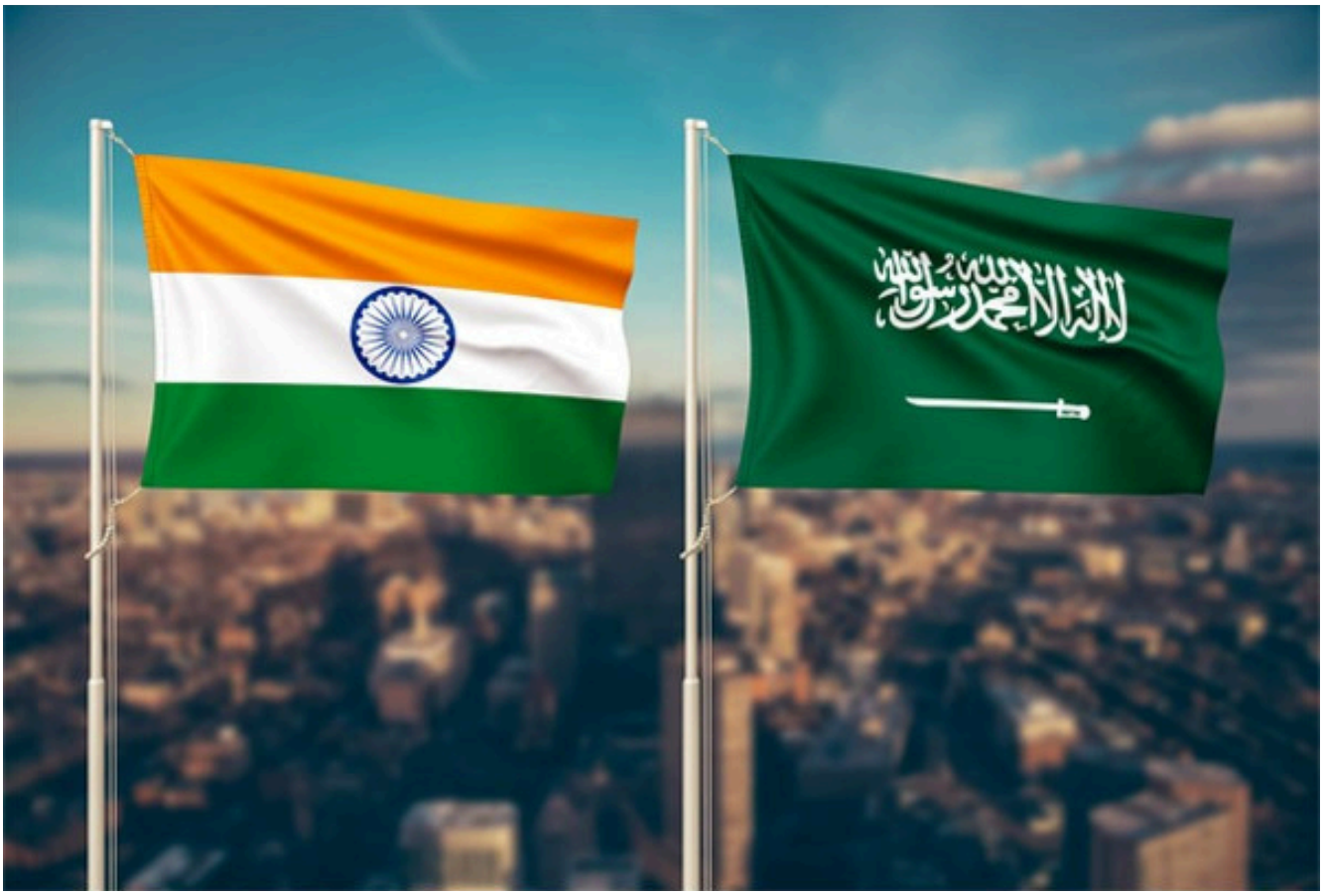
Formal diplomatic relations between contemporary India and Saudi Arabia were established soon after India gained independence in 1947. Relations between the two countries have strengthened considerably owing to collaboration in regional affairs and trade. Saudi Arabia is one of the largest suppliers of oil to India, who is one of the top seven trading partners and the fifth biggest investor in Saudi Arabia.

In history there have been four visits to Saudi Arabia by an Indian Prime Minister: Jawaharlal Nehru (1955), Indira Gandhi (1982), Manmohan Singh (2010) and Narendra Modi (2016) . The two countries share similar views on combating terrorism. There is a strong geographical and a demographic connect between the 2 countries as Islam is the 2nd major religion in India. Moreover, the Muslim population in India is the second largest in the world, thus sending a huge number of Indian pilgrims every year for Umrah and Hajj.



BACKGROUND

Since its independence in 1947, India has sought to maintain strong ties with Saudi Arabia, an important regional power and trading base in West Asia. In a major visit by King Saud of Saudi Arabia to India in November 1955, both nations agreed to shape their relationship based on the Five Principles of Peaceful Co- existence. Saudi Arabia is also home to more than 1.4 million Indian workers. India was the only South Asian nation to recognise the Soviet-backed Democratic Republic of Afghanistan, whereas Saudi Arabia was one of the key supporters of the Afghan mujahideen, who fought the Soviets and their Afghan allies from Pakistan.



DEVELOPMENT OF BILATERAL RELATIONS

Diplomatic relations between India and the Kingdom of Saudi Arabia were established in 1947, rooted in centuries-old trade and socio-cultural exchanges. During the Cold War era, strategic ties remained limited due to differing geopolitical alignments—including India's close ties with the Soviet Union, Saudi Arabia's strong backing of Pakistan during the 1971 war and on the Kashmir issue, and India's official neutrality during the 1990–91 Persian Gulf War.

Since the late 1990s, however, both nations have steadily recalibrated their engagement, moving past third-party dynamics to build an independent, forward-looking partnership. A watershed moment arrived in January 2006 when King Abdullah bin Abdulaziz Al Saud visited India—the first visit by a Saudi monarch in 51 years. This culminated in the Delhi Declaration, establishing a strategic energy partnership focused on reliable crude oil supplies and joint ventures.

Momentum accelerated with Prime Minister Manmohan Singh's 2010 visit to Riyadh, where the Riyadh Declaration elevated bilateral ties to a "Strategic Partnership". Over the subsequent decade, high-level exchanges—marked by Prime Minister Narendra Modi's visits to the Kingdom (2016, 2019, and 2025) and Crown Prince Mohammed bin Salman's visits to India (2019 and 2023)—transformed the relationship into a comprehensive alliance.

Key institutional milestones include the creation of the Strategic Partnership Council (SPC) in 2019 to steer high-level cooperation, and its expansion in April 2025 into four dedicated ministerial committees covering Political & Security, Defence, Economy & Energy, and Tourism & Culture. On multilateral platforms, cooperation has deepened through joint initiatives like the India–Middle East–Europe Economic Corridor (IMEEC) and diplomatic coordination, such as India's principled abstention on country-specific resolutions at the UN Human Rights Council. People-to-people ties also remain a vital pillar, supported by a thriving Indian diaspora and annual bilateral Hajj agreements that have secured a quota of 175,025 Indian pilgrims for 2027.

COMMERCE

India's economic liberalisation in the 1990s laid the foundation for a dynamic commercial partnership with Saudi Arabia, which has grown into one of India's most vital economic ties. Today, Saudi Arabia is India's fifth-largest trading partner, while India stands as the Kingdom's second-largest trade partner. In FY 2025–26, bilateral merchandise trade reached US$41.07 billion, marking a massive expansion from US$16 billion in 2006–07.

During FY 2025–26, Indian exports to Saudi Arabia stood at US$10.28 billion, while imports totalled US$30.79 billion. Energy remains a cornerstone of this exchange, with Saudi Arabia accounting for roughly 14 to 16 per cent of India's crude oil imports as India diversified its global energy basket. Beyond crude oil, LPG, and fertilisers, India imports organic and inorganic chemicals and plastics from the Kingdom. Meanwhile, India's export basket has diversified far beyond traditional goods. Top Indian exports now include engineering goods, motor vehicles, basmati rice, machinery, refined petroleum products, organic chemicals, electronics, iron and steel products, meat, and textiles.

Bilateral investment and industrial cooperation have also expanded under the Strategic Partnership Council and the High-Level Task Force on Investments. Cumulative Saudi foreign direct investment into India reached US$3.31 billion by March 2026, complemented by major agreements to develop greenfield refineries and petrochemical projects in India. Conversely, cumulative Indian investments in Saudi Arabia exceed US$3 billion across construction, IT, telecommunications, financial services, and pharmaceuticals. Supporting this deep economic integration is a thriving Indian diaspora of over 2.75 million professionals and workers in the Kingdom, whose remittances and enterprise continue to anchor bilateral prosperity.

In FY 2025–26, Saudi exports to India reached US$30.79 billion, accounting for 3.97% of India's overall imports and making the Kingdom India's fifth-largest import source. The major commodities exported from Saudi Arabia to India were:

- Crude petroleum and products: $21.77 billion
- Fertilisers: $2.40 billion
- Organic and inorganic chemicals: $1.33 billion
- Plastics and artificial resins: $1.12 billion
- Non-ferrous metals (copper, aluminium): $1.05 billion
- Gold: $989.67 million
- Transport equipment: $961.10 million
- Miscellaneous chemical products: $298.53 million
- Dyeing and colouring materials: $278.89 million



BILATERAL INVESTMENT

Two-way investment flows have emerged as a cornerstone of India–Saudi Arabia economic ties, expanding rapidly since India's 1991 economic liberalisation and accelerating under Saudi Vision 2030. While Saudi Arabia ranks second among Arab investors in India after the UAE, cumulative direct Saudi FDI equity inflows reached US$3.32 billion by mid-2026. Including investments routed through the Public Investment Fund (PIF) and Saudi-backed funds, total Saudi investment in India stands at approximately US$10 billion. Major Saudi investors—such as Aramco, SABIC, Zamil Group, Al Fanar, and SALIC—have deployed capital across energy, petrochemicals, digital platforms, retail, food processing, renewable energy, and infrastructure.

Indian enterprises have similarly expanded their footprint in the Kingdom, encouraged by Saudi Arabia's pro-business reforms and its updated Investment Law, which streamlined foreign investor registration under the Ministry of Investment (MISA). Cumulative Indian investments in Saudi Arabia exceed US$3 billion, with over 6,000 Indian companies registered across the Kingdom. Major Indian conglomerates, including L&T, TCS, Wipro, Tech Mahindra, Tata Motors, and Shapoorji Pallonji, actively operate across construction, IT, telecommunications, consultancy, financial services, and pharmaceuticals.

To sustain this momentum, both nations operationalised the Joint High-Level Task Force on Investment (HLTFI) in 2024–25 to fast-track mega-projects—including greenfield refineries in India—while advancing a renewed Bilateral Investment Treaty to strengthen investor protection.



2010 VISIT TO SAUDI ARABIA BY MANMOHAN SINGH

Prime Minister Dr. Manmohan Singh undertook a landmark three-day official visit to Saudi Arabia from 27 February to 1 March 2010 at the invitation of King Abdullah bin Abdulaziz. Accompanied by his wife Gursharan Kaur and a high-level ministerial delegation—including Health Minister Ghulam Nabi Azad, Commerce and Industry Minister Anand Sharma, Petroleum Minister Murli Deora, and Minister of State for External Affairs Shashi Tharoor—it was the first visit by an Indian Prime Minister to the Kingdom in 28 years, following Indira Gandhi's visit in 1982, and only the third since 1947.

In an unprecedented diplomatic gesture reflecting the warmth of bilateral ties, Crown Prince Sultan bin Abdulaziz and the entire Saudi cabinet received Dr. Singh at the royal terminal of Riyadh's King Khalid International Airport. Departing from standard protocol, a red carpet was rolled out instead of the traditional green carpet, while Indian and Saudi flags lined the 40-kilometre route into the city. Senior Indian diplomat Latha Reddy, then Secretary (East), was also exempted from wearing the traditional abaya, a symbolic gesture widely noted as a sign of evolving bilateral ties.

The defining achievement of the visit was the signing of the Riyadh Declaration on 28 February 2010, which elevated bilateral relations to a comprehensive Strategic Partnership spanning security, defence, energy, and economic cooperation. Both nations also inked ten key pacts, including an Extradition Treaty, an agreement on the Transfer of Sentenced Persons, and MoUs on peaceful space cooperation between ISRO and King Abdulaziz City for Science and Technology, information technology, cultural exchange, and academic collaboration between IISc Bengaluru and King Saud University. Commercial agreements, including a US$80 million Tata Motors contract to supply school buses, were also concluded.

During the visit, Dr. Singh addressed the Saudi consultative assembly, the Majlis Al-Shura—a rare honour accorded to visiting dignitaries—and received an honorary doctorate from King Saud University. Addressing the Indian community at the Embassy in Riyadh, he commended the contributions of the over 1.8 million Indian expatriates then residing in the Kingdom, cementing a new phase in India–Saudi relations.

2016 VISIT BY NARENDRA MODI

Indian prime minister Narendra Modi visited Saudi Arabia in April, 2016. The agenda of the visit was energy, security, trade and well-being of Indian diaspora During the visit, Modi was conferred the Order of King Abdulaziz which is Saudi Arabia's highest civilian honor.



2019 VISIT TO INDIA

The Saudi Crown Prince, Muhammad bin Salman, made a visit to India during his journey to many Asian countries in February, 2019. The crown prince met the Indian prime minister as well as a number of high officials in India. The main aim of the visit is to improve the historical ties between the two countries. The two sides agreed on increasing trade relations between them. Moreover, the number of Indian pilgrims performing Hajj in Saudi Arabia has been increased to 200,000 every year. The Saudi prince expected that the Saudi investment in India may reach $100 billion in the next two years. Current bilateral Trade stands $42.81 billion





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