

INDIA AND SAUDI BILATERAL TRADE RELATION DURING NDA GOVERNMENT IN INDIA A REVIEW

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ABSTRACT

Now a days' trade between the Nations is an essential element for establishing a good relations among the nations. The Bilateral trade between Saudi and India has extremely increased since 1955(Imran Alam -2015).Saudi has emerged as the fourth largest (after China, Japan, USA) market for the Indian products worldwide during the NDA Government i.e. during 2014-2019. The bilateral trade alliance between these two counties developed into a strong partnership in the economic sphere in recent times, both the countries have decided to extend the trade collaboration in security and defence sectors. The NDA Government has been continuing a brawny relation with Saudi in admiration of economic and trade partnership standing at UD \$ 27.48billion bilateral trade in 2017-18 (Department of Commerce, GOI -2018). Recently, in 2019, the Saudi crown prince also announced a \$ 100 billion investment in India areas including petrochemicals, refining, manufacturing, agriculture and energy. The present study is aimed at assessment of the bilateral trade relation between India and Saudi during the tenure of NDA Government. The study is completely based on the analysis of secondary data and found that the trade practice is increased during the NDA Government. Beside the analysis and measures for further trade improvement with Saudi are also discussed.

KEYWORDS: *Saudi, India, Trade Relation, Exports, Imports, NDA Government*

INTRODUCTION

Since 1955, the Saudi and India have an ambassadorial trade relation (Imran Alam -2015). The bilateral trade relation with Saudi is an essential to the developing countries like India due to. The Indian bilateral relations with Saudi were increasing from time-to-time switch over of high-level visits from both sides. Recently, in 2019, the Saudi crown prince Mohammed Bin Salman visited India and taken the decision in respect of commencement of a new Comprehensive and Strategic partnership. Sri Narendra Modi as a Prime Minister of the India has visited the Saudi to strengthen the trade relation with Saudi during NDA Government. After the Modi visit to Riyadh in 2016 Saudi Arabia has made the investment of US \$ 44 million. According to the recent trends and incidents, India is bearing in mind Saudi as a very significant strategic and vital partner in the Arab World resulting in the foreign direct investment flow. In 2019, the Saudi crown prince also announced a US \$ 100 billion investment in India areas including petrochemicals, refining, manufacturing, agriculture and energy. The relation between India and Saudi Arabia reached US \$ 27.48 billion in the financial year 2017-18 and the same is US \$ 25.1 billion in the previous year. The Saudi Arabia exports to India take place at US \$ 22.06 billion whereas total exports from India is US \$ 5.41.

REVIEW OF LITERATURE

Imran Alam (2015) concluded that the bilateral trade between India and Saudi was an important particularly to the Indian. The study focused on the highlights of the trade and strategic partnership among two countries. **Sheetal (2017)** concluded that India imports oil and gas based natural possessions and downstream products, such as chemicals and fertilizers. The balance of trade is expediently laden in good turn of the Saudi Arabia due to the significant demand of petroleum and chemical-based products in India. However, free trade concord would help to put right such imbalances. **Pouria Mohajeri (2015)** the study focused on the growth evaluation of Indian trade with PGCs. Persian Gulf Countries have been supplying energy in the world market. Author used the Trade Intensity Index to calculate the trade strength with PGCs and experimental that the highest volume of Indian Trade among PGCs is with United Arab Emirates. The study concluded the share of PGCs in International Trade of India and explored that the UAE's share is the maximum amongst all other PGCs Countries after UAE in PGC Group, the second place is occupied by Saudi Arabia. The study further found from the results that the maximum Indian Import from PGCs falls under product category of HS-27 (mineral fuels, mineral oil, bituminous substances etc). **Dr. Prasann Das and Dr. Samir Pradan (2014)** reveal that India's trade relationship with Gulf countries in their study "India-Gulf Trade Relations". Further, results show despite the outstanding enlargement in trade volume, the arrangement and pattern of India-Gulf trade depicts a very complementary picture. The study identified that India's export strength is above one for UAE, Saudi Arabia, Iran, Kuwait, and Oman. For other Gulf countries (Bahrain and Qatar) the export intensity is fluctuating. Moreover, India is importing smaller volumes from countries such as Bahrain and Qatar which is reflected in the low Import intensity Index. **K.A Goyal and Abdul Vajid (2016)** focused the trends, troubles and predictions of bilateral trade association between India and United Arab Emirates. The study is based on the import and export trade between two countries based on 2010-2011 to 2014-2015 years of imports and exports published by the Indian government, Ministry of commerce. The concluded that the trends of export and import trade of UAE with India, the major mechanisms of the export from India and Imports to India. **Ranjit Gupta (2013)** the article titled as India and Gulf: point out on the way to a close announcement between the people of India and of the Gulf region. The aspects such as the two-sided trade, gas and oil, transmittals and huge mass of Indian working in these countries, makes the GCC countries India's leading socio-economic partner in the world. **Samir Pradhan (2009)** the study focused on India's economic and political occurrence in the gulf. Gulf-India trading associations which began over 3,000 years ago have since blooms into a worldwide system with India at its hub. Arab steering and trading endeavours opened India to the globe, and the Arab quest for knowledge in early Islam helped transfer Indian knowledge to Europe and vice versa

Need for the Study

Bilateral relationship in various sectors is one of the important scales of measurement of the relationship between two nations. India-Saudi Arabia trade relation is vital for both countries. Furthermore, the Indian expatriates are dwelling in Saudi and Indian's are appeared as significant investors in Saudi results in India have huge export chances to Saudi and vice versa. Particularly, on behalf of NDA Government the prime minister Narendra Modi visit to Saudi on August, 2015 after 34 years of gap strengthen the relationship between this two countries and strengthened in to the new views of trade, economic and edifying aspects. Therefore, the present study is focused on the assessment of the Bilateral Trade Relation between India and Saudi during NDA Government.

OBJECTIVES OF THE STUDY

- To study the bilateral visits between India and Saudi during the NDA Government.
- To present the economic and commercial relations between India and Saudi during NDA Government.

RESEARCH METHODOLOGY

The study is a descriptive in nature and based on secondary data. The secondary data is collected from Ministry of commerce annual reports, working papers and Reserve bank of India annual reports. The data also collected from the Department of Industrial Investment Promotion-Indian Government and Saudi Ministry of Commerce. The data is analysed using simple statistical tools like histograms, line diagrams, pie diagrams and averages, etc.

Scope and Period of the Study

The scope of the study is restricted to examine the export and import and bilateral trade relation between India and Saudi during the NDA Government i.e. 2014-15 to 2017-18. The study also covered the trade statistics during 2013-2014 when UPA Government was in the field to know the growth rate for next year.

ANALYSIS

Bilateral Visits between India and Saudi

- The Bilateral trade between Saudi and India has extremely increased since 1955. Both the countries officials have visited the countries for the purpose of strengthen the trade between them. During NDA Government, many visits take place by officials to Saudi to accelerate the trade. Some of them are given below.
- Saudi Commerce & Industry Minister Dr. Tawfiq Al Rabiah led the Saudi designation to partake in the 4th India-Arab Partnership Conference held in New Delhi from November 26 to 27, 2014. While addressing the consultation, Dr. Tawfiq assured that “India is one of the biggest trading partners of Saudi Arabia. Relations between India and the Arab world have a long history.” On the side-lines, Dr. Tawfiq also met with MoS (Independent Charge) for Commerce & Industry Mrs. Nirmala Sitharaman.
- Saudi Commerce and Industry Minister Dr. Tawfiq Al Rabiah visited India for the 11th Joint Commission Meeting on 29, May 2015. On the nonessentials, Dr. Rabiah also met individually with External Affairs Minister and Minister of Communications and Information Technology and discussed bilateral relations.
- H.E. Mr. Adel Al Jubeir, Saudi Foreign Minister visited New Delhi from March 7 to 8, 2016 and interacted with the Hon’ble Prime Minister and supposed bilateral talks with Hon’ble EAM.
- During September 29 to 20 October 2014, Shri Arif Baig and Shri Abdul Rashid visited Saudi Arabia as Haj Goodwill designation.
- Prime Minister Sri Narendra Modi led a high level delegation for an official visit to Riyadh from April 2 to 3, 2016. During which Prime minister supposed bilateral meetings with King Salman, Crown Prince Mohammed bin Naif, Deputy Crown Prince Mohammed bin Salman, Foreign Minister Adel Al Jubeir and Health Minister Khalid Al Falih.

- Mukhtar Abbas Naqvi a Minister of State for Minority Affairs (IC) visited Jeddah in January 10 to 11, 2017 and co-signed with the Saudi Minister of Haj & Umrah Mohammed Saleh Benteen the Annual Bilateral Hajj Agreement for 2017. As the Makkah Holy Mosque development project has come up to completion, the Saudi authorities have augmented the Hajj quota for all countries. Hon'ble Minister of State spoken thanks to the Saudi Ministry of Haj and Umrah for rising the quota of Indian Haj pilgrims from 1,36,020 to 1,70,025 for Haj 2017.
- Shri Arun Jaitley visited as a Finance Minister Riyadh to co-chair the 12th Joint Commission Meeting along with the Saudi Minister of Commerce & Investment Dr. Majid Al Qassabi on 18-19 February 2018.

Economic and commercial relations between India and Saudi

After China and USA, Saudi Arabia is our 4th largest trade partner and is a main foundation of power as we import around 17% of our crude oil obligation from the Kingdom. The India-Saudi bilateral trade has augmented by 9.56% to US \$ 27.48 billion in 2017-18. In this period of the time, our imports from Saudi Arabia reached US \$ 22.06 billion, recorded a growth of 10.50% over last year i.e. \$ 19.97 billion whereas our exports to Saudi Arabia registered US \$ 5.41 billion recorded a growth of 5.88% over last year i.e. US \$ 5.11 billion. The bilateral trade between April to October 2018 is registered US \$ 19.64 billion. The total business and visit visa fees for the Indian nationals were reduced and fixed on mutual terms. In case of exports, Saudi Arabia is the 15th main market in the world. It is purpose to 1.85% in 2017-18 of India's world exports. Other side, Saudi Arabia is the 3rd main source with 4.74% during 2017-18 financial year of India's world imports. As per 2017 data, India is the 4th largest market for its exports to Saudi Arabia, registered for 8.88 % of its world exports. In respect of imports by Saudi Arabia, India ranks 7th and it is the source of about 4.13 % of Saudi Arabia's total imports.

Table 1: Total Trade Relation between India and Saudi during NDA Government (\$ US Billions)

Exports	2013-14	2014-15	2015-16	2016-17	2017-18
Total imports from Saudi Arabia	36.40	28.10	20.32	19.94	22.06
Exports to Saudi Arabia	12.21	11.16	6.39	5.13	5.41
Total Trade	48.62	39.26	26.71	25.08	27.48

Source: Ministry of Commerce, India

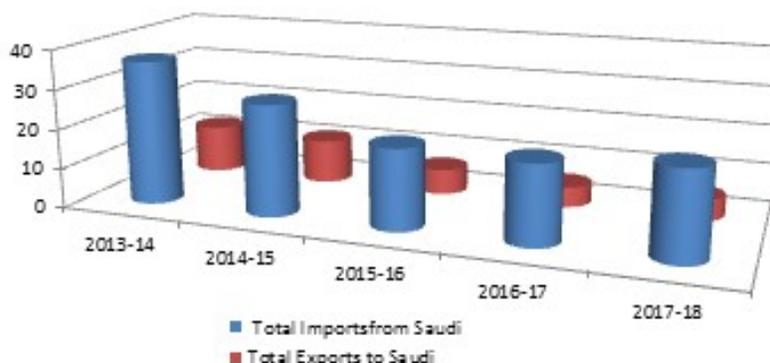


Figure 1: Total Trade Relation between India and Saudi during NDA Government (\$ US Billions).

Source: Ministry of Commerce, India

FINDINGS

- After China and USA, Saudi Arabia is our 4th largest trade partner with India
- The India-Saudi bilateral trade has augmented by 9.56% to US \$ 27.48 billion in 2017-18.
- After the Historical visit of Saudi by Indian PM Sri Narandera Modi in the month of August 2015, the exports to Saudi and Imports from Saudi were decreased.
- It is found that total imports and exports were increased year by year from Saudi during NDA Government.
- It is identified that imports are more than exports to Saudi.

CONCLUSIONS

Trade is a significant and essential part of relations among different nations. The Bilateral trade between Saudi and India has extremely increased since 1955 (Imran Alam -2015). Saudi has emerged as the fourth largest market for the Indian products worldwide during the NDA Government i.e. during 2014-2019. The bilateral trade alliance between these two countries developed into a strong partnership in the economic sphere. In recently, both the countries have decided to extend the trade cooperation in security and defence sectors. The NDA Government has been maintaining the strong relation with Saudi in respect of economic and trade partnership standing at \$ 79.27 billion bilateral trade during 2014-18 (Department of Commerce-2018). The historic visit of Sri Narendra Modi as Prime Minister of India to Riyadh in August 2015 marked the foundation of a new and comprehensive and strategic partnership.

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