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Indo-Saudi Relations
Emerging Strategic Dimensions

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Table of Contents

Abstract	**6**
Introduction	**7**
A Frosty Past	**9**
A New Beginning	**10**
The Turnaround	**12**
The Emerging Dynamics	**17**
Trade, Energy, and Investments	***20***
Security and Defense	***23***
Indian Muslims and Saudi Arabia	**26**
India and Saudi Arabia: A Strategic Partnership	**28**
Challenges	**31**
Conclusion	**31**

Abstract

India and Saudi Arabia are two ascending powers, both being G-20 economies and important players in respective regions of South Asia and Middle East. In over a decade since the visit of King Abdullah and the signing of Delhi Declaration in 2006, the two have strengthened bilateral relations based on strong trade and frequent political engagements. The signing of a Memorandum of Understanding on defense cooperation in February 2014 added a new dimension with promise for close security cooperation. Bilateral ties were further strengthened by the visit of Prime Minister Narendra Modi to Riyadh in April 2016. With growing business, increased investments and close security co-operation Indo-Saudi relations have started to acquire strategic dimension. Despite some challenges, Indo-Saudi relations are poised to gain a strategic dimension based on common concerns and interests in security and defense cooperation and business investments.

Introduction

As India and Saudi Arabia raise their global standing based on their strong economic performance, they are increasingly being recognized as emerging global players. The two nations continue to strive for economic growth and regional peace and recognize the potential benefits of forming a strategic partnership. India under Prime Minister Narendra Modi has showcased a greater intent to reach out to the world, and this is most pronounced in India's proactive engagements with the Arab Gulf, especially the United Arab Emirates (UAE) and Saudi Arabia. India's relations with this predominantly Muslim region are historical, but they have flourished in the past two decades based on commercial ties and mutual interests. Of late, Indo-Saudi relations have started to acquire a strategic dimension due to recognition of the mutual security concerns emanating from jihadist terrorist threats and a desire to realize the huge economic potential of significant investment opportunities as well as India's need for energy security.

Indo-Saudi relations have progressively acquired strategic dimensions despite the fact that the two nations did not share close relations until the early 1990s, when economic opportunities forced them to pursue closer relations. Since that time, strong trade and commercial links laid the foundations for deeper political ties. The breakthrough moment came in 2006, when King Abdullah bin Abdulaziz al-Saud of Saudi Arabia visited New Delhi to attend the Republic Day celebrations, which laid the foundation for strong relations in future. During the visit, India and Saudi Arabia signed the Delhi Declaration, which provided the framework for strengthening all aspects of bilateral relations, including trade, energy, business, security, and defense.[1] As trade and commerce thrived, political and diplomatic engagements increased, and strategic issues started to attain centrality, Prime Minister Manmohan Singh

(1) Ministry of External Affairs, Government of India, "Delhi Declaration, Signed by King Abdullah bin Abdualaziz Al Saud of the Kingdom of Saudi Arabia and Prime Minister Dr. Manmohan Singh of India," January 27, 2006, http://mea.gov.in/bilateral-documents.htm?dtl/5969/Delhi+Declaration+Signed+by+King+Abdullah+bin+Abdulaziz+Al+Saud+of+the+Kingdom+of+Saudi+Arabia+and+Prime+Minister+Dr+Manmohan+Singh+of+India.

visited Riyadh in 2010, further strengthening the bilateral bonds by signing the Riyadh Declaration, which envisaged the founding of a "new era of strategic partnership."[2]

Bilateral relations have since taken significant strides in response to flourishing trade, an improved two-way flow of investments, the continued movement of Indian expatriate workers to the kingdom, and, most important, with the establishment of close security and defense cooperation. During Singh's visit in March 2010, India and Saudi Arabia signed an extradition treaty,[3] and in February 2014, during the visit of crown prince and defense minister (and now king) Salman bin Abdulaziz al-Saud to New Delhi, the two signed a memorandum of understanding (MoU) for defense cooperation.[4] Bilateral relations were further strengthened with the visit of Prime Minister Modi to Riyadh in April 2016, during which the two nations declared their resolve to "strengthen cooperation in combating terrorism."[5] Undoubtedly, as jihadist terror has grown as a global security threat, the two countries are starting to recognize the significance of building a strong partnership to fight against the scourge of terror and create a stable and secure South Asia and Middle East.

This paper reflects on the emerging strategic dimensions in Indo-Saudi relations within the context of the evolution of bilateral relations and the growing regional security threats in South Asia and the Middle East. It also takes into account the Indian experience of having the second largest Muslim population in the world, which creates an organic link between the people of the Indian subcontinent and the Arabian Peninsula. It argues that the mutuality

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(2) Ministry of External Affairs, Government of India, "Riyadh Declaration: A New Era of Strategic Partnership," March 1, 2010, http://mea.gov.in/bilateral-documents.htm?dtl/3700/riyadh+declaration+a+new+era+of+strategic+partnership.

(3) "India, Saudi Arabia Sign Extradition Treaty," *The Hindu*, March 1, 2010, http://www.thehindu.com/news/India-Saudi-Arabia-sign-extradition-treaty/article16462354.ece.

(4) "India, Saudi Arabia Sign Defence Cooperation Deal," *Business Standard*, February 26, 2014, http://www.business-standard.com/article/news-ians/india-saudi-arabia-sign-defence-cooperation-deal-114022601328_1.html.

(5) Dipanjan Roy Chaudhury, "PM Modi in Riyadh: India, Saudi Arabia Sign Agreement to Counter Threat of Cross-border Terrorism," *The Economic Times*, April 4, 2016, http://economictimes.indiatimes.com/news/defence/pm-modi-in-riyadh-india-saudi-arabia-sign-agreements-to-counter-threat-of-cross-border-terrorism/articleshow/51673469.cms.

of interests and perceptions of threat have led to emergence of a new direction in Indo-Saudi ties, which are increasingly acquiring a strategic dimension.

A Frosty Past

Building on a tradition of Indo-Arab ties and good relations that began with the formation of the Kingdom of Saudi Arabia in 1932, India and Saudi Arabia established diplomatic relations soon after Indian independence in 1947. This was followed by an early bonhomie based on a mutual recognition of both nations' importance in regional and global affairs. Both had participated in the April 1955 Bandung Conference, and this was soon followed by high-level visits. Crown Prince Faisal bin Abdulaziz al-Saud visited New Delhi in May 1955, which set the stage for a strengthening of relations and paved the way for the visit of King Saud bin Abdulaziz al-Saud soon after.[6] The king undertook a 17-day visit of India in November and December the same year. During the visit, he held talks with Prime Minister Jawaharlal Nehru, exchanged views on pertinent international issues, and visited a number of cities, including Delhi, Mumbai, Agra, Mysore, Hyderabad, Shimla, Aligarh, and Banaras.[7] The visit was reciprocated by Nehru in September 1956, during which he was greeted with the slogan, *"Marhaba Rasool as-Salam"* ("Welcome Messenger of Peace").[8] The two visits were successful in establishing strong, though short-lived, relations between India and Saudi Arabia.[9]

Except for this brief period in the mid-1950s, India and Saudi Arabia had frosty relations for a large part of the Cold War period. While the initial bonhomie was based on the mutual admiration between the two nations and cultures, a subsequent divergence in their foreign policy choices and developing regional circumstances created a distance that took decades to bridge. A number of factors were responsible for the chill in Indo-Saudi relations, which lasted

(6) Embassy of Saudi Arabia, New Delhi, "Saudi Relations with India," May 27, 2015, http://embassies.mofa.gov.sa/sites/india/EN/AboutHostingCountry/SaudiRelations/Pages/default.aspx.

(7) Ibid.

(8) Prithvi Ram Mudiam, *India and the Middle East* (London: British Academy Press, 1994), 87.

(9) Najma Heptulla, *Indo-West Asian Relations: The Nehru Era* (New Delhi: Allied Publishers, 1991), 109–111.

for more than three decades, but India's policy of nonalignment and close relations with Egypt and Saudi Arabia's alliance with the United States and identification with Pakistan were the most important. India's overall policy toward the Middle East, which viewed Muslim nations from Pakistan's perspective was also partially responsible for the situation.[10] However, the two nations tried to set aside their differences and improve relations in the early 1980s, largely due to concerns about regional developments and heightened security concerns in the Gulf and South Asia. Hence, Foreign Minister Saud bin Faisal bin Abdulaziz al-Saud visited New Delhi in April 1981 and Prime Minister Indira Gandhi visited Riyadh a year later. However, although some mutual understandings developed, the visits failed to strengthen bilateral relations.[11]

A New Beginning

The situation only started to change in the 1990s. Given the post–Cold War global dynamics, India and Saudi Arabia could no longer ignore each other. With the change in global order, India began to reorient its foreign policy and introduced a new domestic economic policy of liberalization and privatization.[12] These changes made it imperative for New Delhi to reach out to the Gulf States. As India opened its economy, it increasingly became dependent on petroleum imports for its energy security and looked toward the Gulf to fulfill its growing energy needs.[13] At the same time, the Gulf States' quest for markets for their crude oil and their need for foreign labor for infrastructure development and economic growth made them look toward India. The turnaround in Indo-Saudi relations in the 1990s was, to a large extent, based on this emergent economic interdependence.

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(10) Mudiam, *India and the Middle East*, **85–90.**

(11) Ibid, 96.

(12) For a through reading on post–Cold War changes in Indian foreign policy, see Harsh V. Pant, *Indian Foreign Policy in a Unipolar World* (London: Routledge, 2009); and for further reading on the economic reforms introduced in 1991, see Rob Jenkins, *Democratic Politics and Economic Reform in India* (Cambridge: Cambridge University Press, 1999).

(13) Bhupendra Kumar Singh, *India's Energy Security: The Changing Dynamics* (New Delhi: Pentagon Press, 2010), 101–132.

Nevertheless, there were political factors that had led to the change in the dynamics. For one thing, the disintegration of the Soviet Union was heralded as the beginning of a unipolar world, and India was at a loss due its close relations with Moscow.[14] In response, India was compelled to look for alternatives and develop relations with its neighbors. Its relations with the Gulf were largely transactional and mostly devoid of political contacts. India's historical support for anti-imperialism and leadership in the movement for nonalignment had thus far prevented it from reaching out to the Gulf.[15] A major roadblock was India's neutral stance on the Kuwait crisis, which was seen as antagonistic by the Gulf rulers.[16] India needed to mend relations with the Gulf States and had to reiterate its commitment toward their sovereignty. Another significant problem was Pakistan, which had been a major stumbling block in Indo-Gulf relations in the past. Hence, India had to reorient its policy and decouple Pakistan from its Middle East policy. Eventually, these measures created a conducive atmosphere for improving relations, and Indo-Saudi relations started to take off.

The new beginning in the 1990s gradually led to a significant improvement in India's bilateral relations with Saudi Arabia. First commercial relations thrived and people-to-people contacts improved due to a growing flow of Indian manpower to the kingdom, and later, diplomatic and political contacts increased. The number of Indians employed in Saudi Arabia was estimated at 1.5 million in 2000, and both sides were showing an increased "desire to intensify bilateral relations."[17] By the late 1990s, bilateral relations had started to progress to the extent that business delegations from both sides had started making regular visits to explore commercial opportunities. Saudi Arabia had emerged as India's main supplier of crude oil, and in 1999, it supplied nearly

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(14) Pant, *Indian Foreign Policy*.

(15) Mudiam, *India and the Middle East*.

(16) J. Mohan Malik, "Indian Response to the Gulf Crisis: Implications for Indian Foreign Policy,"*Asian Survey*, 1991, 31 (9): 847–861.

(17) Ministry of External Affairs, Government of India, *Annual Report, 1999–2000* (New Delhi: Policy Planning and Research Publication Division, 2000), 39.

23 percent of India's oil imports.[18] Bilateral trade had also experienced a sharp rise, reaching US$2.6 billion in 1999–2000.[19]

A breakthrough moment came in January 2001, when External Affairs Minister Jaswant Singh visited Riyadh and called on King Fahd bin Abdulaziz al-Saud. He held bilateral talks on wide-ranging issues of mutual concern with Crown Prince Abdullah and Foreign Minister Saud al-Faisal and signed an agreement on foreign office consultations.[20] Amid growing commercial engagements, rising Indian oil imports, and an increasing flow of Indian workers to the kingdom, this visit paved the way for the development of strong bilateral relations. The visit was important because it was the first high-level political contact between the two countries in many years and was followed by a number of ministerial visits from both sides to explore trade and commercial opportunities.[21] Subsequently, India and Saudi Arabia agreed to establish the India–Saudi Arabia Joint Commission to facilitate trade and business. Upon the death of King Fahd in August 2005, India declared a state of mourning and P. M. Sayeed, minister of power in Manmohan Singh cabinet, led the Indian delegation in his funeral.

The Turnaround

The dynamics of Indo-Saudi relations changed in 2006 with the visit of King Abdullah to participate in the Republic Day celebrations, which signaled the ushering in of a new era in bilateral relations. It opened a new chapter in bilateral relations as it was the first visit by a Saudi king to India since 1955, when King Saud had visited New Delhi and other Indian cities. Moreover, this was the first high-level bilateral contact between India and Saudi Arabia since 1982, when Prime Minister Gandhi had visited Riyadh. On his arrival, the king said, "I consider myself to be in my second homeland," and added, "The

(18) Ibid.
(19) Ibid.
(20) Ministry of External Affairs, Government of India, *Annual Report, 2000–2001* (New Delhi: Policy Planning and Research Publication Division, 2001), 39–40.
(21) Ibid.

relationship between India and the Kingdom of Saudi Arabia is an historic one, we have been old friends and, God willing, this visit will renew these historic ties."[22]

King Abdullah's visit laid the foundation for strong bilateral relations through the signing of the Delhi Declaration, which established the agenda for future cooperation. The declaration noted that the "visit heralds a new era in India-Saudi Arabia relations and constitutes a landmark in the development of increased understanding and cooperation between the two countries and creation of a mutually beneficial partnership."[23] It underlined four major areas where the two sides had decided to intensify cooperation, namely, political engagements, trade and investment, energy, and information technology. On the need for better political contacts, it noted, "Exchanges of high-level bilateral visits and consultations should be intensified in order to give an impetus to and expand the scope of bilateral cooperation and understanding."[24] It affirmed the fact that bilateral relations had suffered due to lack of political contacts, which in turn had hampered full realization of the economic and commercial potentials that India and Saudi Arabia offer each other.

Signifying the importance of Saudi Arabia in India's energy security, the declaration noted that "Saudi Arabia is considered a trusted and reliable source of oil supplies to international markets in general and Indian market in particular." Further affirming the Indo-Saudi partnership in the field of energy, it noted, "Both countries will develop a strategic energy partnership based on complementarity and interdependence." In addition, the two sides expressed concern about the phenomenon of terrorism and articulated the need for combating organized crime. Notably, the declaration underlined the need for intensifying "bilateral, regional and global cooperation to combat and eradicate the menace of terrorism."[25]

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(22) "Saudi King on Rare Visit to India," *BBC News*, January 25, 2006, http://news.bbc.co.uk/2/hi/south_asia/4645836.stm.

(23) Ministry of External Affairs, India, "Delhi Declaration."

(24) Ibid.

(25) Ibid.

The visit by King Abdullah and signing of the Delhi Declaration indeed intensified the political contacts and improved bilateral economic cooperation. Several visits from cabinet officials and junior ministers took place after the signing. Notable among them was the visit of India's human resource development minister Arjun Singh in May–June 2006 and Saudi minister for higher education Khalid al-Anqari in November of the same year.[26] In May of the following year, petroleum minister Murli Deora paid a two-day visit to Riyadh to attend the roundtable of Asian oil ministers and also held bilateral meetings with the Saudi leadership.[27] In 2008, foreign ministers from the two countries exchanged visits to deliberate on developments in bilateral relations and assess their progress on issues of mutual concern.[28] There were also visits by Indian national security adviser M. K. Narayanan (April 2006) and India's special envoy for West Asia, C. R. Garekhan (September 2007), to affirm their cooperation in combat of organized crime.[29] This was also the period when the two countries began cooperation in the field of intelligence sharing to prevent the spread of illegal activities.

The bilateral trade further intensified in the period after King Abdullah's visit. The total trade between India and Saudi Arabia had already reached US$3 billion in the late 1990s, and the year before Abdullah's visit, in financial year 2005–2006, bilateral trade had stood at US$3.4 billion.[30] After the visit, things began to change significantly, and in 2006–2007, the total trade between the two countries shot up to US$15.9 billion, partly due to a rise in global oil prices and partly because of the increased volume of trade (Table 1). Energy imports from Saudi Arabia too witnessed a significant increase after King Abdullah's visit, as the two countries pledged to form a strategic energy partnership. As

(26) Ministry of External Affairs, Government of India, *Annual Report, 2006–2007* (New Delhi: Policy Planning and Research Publication Division, 2007), 50.

(27) Ministry of External Affairs, Government of India, *Annual Report, 2007–2008* (New Delhi: Policy Planning and Research Publication Division, 2008), 46.

(28) Ministry of External Affairs, Government of India, *Annual Report, 2008–2009* (New Delhi: Policy Planning and Research Publication Division, 2009), 46.

(29) Ministry of External Affairs, India, *Annual Report, 2006–2007.*

(30) Ministry of Commerce and Industry, Government of India, *Export-Import Data Bank*, http://commerce.nic.in/eidb/default.asp.

a result, in 2006–2007, Saudi Arabia became India's biggest oil supplier, and it has continued to be its largest source of oil to date.[31] In 2005–2006, India imported US$790 million worth of oil from Saudi Arabia, and the following year, which was soon after the visit, it imported US$12.2 billion worth of oil from the kingdom (Table 1). The visit clearly ushered in a new era in bilateral relations.

Table 1: Bilateral Trade between India and the Kingdom of Saudi Arabia (US$ millions)

Year	Imports, KSA to India	Exports India to KSA	Total Bilateral Trade	Oil Imports, KSA to India
1996–97	1,819.65	577.18	2,396.83	1,464.37
1997–98	1,720.17	689.89	2,410.66	1,396.93
1998–99	1,831.47	774.29	2,605.76	1,570.33
1999–2000	2,419.24	742.50	3,161.74	2,154.97
2000–2001	621.12	822.94	1,444.06	267.06
2001–2	463.99	826.43	1,290.42	171.75
2002–3	504.72	940.74	1,445.46	193.96
2003–4	737.77	1,123.31	1,861.08	301.36
2004–5	1,301.15	1,412.06	2,713.21	562.63
2005–6	1,632.34	1,809.77	3,442.11	796.51
2006–7	13,355.33	2,590.77	15,946.10	12,264.67
2007–8	19,470.30	3,711.16	24,580.68	17,755.00
2008–9	19,972.74	5,110.38	25,083.12	18,386.52
2009–10	17,097.57	3,907.00	21,004.57	15,390.04
2010–11	20,385.28	4,684.00	25,069.28	17,932.31
2011–12	31,817.70	5,683.29	37,500.99	28,302.37
2012–13	33,998.11	9,785.78	43,783.89	29,896.53
2013–14	36,403.65	12,218.95	48,622.60	32,781.57
2014–15	28,107.56	11,161.43	39,268.99	23,212.88
2015–16	20,321.33	6,394.23	26,715.56	15,177.91

***Source*:** Directorate General of Foreign Trade, Ministry of Commerce and Industry, Government of India, http://dgft.gov.in/.

(31) Ibid.

Abdullah's visit was followed by a reciprocal visit of Prime Minister Singh in February–March 2010 which gave a fillip to the already advancing bilateral relations. The visit resulted in the signing of the Riyadh Declaration, which envisaged the enhancement of bilateral ties to a "strategic partnership" between the two countries.[32] The visit came at an opportune moment and reaffirmed India's commitment toward engaging with Saudi Arabia, not just on bilateral issues, but on wider regional and strategic matters as well. The discussions held between King Abdullah and Prime Minister Singh focused on bilateral, regional, and global issues and were held in an "atmosphere of utmost warmth, cordiality, friendship and transparency," with the result that the two leaders "decided to raise their cooperation to [the level of] a strategic partnership covering security, economic, defense and political areas."[33]

The visits by King Abdullah and Prime Minister Singh gave an impetus to bilateral relations and led to an intensification of political and diplomatic contacts. Bilateral relations thrived, leading to an enhanced level of cooperation in various areas of mutual interests. Several MoUs and agreements were signed during Singh's visits, including the extradition treaty and the agreement on the transfer of sentenced persons.[34] The visit was followed by an official visit from, Prince Salman, then governor of Riyadh, to India in April 2010, which focused on enhancing business and trade between the two countries.[35] In February 2011, petroleum minister Jaipal Reddy attended the International Energy Forum in Riyadh, and Saudi minister for economy and planning Khalid al-Qusaibi visited New Delhi to participate in the Delhi Sustainable Developments Summit in the same month.[36] Other important visits included

(32) Ministry of External Affairs, India, "Riyadh Declaration."

(33) Ibid.

(34) Ministry of External Affairs, Government of India, *Annual Report, 2010–2011* (New Delhi: Policy Planning and Research Publication Division, 2011), 44.

(35) Ministry of External Affairs, Government of India, "Visit of His Royal Highness Prince Salman bin Abdul Aziz Al-Saud, Governor of Riyadh, Kingdom of Saudi Arabia (11–15 April 2010)," April 9, 2010, http://www.mea.gov.in/press-releases.htm?dtl/1097/Visit+of+His+Royal+Highness+Prince+Salman+bin+Abdul+Aziz+AlSaud+Governor+of+Riyadh+Kingdom+of+Saudi+Arabia+1115+April+2010.

(36) Ministry of External Affairs, Government of India, *Annual Report, 2011–2012* (New Delhi: Policy Planning and Research Publication Division, 2012), 44.

those of Indian defense minister A. K. Anthony (January 2012), Princess Adelah (September 2012), Saudi labor minister Adel Fakieh (November 2012), and Indian external affairs minister Salman Khurshid (May 2013). Many other high-level delegations from both countries visited each other to follow up and assess developments on important issues. Amid the turbulence in the region and the growing tide of popular uprisings on the Arab streets, in March 2011, Prince Bandar bin Sultan bin Abdulaziz al-Saud, secretary-general of the Saudi National Security Council, visited India as special emissary of the king and met Prime Minister Singh, and other Indian officials. The visit appraised India of the Saudi position on the mass movements swaying the region and reassured it of the stability in Gulf.[37]

The Emerging Dynamics

The growing political contacts created an atmosphere of mutual trust and assurance and gave a new shape to the largely transactional business relations. The exchange of visits by Abdullah and Singh and the signing of the Delhi and Riyadh declarations had laid the foundation for taking the bilateral relations to another level. Trade and business were thriving, and the two-way flow of investments, though far below their potential, was increasing. The preliminary frameworks for cooperation in the areas of security and defense were also put in place, but the progress toward better cooperation was sluggish. The change of government in India in May 2014, when the Bharatiya Janata Party–led National Democratic Alliance swept the general elections and formed the new government under Prime Minister Modi, brought a fresh impetus to India's foreign policy. Modi has made a significant pitch for the need for India to play a greater role in world politics and intensify its efforts toward strengthening engagements with the neighborhood and important regional and global players, involving, most importantly, a reinvigorated policy toward the Gulf.

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(37) Ministry of External Affairs, Government of India, "Visit of Secretary General of the National Security Council of Saudi Arabia," March 29, 2011, http://mea.gov.in/incoming-visit-detail.htm?614/Visit+of+Secretary+General+of+the+National+Security+Council+of+Saudi+Arabia.

In recognition of its vital interests in the region, India has intensified its political engagements with Gulf countries and since taking over, Modi has visited the UAE (August 2015 and February 2018), Saudi Arabia (April 2016), Iran (May 2016), Qatar (June 2016), Israel (July 2017), Palestine (February 2018) and Oman (February 2018). In addition, the external affairs minister Sushma Swaraj and minister of state for external affairs M. J. Akbar have traveled to the region on more than one occasion. The region has emerged as a top priority for the Modi government and this is reflected in increased political and diplomatic engagements both to and from the region.[38] India sees Saudi Arabia as a valued partner and a key player in regional politics, and the warmth of the relations shared by the two countries was visible during Modi's visit to Saudi Arabia. Prime Minister Modi was warmly welcomed in Riyadh, where he attended talks with the Saudi leadership on the emerging scenarios in the Gulf and Middle East and shared India's concerns about the growing phenomenon of terrorism. The issues of security and defense cooperation and opportunities for two-way investments emerged as the two areas of mutual interests, and both the Indian and the Saudi leadership pledged to take move the bilateral relations forward in these directions.

Hence, if one were to describe the focus of the Modi government soon after coming to power, it prioritized Saudi Arabia as the leading partner for India in the Middle East, which was reflected in the flurry of bilateral visits. For example, in October 2014, minister for petroleum and natural gas Dharmendra Pradhan traveled to Riyadh to attend the ministerial-level bilateral meeting on energy.[39] In November, Saudi minister of commerce and trade Tawfiq al-Rabiah visited New Delhi to participate in the India-Arab Partnership Conference. The India–Saudi Arabia Joint Commission Meeting was held in New Delhi in January 2015, and the Saudi delegation was led by Abdullah

(38) Md. Muddassir Quamar, "India and West Asia: A Top Priority for Prime Minister Narendra Modi," *India Review and Analysis*, January 30, 2017, 1 (2): 14–17.

(39) Ministry of External Affairs, Government of India, *Annual Report, 2014–2015* (New Delhi: Policy Planning and Research Publication Division, 2015), 53.

al-Obaid, deputy minister of foreign trade.[40] On the demise of King Abdullah in January 2015, India declared a day of mourning and vice president Hamid Ansari led an Indian delegation to attend the condolence meetings on behalf of President Pranab Mukherjee and Prime Minister Modi.[41] The external affairs minister fondly remembered his contribution to regional peace and stability. Indian media expressed high praise for the departed leader and recalled his contribution in reviving Indo-Saudi bilateral relations.[42]

Even before embarking on the visit, Modi had started the push for close cooperation with Saudi Arabia and prioritized that nation over other countries in the region. He met Salman twice on the sidelines of G-20 summit (Brisbane in November 2014 and Antalya in November 2015),[43] and New Delhi hosted foreign minister Adel al-Jubeir in March 2016 to prepare for the prime ministerial visit.[44] Modi landed to a warm welcome in the kingdom and discussed wide-ranging issues of mutual interest in a cordial atmosphere. The joint statement issued during the visit noted the significance of peace and stability in the Gulf and the Indian subcontinent and the close interlinkages between the two nations.[45] A number of MoUs and agreements were signed

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(40) Ibid.

(41) "Hamid Ansari Leads Indian Delegation to Saudi King's Funeral." *The Times of India*, January 25, 2015, http://timesofindia.indiatimes.com/india/Hamid-Ansari-leads-Indian-delegation-to-Saudi-kings-funeral/articleshow/46007523.cms.

(42) Mahesh Sachdev, "Reasons for Remembering King Abdullah," *The Hindu*, January 26, 2015, http://www.thehindu.com/opinion/op-ed/reasons-for-remembering-king-abdullah/article10644372.ece; "In King Abdullah's Death, India Loses a 'Great Friend,'" *Economic Times*, January 23, 2015, http://economictimes.indiatimes.com/news/politics-and-nation/in-king-abdullahs-death-india-loses-a-great-friend/articleshow/45991890.cms.

(43) "PM Narendra Modi Meets World Leaders on Sidelines of G20," *Economic Times*, November 15, 2014, http://economictimes.indiatimes.com/news/politics-and-nation/pm-narendra-modi-meets-world-leaders-on-sidelines-of-g20/articleshow/45159594.cms; "G20 Summit: PM Narendra Modi Holds Bilateral Meeting with Saudi King," *NDTV*, November 16, 2015, http://www.ndtv.com/india-news/g20-summit-pm-narendra-modi-holds-bilateral-meeting-with-saudi-king-1244024.

(44) Ministry of External Affairs, Government of India, "Official Visit of Foreign Minister of Saudi Arabia to India (March 07–08, 2016)," March 7, 2016, http://www.mea.gov.in/incoming-visit-detail.htm?26478/Official+visit+of+Foreign+Minister+of+Saudi+Arabia+to+India+March+0708+2016.

(45) Ministry of External Affairs, Government of India, "India-Saudi Arabia Joint Statement during the Visit of Prime Minister to Saudi Arabia," April 3, 2016, http://mea.gov.in/outoging-visit-detail.htm?26595/IndiaSaudi+Arabia+Joint+Statement+during+the+visit+of+Prime+Minister+to+Saudi+Arabia+April+03+2016.

between the two countries, including agreements on labor cooperation and an investment framework. Modi's visit not only strengthened bilateral relations but also prioritized the core areas of cooperation between the two countries. Thus, the emerging dynamics in Indo-Saudi relations are focused on two important areas: (1) trade, energy, and investments, and (2) security and defense.

Trade, Energy, and Investments

As noted in Table 1, Indo-Saudi bilateral trade has continued to grow since 2006 and reached a high of US$48 billion in 2013–2014. The level of bilateral trade has dropped since then due to the decrease in international oil prices and slowdown in global trade and had dropped to US$26 billion in 2015–2016. Nevertheless, Saudi Arabia had continued to be India's fourth largest trade partner, after China, the United States, and the UAE.[46] It is also the eighth largest market for Indian exports. On the other hand, India is also among the top trading partners for Saudi Arabia being its third largest export destination and eighth largest source of imports.[47] Energy dominates bilateral trade, and as much as three-fourth of the total imports from Saudi Arabia is crude oil, while nearly one-sixth of Indian exports to the kingdom comprise petroleum products.[48] Other major items imported from Saudi Arabia are organic chemicals, fertilizers, natural and cultured pearls, aluminum, copper, and other minerals, while major items of export are cereals, organic and inorganic chemicals, iron and steel, vehicles and parts, meat, and fruits.[49] To further improve the business ties, an India–Saudi Arabia Business Council has been established and held its first meeting in New Delhi in December 2015.[50]

Energy is the predominant component in bilateral trade and Saudi Arabia continues to be India's most reliable and biggest source of oil and supplies

(46) Ministry of Commerce and Industry, *Export-Import Data Bank*.

(47) Observatory of Economic Complexity, "Saudi Arabia," 2015, http://atlas.media.mit.edu/en/profile/country/sau/.

(48) Ministry of Commerce and Industry, *Export-Import Data Bank*.

(49) Ibid.

(50) Ministry of External Affairs, Government of India, *Annual Report, 2015–2016* (New Delhi: Policy Planning and Research Publication Division, 2016), 66.

almost 20 percent of its total oil imports.[51] Although Iran overtook Saudi Arabia as India's leading oil supplier for a brief period in late 2016,[52] the latter remains the top source on cumulative annual imports in of 2016–2017, with US$ 15.58 billion worth of crude oil supplies.[53] India's dependence on oil imports and growing demands mean that the level of imports from Saudi Arabia and other Gulf countries will continue to rise. There have been frequent official-level talks and exchanges of delegations to discuss deepening ties in energy sector. There is considerable interest in India in securing Saudi investments in the Indian energy sector. Discussions have been held to discuss Saudi Arabia helping India to expand its strategic oil reserves though no agreement has yet been reached.

India and Saudi Arabia can strengthen their relations by converting the current buyer-seller relations in the energy sector to strategic relations, provided Saudi investors can be assured of good returns in the Indian energy market. The two countries can establish joint ventures in the upstream sector in Saudi Arabia and the downstream sector in India. In fact, this could include technology exchanges and production partnerships and be extended to the petrochemical and fertilizer sectors. The proposed India–Saudi Arabia ministerial energy dialog can help enhance cooperation in this critical area. Two-way investments in the energy sector, with Indian consumption continuing to grow and projections showing a further rise, in conjunction with Saudi Arabia's role as the world's largest oil producer, can work wonders in taking the strategic partnership forward.

In addition to trade and energy, investments are also a focus area. Prime Minister Modi is especially interested in inviting Saudi companies to invest in the Indian market. India is focused on developing its infrastructure and keen on attracting investments from the Gulf countries. Saudi investments in India have grown

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(51) Ministry of Commerce and Industry, *Export-Import Data Bank*.

(52) "Iran Overtakes Saudi to Become India's Top Crude Supplier," *Economic Times*, November 17, 2016, http://economictimes.indiatimes.com/industry/energy/oil-gas/iran-overtakes-saudi-to-becomes-indias-top-crude-oil-supplier/articleshow/55481064.cms.

(53) Ministry of Commerce and Industry, *Export-Import Data Bank*.

in the past few years, and from April 2000 until March 2017, Saudi businesses invested US$76 million in the Indian market.[54] Attracting foreign investments is a major objective of the Modi government, and the issue was on the prime minister's list of priorities when he visited Riyadh. Emphasizing the initiatives of his government to improve the business and investment environment in India, the joint statement noted efforts "to improve the ease of doing business in the country and India's key efforts to simplify and rationalize existing rules and relax the foreign direct investment norms in key areas, including railways, defense and insurance." Further, Modi expressed India's keenness on attracting Saudi investments and encouraged "Saudi Aramco, SABIC, and other Saudi companies to invest in the infrastructure sector in India and to participate in projects creating mega industrial manufacturing corridors [and] smart cities, as well as the Digital India and Start-up India programs."[55]

The number of Indian companies that are active in Saudi Arabia has witnessed an increase in the last five years, and many of them have established joint ventures with Saudi companies in the health, pharmaceutical, education, real estate and construction, retail, manufacturing, export-import, and IT sectors.[56] Tata Consultancy Service opened an office in Riyadh that is run entirely by women, while Larsen & Toubro bagged contracts for Riyadh Metro. On the Saudi side, petrochemical giant SABIC set up a research and development center in Bangalore in 2013 with an investment of US$100 billion.[57] As the two G-20 economies aspire to continue their growth and build knowledge-based economies, there is immense potential involved in increasing the two-way flow of investments in a number of sectors, including energy, education,

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(54) Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, "Factsheet on Foreign Direct Investment (FDI) From April, 2000 to March, 2017," *FDI Statistics*, March 2017, http://dipp.nic.in/English/Publications/FDI_Statistics/2017/FDI_FactSheet_January_March2017.pdf.

(55) Ministry of External Affairs, India, "Joint Statement," April 2016.

(56) For a list of Indian companies doing business in Saudi Arabia, see Embassy of India, Riyadh, "List of Indian Companies Operating in Saudi Arabia," November 21, 2017, http://www.indianembassy.org.sa/commercial/indian-companies-in-saudi-arabia .

(57) "SABIC Opens $100m Technology Research Center in Bangalore," *Arab News*, November 30, 2013, http://www.arabnews.com/news/485391.

aviation, pharmaceuticals, agriculture, information and communications technology (ICT), manufacturing, and the most important, infrastructure development, which is a focal area of the Indian government.

Security and Defense

In addition to investments, security and defense cooperation has emerged as a key area in Indo-Saudi bilateral relations. Though the movement toward better security cooperation started much earlier, it has emerged as an area of special emphasis under the Modi government. Given the deteriorating security situation in the Middle East and parts of South Asia and the growing danger from the rise of jihadist threats to peace and stability in both regions, India and Saudi Arabia have resolved to strengthen security cooperation and to collaborate on counterterrorism and the fight against radicalism.[58]

The trajectory of better Indo-Saudi cooperation in security and defense goes back to 2008. While a degree of cooperation existed before that time, the November 26, 2008, Mumbai attacks had a major impact and forced India to seek better intelligence sharing with the Gulf countries to prevent terrorist strikes and terror financing. Accordingly, India and Saudi Arabia signed an extradition treaty in 2010. Earlier, in January 2009, Saudi Intelligence Chief Prince Muqrin bin Abdulaziz al-Saud had visited New Delhi to discuss improving intelligence coordination and cooperation in areas of security.[59] A landmark moment was the first visit ever made by an Indian defense minister to Saudi Arabia in January 2012, when A. K. Anthony traveled to the kingdom and discussed ways to improve cooperation in the area of defense.[60] The visit was reciprocated by Crown Prince (now King) Salman in February 2014, when the two sides signed an MoU on defense cooperation.

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(58) Ministry of External Affairs, India, "Joint Statement, April 2016.

(59) "Saudi Intl Chief on India Visit to Discuss Mumbai Attacks," *Hindustan Times*, January 14, 2009, http://www.hindustantimes.com/delhi-news/saudi-intl-chief-on-india-visit-to-discuss-mumbai-attacks/story-YbFaakgwZazDl4us9CX6iP.html.

(60) Press Information Bureau, Government of India, "Antony to Visit Saudi Arabia, the First Ever by an Indian Defence Minister," February 11, 2012, http://pib.nic.in/newsite/PrintRelease.aspx?relid=80260%20.

These exchanges of defense ministers underlined the willingness on both sides to take Indo-Saudi defense and security cooperation to a higher level. The Modi government has further prioritized defense and security cooperation. This was evident when a police officer, former Mumbai police Chief Ahmed Javed, was appointed as the ambassador to Riyadh. Further, there have been frequent contacts with the Saudi government and visits to Riyadh by national security adviser Ajit Doval and the prime minister's special envoy on counterterrorism and former Intelligence Bureau chief, Syed Asif Ibrahim.

The joint statement issued during Modi's visit to Riyadh sheds light on the significance the two countries now attach to promoting cooperation in security and defense. It said in part:

> Cognizant of their responsibility for promoting peace, stability and security in the region and the world, the two leaders emphasized the importance of further cementing bilateral strategic engagement, including in the areas of security and defense cooperation, to serve the common interests of the two countries and their peoples.[61]

During the visit, it was also agreed that the two nations would continue and "intensify bilateral defense cooperation, through [the] exchange of visits by military personnel and experts, conduct of joint military exercises, exchange of visits of ships and aircrafts and supply of arms and ammunition and their joint development."[62] The issue of strengthening maritime security in the Gulf and Indian Ocean regions was also discussed, and it was agreed that the two countries would improve coordination in this area.

Terrorism, extremism, and radicalization has emerged as a mutual concern requiring discussion between India and Saudi Arabia. The rise of the Islamic State of Iraq and Syria (ISIS) and the havoc it has wreaked in the Middle East and parts of South Asia have prompted both India and Saudi Arabia to

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(61) Ministry of External Affairs, India, "Joint Statement," April 2016.
(62) Ibid.

seek cooperation in combating radicalization and countering extremism. With a number of Indian youths being arrested in the past years for either trying to join the ISIS and reports that several Indians have already migrated to Iraq and Syria to join ISIS, the issue has emerged as a primary concern for the Indian government and its security apparatus.[63]

Saudi Arabia, too, has been fighting the scourge of terrorism and has been a victim of several attacks by ISIS units. Saudi authorities have cracked down on ISIS cells inside the kingdom and have arrested hundreds of radicalized youths.[64] The Saudi Interior Ministry has been running a de-radicalization program to help those who could be brought back to the mainstream of society, while it has taken strong action against those who have showed no remorse and are involved in attacks on innocent people.[65] In the light of this mutuality of interests and the threats emanating from terrorism, the joint statement affirmed

> .. the menace of extremism and terrorism threatens all nations and societies, the two leaders rejected totally any attempt to link this universal phenomenon to any particular race, religion or culture. They called on all states to reject the use of terrorism against other countries; dismantle terrorism infrastructures where they happen to exist and to cut off any kind of support and financing to the terrorists operating and perpetrating terrorism from their territories against other states; and bring perpetrators of acts of terrorism to justice.[66]

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(63) K. V. Aditya Bharadwaj, "'Online Radicalisation, A Potent Threat,'" *The Hindu*, September 30, 2015, http://www.thehindu.com/news/national/karnataka/online-radicalisation-a-potent-threat/article7705702.ece.

(64) Numerous ISIS cells have been busted from time to time since 2014; for example, in February 2017, the security forces took down four ISIS cells and arrested 18 members of ISIS from different cities who were planning to carry out attacks inside the kingdom. See Mohammad Al-Sulami, "Saudi Security Forces Dismantle 4 Terror Cells, Arrest 18," *Arab News*, February 1, 2017, http://www.arabnews.com/node/1055206/saudi-arabia.

(65) Christopher Boucek, "Saudi Arabia's 'Soft' Counterterrorism Strategy: Prevention, Rehabilitation, and Aftercare," *Carnegie Papers*, (September 2008), No. 97, http://carnegieendowment.org/files/cp97_boucek_saudi_final.pdf.

(66) Ministry of External Affairs, India, "Joint Statement," April 2016.

It was also agreed during the visit that India and Saudi Arabia would further strengthen cooperation in combating terrorism, sharing intelligence, conducting law enforcement, and preventing the financing of terrorist activities. The use of cyberspace and the internet for radicalization also came up for discussion, and the two nations agreed to "promote cooperation in cyber security, including prevention of use of cyber space for terrorism, radicalization and for disturbing social harmony."[67] It was also decided that India and Saudi Arabia would cooperate in the area of counter radicalization through "exchanges and dialogue between religious scholars and intellectuals of both countries and the organization of conferences and seminars to promote values of peace, tolerance, inclusiveness and welfare, inherent in all religions."[68]

Undoubtedly, if one looks at the current dynamics in Indo-Saudi relations, security and defense cooperation have emerged as a major component. There is an emphasis from both sides to cooperate in fighting terrorism and combat extremism and a desire to further enhance defense cooperation through joint exercises, training of personnel, and an exchange of officers.[69] The growing understanding between the two countries on the issue of terrorism was reflected when, in September 2016, Saudi Arabia condemned the terrorist attack at Uri that lead to the death of 18 Indian soldiers.[70] Given the two nations' history of bad relations, this was an important development and reflected the growing significance of Indo-Saudi defense and security cooperation.

Indian Muslims and Saudi Arabia

In addition to the two important aspects of the emerging dynamics in bilateral relations, that is, first, trade and commerce, and second, defense and security, there is a third aspect that is important in understanding Indo-Saudi bilateral

(67) Ibid.
(68) Ibid.
(69) Ibid.
(70) Shubhjit Roy, "OIC Members Join Chorus against Uri Attack," *Indian Express*, September 21, 2016, http://indianexpress.com/article/india/india-news-india/organisation-of-islamic-cooperation-against-uri-attack-terrorism-3041265/.

relations. India has a large Muslim population comprising 172 million people, which amounts to 14 percent of India's total population.[71] It is also the second largest Muslim population in the world after Indonesia. Scholars have argued that this demographic dynamics has been crucial in foreign policy making in India, especially when it comes to the Middle East.[72] While no direct links can be established in the case of India and Saudi Arabia, it nevertheless plays an important role in establishing people-to-people contacts and cultural links. For example, during his visit to Riyadh, Prime Minister Modi presented King Salman with a miniature replica of the Cheraman Juma Mosque, which is believed to be the oldest mosque in India and was built in A.D. 629 by Arab traders.[73]

Saudi Arabia is the location of the two holiest places of Islam, the holy cities of Mecca and Medina. The two cities hold special place in the hearts of all Muslims throughout the world and they aspire to travel to the holy cities, at least once in their lives, on a pilgrimage. Haj, the pilgrimage to Kaaba in the Islamic month of Dhul Hijja, is one of the five pillars of Islam, or duties a follower must fulfill. Even though Haj becomes mandatory only for those who can afford it, all Muslims aspire to fulfill this duty once in a lifetime. Muslims from India also travel to Mecca and Medina in large numbers every year for the Haj or Umrah pilgrimage. In fact, the Haj has been one of the major aspects of links between India and Saudi Arabia. Historically, Indians have been one of the largest Haj contingents, a trend that continues to date. For example, in 2016, 135,904 Indians traveled to Mecca to perform the Haj.[74]

Moreover, before the establishment of the kingdom and Indian independence, many Indian families had established businesses and trade in Hejaz region to

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(71) Islam is the second largest religion in India after Hinduism. According to 2011 census data 172,245,158 individuals identified themselves as adhering to Muslim faith, which amounts to 14.23 percent of the total population of 1.2 billion population. See http://www.census2011.co.in/religion.php.

(72) P. R. Kumaraswamy, *India's Israel Policy* (New York: Columbia University Press, 2010).

(73) "PM Modi Gifts Gold-plated Replica of Ancient Kerala Mosque to Saudi King," *Indian Express*, April 3, 2016, http://indianexpress.com/article/india/india-news-india/pm-modi-gifts-gold-plated-replica-of-ancient-kerala-mosque-to-saudi-king/.

(74) Ministry of External Affairs, Government of India, *Annual Report, 2016–2017* (New Delhi: Policy Planning and Research Publication Division, 2017), 73.

serve the Indian Hajis traveling to the region. Some of these families are now settled in the city of Jeddah, having become part of the local community and acquired Saudi nationality after the formation of the kingdom.[75] Similarly, many Arab traders who traveled to India for mercantile activities married and settled in India and acquired Indian citizenship after its independence. One of the most prominent Indian name with a Saudi heritage is Ebrahim Alkazi, the doyen of the theater, who is of Saudi heritage, as his father was a merchant from the Unaiza in Qassim, who briefly settled in India, where Ebrahim was born.[76]

There are other examples of contacts and links between Muslims in India and the Arabian Peninsula. Some of the rich princely Indian states were the largest contributors for the upkeep of the Kaaba in the medieval period. Historically, many Muslims used to travel to the holy cities for religious studies, and some attained high levels of scholarship in various branches of religious studies. One of the most prominent scholars, Muhammad Hayat al-Sindhi, had a significant influence on the imam Muhammad bin Abdul Wahhab during the time he spent studying in Medina.[77] This tradition continues today, as many Muslims from India still travel to the Islamic University of Medina, where they can receive a handsome scholarship from the Custodian of Two Holy Mosques to pursue higher religious studies in Saudi Arabia. Through these cultural and religious linkages, Indian Muslims have been playing an important role in developing comprehensive bilateral relations between India and Saudi Arabia.

India and Saudi Arabia: A Strategic Partnership

Relations between India and Saudi Arabia have come a long way from the Cold War–era dynamics, when the two nations found themselves pursuing different foreign policy priorities and seldom crossed paths. The post–Cold War global changes mandated adjustments to new realities, and in response, India and

(75) Personal communication, December 2014, Jeddah.

(76) *Arab News*, "Alkazi: Saudi-Indian Theatre Icon Star Attraction at Dammam Fest," February 18, 2015, http://www.arabnews.com/offbeat/news/706161.

(77) Natana J. DeLong-Bas, *Wahhabi Islam: From Revival and Reform to Global Jihad* (New York: Oxford University Press, 2004), 2021.

Saudi Arabia started to carefully build close relations. At the early stages they avoided discussing delicate issues, especially Pakistan and Muslims in India, in order to build trust, and instead focused on economic issues. The possibilities and opportunities available in the fields of business, trade, and energy made it possible for India and Saudi Arabia to develop close links while avoiding tricky political issues. The increased trade and commercial ties and a flourishing service sector in Saudi Arabia created opportunities for Indian workers, who rushed to the kingdom to earn a better livelihood. The increasing size of the Indian expatriate population also helped in confidence building.

Once the contentious issues could be sidelined, political contacts were nurtured by both sides, leading to a significant turnaround in bilateral relations in the mid-2000s, especially with the visit of King Abdullah in 2006—this was the first visit by a Saudi king since 1955. While trade and commerce intensified, India and Saudi Arabia also started consultations to improve security and defense ties. India, which was facing security threats from local extremist organizations and cross-border terrorism, found a willing partner in Saudi Arabia in its efforts to curb illegal activities, including organized crime, the financing of terror, and radicalization. The two nations signed an extradition treaty and an MoU on defense cooperation, which led to the Saudis' extradition and deportation of a number of Indian nationals who were accused of involvement in illegal activities and terror financing, which provided the impetus for a strengthening of cooperation in the areas of security and defense.

With the changing geopolitical situation and the rise of global terrorist networks threatening peace and stability in Middle East and South Asia emerging as a common concern, India and Saudi Arabia are now looking to further strengthen their security and defense ties through cooperation in the areas of conducting counterterrorism, combating radicalism, and sharing intelligence. This is an important area of focus, and it forms the bedrock of the strategic partnership. Undoubtedly, this is important because both India and Saudi Arabia are faced with strong threats from global terrorist organizations who have targeted civilians and the innocent all over the world, including in

India and Saudi Arabia. The strategic partnership is intended to achieve closer intelligence sharing and better coordination against online radicalization and to combat terrorism and achieve peace and stability in both regions.

The other area where India and Saudi Arabia are looking to enhance cooperation is bilateral investments. India has been making significant efforts to ease bureaucratic bottlenecks and attract foreign direct investments (FDIs) that will attract Saudi investments in particular. India is a growing market, and there are vast opportunities in a variety of areas, including the infrastructure, building, construction, transport, education, health care, and the service sector. In fact, India is emerging as one of the favorite destinations for FDIs, and since 2014, the overall FDI inflow has almost doubled: The annual FDI in India in the year 2013–2014 was US$36 billion, in 2014–2015 it grew to US$45 billion, in 2015–2016 it reached US$55 billion, and it crossed the US$60 billion mark in 2016–2017.[78] This rapid increase indicates that the overall market confidence in India is on the rise, and with the enactment of further measures to ease the establishing business and making of investments, the annual FDI is expected to increase even further.

Saudi Arabia, which has large stores of sovereign funds, has an opportunity to invest in the growing Indian market, which offers long-term investment possibilities, has a built-in shock-absorbing system, and can provide the necessary skilled manpower for foreign investors. Saudi businesses will find India as an attractive destination because it offers huge returns on account of being a large market, and despite some remaining problems (which the current government is focused on removing), cost-benefit assessments reveal a positive situation. At the same time, the diversification efforts in the Kingdom of Saudi Arabia are creating opportunities for Indian businesses that will contribute in strengthening bilateral relations, and indeed, the numbers of Indian businesses and workers engaged in the Saudi market is on the rise. Indians are not only

(78) "3 Years of Modi Rule: FDI Inflows Jump to $60 Billion in 2016-17 from $36 Billion in 2013–14," *Financial Express*, May 19, 2017, http://www.financialexpress.com/economy/3-years-of-modi-rule-fdi-inflows-jump-to-60-billion-in-2016-17-from-36-billion-in-2013-14/676518/.

the largest expatriate community, they have also proven to be peaceful and enterprising.

Challenges

There are, however, a few areas that pose challenges for the progress of the Indo-Saudi strategic partnership. Apart from minor domestic issues such as intermittent cases of exploitation of Indian workers (mainly workers who are lured and deceived by spurious agents and manpower agencies), which both governments are committed to avoid and ameliorate, the two challenges for India and Saudi Arabia are to manage Indo-Iranian and Saudi-Pakistani relations. India has good relations with Iran, but Saudi-Iranian relations are tense and going through a turbulent phase. Similarly, Saudi-Pakistani relations are strong, but India and Pakistan are traditional rivals and have not been able to transcend the religious hatred sown during the partition of the subcontinent. Even though both India and Saudi Arabia have managed to keep their relations completely bilateral and have set aside tricky external issues that could hamper them, the two nations will have to work to maintain a balance. At the same time, when it comes to issues of cross-border terrorism and state-sponsored terror the two have spoken with a single voice in condemning all kinds of terror and have made it clear that it will not be tolerated at any cost. Nonetheless, India and Saudi Arabia will both have to strike a balance in dealing with each other's adversaries if they wish to realize the true potential of a strategic partnership.

Conclusion

Indo-Saudi relations have gone through various phases before evolving into strong bilateral relations and are gradually acquiring a strong strategic dimension. The two nations share historical bonds, have strong business and trade links, and are both global emerging economies looking for sustainable growth. The sheer number of Indians working in Saudi Arabia and the regular diplomatic and political contacts give an indication of the feelings of bonhomie between the two countries. With the changing geopolitical situation, the two areas that have emerged as the most important aspects of this new strategic partnership are cooperation in the security and defense sectors and

improvements in commercial and business ties. India and Saudi Arabia will have to be mindful of the challenges, especially those posed by external adversaries, as they continue to make progress in their bilateral relations. The prospects for improvement in bilateral relations are bright and the potentials are immense, so we should expect the future to bring a strengthening of relations, a better two-way flow of investments, and stronger security cooperation.

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