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From Oil To Opportunities: Diversification And Future Of India-Saudi Arabia Trade

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Abstract: The bilateral relationship between India and Saudi Arabia has traditionally been rooted in energy interdependence, with crude oil dominating trade exchanges for decades. However, the landscape is rapidly evolving. Saudi Arabia's Vision 2030 seeks to transform the Kingdom into a diversified economy with thriving sectors such as tourism, renewable energy, and technology. Parallelly, India is emerging as a global economic power with growing energy needs and a burgeoning middle class, positioning itself as a strategic partner for Riyadh beyond hydrocarbons. This research explores the evolving contours of India-Saudi Arabia trade, analyzing how both nations are transitioning from an oil-dependent trade framework to a multifaceted economic partnership. Drawing upon official trade data, government declarations, and academic literature, this paper examines the diversification strategies of both countries, key sectors for potential cooperation, and the role of institutional mechanisms in fostering sustainable trade relations. It highlights emerging sectors such as green hydrogen, fintech, infrastructure, pharmaceuticals, and defense collaboration as arenas of mutual growth. Additionally, the study identifies challenges like regulatory bottlenecks, geopolitical shifts, and economic uncertainties that may affect future trade trajectories. The paper concludes with policy recommendations aimed at enhancing economic synergy and mutual strategic interests. In an era defined by global decarbonization and economic realignment, the India-Saudi Arabia trade partnership is poised to move from oil to opportunities—offering a blueprint for diversified, resilient, and mutually beneficial bilateral relations.

Index Terms – India-Saudi Arabia trade, Diversification, Vision 2030, Energy security, Economic partnership, Renewable energy, Bilateral relations.

I. INTRODUCTION

The India-Saudi Arabia relationship has undergone a transformative journey from centuries-old cultural and religious links to a robust economic and strategic partnership in the 21st century. Historically, trade between the Indian subcontinent and the Arabian Peninsula predates the oil boom, with exchanges in spices, textiles, and pearls contributing to mutual prosperity. However, with the discovery and commercialization of petroleum in the 20th century, the bilateral relationship began to center overwhelmingly on energy. Today, Saudi Arabia is one of India's top suppliers of crude oil, while India is among the largest consumers of Saudi petroleum products. Yet, the new millennium has ushered in tectonic shifts in global economics and energy politics. The rise of climate concerns, technological advancement, and fluctuating oil prices have catalyzed a reassessment of oil-centric economic models. For Saudi Arabia, the Vision 2030 blueprint unveiled by Crown Prince Mohammed bin Salman is a strategic response to these shifts. It envisions reducing the Kingdom's dependence on oil and fostering growth in sectors like tourism, healthcare, infrastructure, education, and renewable energy. India, with its massive consumer base, skilled labor, and ambitious developmental goals, stands out as a key partner in this diversification journey. Simultaneously, India has been recalibrating its foreign economic engagements. Initiatives such as "Make in India," "Startup India," and increased emphasis

on renewable energy underscore India's shift toward sustainable economic growth. These priorities dovetail with Saudi Arabia's diversification efforts, setting the stage for a broader, opportunity-driven partnership. Recent years have seen a flurry of high-level visits and strategic agreements between the two countries. The signing of the "Delhi Declaration" in 2006 and the "Riyadh Declaration" in 2010 marked key milestones in institutionalizing bilateral cooperation. More recently, the Strategic Partnership Council established in 2019 signified the elevation of Indo-Saudi relations to a new level of political, economic, and cultural engagement. Economically, Saudi Arabia is India's fourth-largest trading partner as of 2023, with total trade crossing USD 50 billion, dominated by oil imports. But this partnership is not limited to hydrocarbons anymore. Indian companies are increasingly investing in Saudi Arabia's infrastructure, IT, and food sectors, while Saudi investment in India's tech and energy sectors is gaining momentum. The integration of digital economies, collaboration in fintech and healthtech, and cooperation in critical areas like green hydrogen, pharmaceuticals, and higher education exemplify this shift. Moreover, over 2.8 million Indian expatriates in Saudi Arabia contribute significantly to both economies through remittances and human capital. Cultural diplomacy and people-to-people contacts, including the Hajj pilgrimage, further reinforce this unique bond.

This paper argues that the evolving India-Saudi Arabia trade relationship is not merely a diversification strategy but a redefinition of bilateral economic engagement. As both countries grapple with the realities of a post-oil global economy, their trade and investment ties are likely to become more inclusive, innovation-led, and sustainable. By exploring historical trends, current dynamics, and future opportunities, this study aims to provide a comprehensive understanding of how the India-Saudi Arabia partnership is moving from oil to opportunities, and what it means for regional and global economic orders.

II. Historical Background

The commercial ties between India and the Arabian Peninsula predate modern nation-states, rooted in centuries of maritime trade and cultural exchange across the Indian Ocean. Long before the discovery of oil in Saudi Arabia, the two regions were part of vibrant trade networks that facilitated the movement of goods, people, and ideas. Ports along the western coast of India—such as Surat, Cochin, and Calicut—acted as vital nodes in transoceanic trade, linking the Indian subcontinent with the Arabian Peninsula, East Africa, and Southeast Asia. During the pre-Islamic and early Islamic periods, Arab traders frequently visited the Indian coast, dealing in spices, textiles, gems, and incense. In return, Arabian exports to India included dates, horses, and pearls. These exchanges were not merely economic but also cultural and religious. The early spread of Islam in the Indian subcontinent was facilitated in part by trade interactions, with merchants playing a key role in building early Muslim communities in coastal India. With the rise of powerful Islamic empires such as the Abbasids and later the Ottoman Caliphate, trade between the Indian subcontinent and the Arab world became institutionalized through well-established caravan and maritime routes. These interactions intensified under colonial rule. The British Empire's consolidation of maritime supremacy expanded trade networks further, albeit under imperial control. Indian workers, including merchants and labourers, migrated to the Gulf, laying the foundations for today's significant Indian diaspora in Saudi Arabia. The discovery of oil in Saudi Arabia in the 1930s and the subsequent transformation of its economy marked a major turning point in bilateral trade dynamics. Post-independence, India became a significant importer of Saudi crude oil, driven by its growing industrial base and increasing energy demands. From the 1970s onward, oil exports from Saudi Arabia became the cornerstone of trade relations, and remittances from Indian workers in the Kingdom became a critical component of India's foreign exchange earnings. Despite this growing economic interdependence, the bilateral relationship remained relatively under-institutionalized until the early 21st century. Political and diplomatic interactions were infrequent, and trade was largely transactional. It was only with the launch of India's "Look West" policy in the early 2000s and the growing strategic significance of West Asia in global geopolitics that both nations began to deepen their ties. The visit of then-King Abdullah to India in 2006 led to the signing of the "Delhi Declaration," which marked a new phase in India-Saudi relations. This was followed by Prime Minister Manmohan Singh's visit to Riyadh in 2010, where the "Riyadh Declaration" was signed, outlining a roadmap for strategic partnership. These developments coincided with structural shifts in both economies. While India was emerging as a fast-growing global economy with ambitious development goals, Saudi Arabia was beginning to contemplate diversification away from its hydrocarbon reliance. These parallel developments laid the foundation for a broader, long-term economic partnership. Thus, the historical context of India-Saudi Arabia trade illustrates a shift from ancient cultural and maritime ties to oil-centric trade and now toward a strategic, diversified economic relationship. This evolving trajectory reflects not just bilateral aspirations but broader changes in global trade, energy, and geopolitical alignments.

III. Current trade structures and trends

India and Saudi Arabia share a dynamic economic relationship that has grown significantly in the 21st century, underpinned primarily by the trade of energy resources. However, recent developments indicate a growing diversification in the nature of trade, investment, and strategic cooperation between the two nations. As of 2023, Saudi Arabia ranks as India's fourth-largest trading partner, while India is among Saudi Arabia's top five trading partners globally. The bilateral trade between the two countries stood at approximately USD 52.76 billion in 2022–23, reflecting a steady and strategic economic engagement. The trade structure between the two countries has historically been skewed in favor of hydrocarbons. Saudi Arabia is one of India's leading suppliers of crude oil, meeting nearly 17% of India's oil import requirements. Petroleum and petroleum-based products dominate India's imports from the Kingdom. In FY 2022–23 alone, India imported over USD 42 billion worth of crude oil and liquefied natural gas (LNG) from Saudi Arabia. This energy-centric relationship reflects India's growing energy demands driven by industrial expansion and rising consumption, and Saudi Arabia's role as a global energy powerhouse. On the export front, India supplies Saudi Arabia with a diverse range of goods, including cereals, iron and steel, machinery, automobiles, chemicals, textiles, and pharmaceuticals. Notably, Indian pharmaceutical and engineering goods have witnessed an uptick in demand in recent years, reflecting a gradual diversification of trade baskets. This shift aligns with Saudi Arabia's efforts to strengthen its healthcare and manufacturing sectors under the Vision 2030 initiative.

A significant component of India-Saudi Arabia economic relations is the movement of people and remittances. With a large Indian diaspora of over 2.8 million people residing in the Kingdom engaged in fields such as healthcare, IT, construction, and retail remittances from Saudi Arabia to India play a crucial economic and social role. These remittances not only contribute to India's foreign exchange reserves but also deepen people-to-people ties that support trade and diplomatic relations. Moreover, the institutional mechanisms supporting bilateral trade have expanded significantly. The establishment of the India-Saudi Arabia Strategic Partnership Council (SPC) in 2019 marked a milestone in bilateral ties. The SPC is structured into two main pillars: the Political, Security, Social and Cultural Cooperation Committee and the Economy and Investment Cooperation Committee. This dual framework reflects the growing complexity and depth of the relationship beyond oil and defense. In terms of investment trends, both countries have shown reciprocal interest in deepening economic cooperation. Saudi Arabia's Public Investment Fund (PIF) has pledged USD 100 billion toward investment in India across sectors such as energy, technology, food security, and infrastructure. Projects such as the West Coast Refinery and Petrochemicals Project a collaboration between Indian PSUs and Saudi Aramco symbolize large-scale strategic investments that go beyond traditional oil trade. India, on its part, has actively encouraged Saudi companies to invest in its infrastructure, logistics, and smart city projects under the Make in India and Digital India initiatives. Several Indian firms, including L&T, Tata Consultancy Services (TCS), Wipro, and Tech Mahindra, have established a presence in the Saudi market, offering services in construction, IT, and engineering.

A notable recent trend is the emergence of green energy collaboration, especially in the domains of solar power, green hydrogen, and clean technologies. With Saudi Arabia investing heavily in renewables through projects like NEOM and India scaling up its renewable capacity, both countries see synergy in co-developing technologies and supply chains. While the current trade relationship remains anchored in energy, the trend lines suggest a gradual shift toward a more balanced and multi-sectoral partnership. Increasing bilateral visits, institutional engagement, and targeted investments indicate that both nations are proactively working to move their economic relationship from oil-centricity to opportunity-oriented cooperation.

In conclusion, the current trade structure between India and Saudi Arabia reflects a maturing economic partnership that is increasingly being defined by strategic vision and economic diversification. With robust frameworks in place and mutual interests converging across sectors, the foundation is strong for a diversified and resilient bilateral economic relationship in the years to come.

IV. Strategic shifts in Saudi Arabia: Vision 2030

Saudi Arabia's Vision 2030 marks a watershed moment in the Kingdom's economic and strategic transformation. Announced in April 2016 under the leadership of Crown Prince Mohammed bin Salman, Vision 2030 represents an ambitious blueprint aimed at reducing the country's overwhelming dependency on oil revenues and repositioning the Kingdom as a global investment powerhouse, innovation hub, and cultural destination. At its core, Vision 2030 is a response to the dual pressures of volatile oil markets and a rapidly evolving global economy characterized by digitization, sustainability, and multipolar geopolitics. For decades, Saudi Arabia's economy was sustained by its abundant petroleum reserves, which accounted for over 70% of government revenues and nearly 90% of export earnings. However, recurring oil price shocks and the

long-term threat of global decarbonization trends forced Riyadh to rethink its developmental strategy. Vision 2030 thus seeks to pivot from an oil-reliant economy to a diversified, knowledge-based one through wide-ranging reforms in governance, investment, human capital, and infrastructure. One of the central pillars of Vision 2030 is economic diversification. This involves fostering new industries such as tourism, renewable energy, information technology, logistics, and manufacturing. The National Industrial Development and Logistics Program (NIDLP) and Saudi Green Initiative have been rolled out to encourage sustainable industrial growth and environmental responsibility. Additionally, massive investments have been planned in public-private partnerships (PPPs), special economic zones, and mega-projects like NEOM, a \$500 billion futuristic city focused on innovation, green energy, and global collaboration. In this transformative journey, India emerges as a crucial partner. As a fast-growing emerging economy with technological prowess, a skilled workforce, and vast market potential, India aligns closely with Saudi Arabia's diversification goals. Indian expertise in IT, pharmaceuticals, healthcare, education, and renewable energy is particularly relevant to the Kingdom's reform agenda. Saudi Arabia has explicitly acknowledged its desire to tap into Indian human capital and innovation capabilities as part of its broader developmental narrative. Furthermore, Saudi Arabia is actively seeking to expand its investment portfolio in India. Through the Public Investment Fund (PIF), the Kingdom has earmarked over USD 100 billion for Indian sectors such as infrastructure, technology, agriculture, and energy. This investment drive is not only economically motivated but also reflects a strategic desire to integrate with rising Asian economies and reduce overreliance on Western partners. Cultural transformation is another hallmark of Vision 2030. The liberalization of the entertainment sector, greater inclusion of women in the workforce, and initiatives to promote sports, arts, and tourism are indicative of a broader social renaissance. With India's strong cultural diplomacy and diaspora footprint, there are growing opportunities for collaboration in areas such as film, education exchange, heritage conservation, and medical tourism. From a geopolitical standpoint, Vision 2030 also implies a redefinition of Saudi Arabia's foreign policy outlook. Traditionally aligned closely with the West, the Kingdom is now diversifying its strategic partnerships to include rising powers like India and China. The establishment of the India-Saudi Strategic Partnership Council in 2019 illustrates Riyadh's recognition of India as a key stakeholder in its economic and regional strategy. Moreover, as both countries seek to assert themselves as leaders in the Global South, their cooperation in multilateral forums like the G20, BRICS, and the International Solar Alliance (ISA) is set to grow. Saudi Arabia's aspiration to become a hub for green energy and logistics aligns seamlessly with India's ambitions in renewable technology and global supply chain diversification.

In summary, Vision 2030 is not merely a domestic reform agenda but a global statement of intent. For India, this transformation opens up vast opportunities to deepen economic, strategic, and cultural ties with Saudi Arabia. As the Kingdom reimagines its future, India can serve as both a collaborator and a beneficiary of this bold and visionary transformation.

V. India's Economic Transition and Strategic Needs

India, the world's fifth-largest economy as of 2024, is undergoing a profound economic transformation driven by rapid urbanization, technological advancement, and ambitious policy reforms. With a population exceeding 1.4 billion, a growing middle class, and a youthful demographic, India is on the cusp of becoming a global economic powerhouse. However, to sustain high growth rates and ensure inclusive development, India must strategically secure its energy supplies, diversify trade partnerships, modernize infrastructure, and boost manufacturing. In this context, Saudi Arabia plays a pivotal role—not just as a traditional energy supplier but also as a potential partner in India's broader economic and strategic objectives. A core challenge for India is energy security. As the country industrializes and urbanizes, its energy demand is projected to double by 2040. Despite major investments in renewable energy, fossil fuels—particularly oil and natural gas—continue to form the backbone of India's energy consumption. Saudi Arabia, being one of the world's largest crude oil exporters, fulfills nearly 17% of India's crude oil needs. However, beyond this transactional dependency, India seeks long-term energy cooperation through joint ventures in oil exploration, petrochemical refining, and investments in strategic oil reserves. Projects like the West Coast Refinery and Petrochemical Complex—a collaboration between Saudi Aramco and Indian public sector units—reflect India's intent to integrate its energy infrastructure with reliable partners. India's economic transition is also defined by the "Make in India" and "Atmanirbhar Bharat" (self-reliant India) initiatives, which emphasize domestic manufacturing, value addition, and reducing import dependency. Saudi investments in India's infrastructure, logistics, and industrial corridors are crucial for realizing these goals. The Kingdom's sovereign wealth fund, the Public Investment Fund (PIF), has shown growing interest in Indian sectors such as renewable energy, digital economy, pharmaceuticals, and food processing. For India, these investments are not merely capital inflows but strategic

partnerships that can enhance domestic capabilities and generate employment. Another priority for India is supply chain diversification and technological advancement. The COVID-19 pandemic exposed vulnerabilities in global supply chains, prompting India to push for resilient and localized production networks. In this regard, Saudi Arabia's Vision 2030 provides a complementary framework. Riyadh's ambition to become a logistics and industrial hub creates synergies with India's own goals of becoming a regional manufacturing powerhouse. Joint ventures in areas like green hydrogen, solar power, electric mobility, and smart cities hold transformative potential. From a strategic standpoint, India's growing aspirations as a regional and global power necessitate stable relations with key players in the Middle East. The Gulf region is not only home to millions of Indian expatriates but also a vital source of remittances, trade, and investment. Saudi Arabia, as the de facto leader of the Arab world, is central to India's West Asia outreach. As geopolitical shifts occur—particularly with the rise of China and the rebalancing of US interests—India seeks to cement its influence in the region through robust bilateral and multilateral engagements. Furthermore, India's digital and service economy offers areas of collaboration. Indian IT firms like TCS, Wipro, and Infosys are already active in the Gulf, providing tech solutions for financial services, governance, and healthcare. As Saudi Arabia builds its digital infrastructure under Vision 2030, India can contribute with both technical expertise and human resources. Similarly, the Indian pharmaceutical and healthcare sectors can support the Kingdom's efforts to modernize its public health system.

In sum, India's economic transition is marked by a shift from energy dependency to strategic economic engagement. While oil remains a foundational element, India's evolving needs—spanning infrastructure, investment, energy diversification, and global positioning—demand a broader, multi-sectoral partnership with Saudi Arabia. By aligning its national development goals with Saudi Arabia's transformative agenda, India is not only securing its economic future but also shaping a new era of South-South cooperation based on mutual growth, resilience, and innovation.

VI. New Areas of Cooperation: Technology, Green energy and Technology

As India and Saudi Arabia seek to redefine their economic relationship beyond traditional oil-based trade, new areas of cooperation are emerging with promising potential. These include technology, green energy, and infrastructure—sectors that are central to both India's development trajectory and Saudi Arabia's Vision 2030. The alignment of interests in these domains reflects a shared recognition of the need for sustainable, innovation-driven, and diversified growth models. By capitalizing on complementary strengths, both nations can deepen strategic ties and co-create value in a rapidly transforming global economic landscape.

- **Technology collaboration**

Technology is one of the most dynamic and promising frontiers for India-Saudi Arabia cooperation. India, widely regarded as the “tech hub of the Global South,” has built a globally competitive IT and digital services ecosystem. It is home to more than 75,000 start-ups, world-class IT firms, and a highly skilled technology workforce. Saudi Arabia, on the other hand, is investing heavily in its digital transformation as part of Vision 2030, with initiatives such as the National Transformation Program (NTP), the Digital Government Authority (DGA), and the mega-city NEOM, which is envisioned as a centre for cutting-edge innovation and AI-driven urban development. Indian IT giants such as Tata Consultancy Services (TCS), Wipro, HCL, and Tech Mahindra have already established operations in the Kingdom, providing digital solutions in areas like fintech, e-governance, smart healthcare, and cloud infrastructure. These collaborations can be expanded to include joint research and development (R&D) initiatives, data centres, cybersecurity, and artificial intelligence (AI) applications. Saudi Arabia's growing venture capital ecosystem is also showing interest in Indian tech start-ups, offering a platform for bilateral innovation. Moreover, cooperation in digital public infrastructure can be a game-changer. India's experience with initiatives like Aadhaar, Unified Payments Interface (UPI), and Digital India offers scalable models that Saudi Arabia can adapt as it builds its own citizen-centric digital services. These collaborations can also contribute to broader regional digitization and capacity-building initiatives in West Asia and Africa.

- **Green energy and sustainability**

Another major area of convergence is the green energy transition. India and Saudi Arabia are both signatories to the Paris Agreement and have committed to ambitious climate goals. India has set a target of 500 GW of non-fossil fuel capacity by 2030 and is emerging as a global leader in solar energy and green hydrogen. Saudi Arabia, through its Saudi Green Initiative and Middle East Green Initiative,

aims to generate 50% of its electricity from renewable sources and become a top global exporter of green hydrogen. Both countries are uniquely positioned to collaborate in renewable energy technology, infrastructure, and financing. Indian companies such as Adani Green Energy, ReNew Power, and NTPC Green Energy are seeking global partnerships, while Saudi companies like ACWA Power are actively investing in renewables across Asia and Africa. Joint ventures in solar parks, wind farms, and hydrogen production units can help meet domestic demands while building transnational green energy corridors. In particular, green hydrogen presents a compelling area for cooperation. With India's technological capabilities and manufacturing base, and Saudi Arabia's low-cost renewable resources and capital surplus, a strategic partnership in green hydrogen could pave the way for both nations to become global suppliers. Bilateral agreements for co-developing electrolyzer technology, storage systems, and transport logistics would not only ensure energy security but also position both countries as key players in the future global energy economy.

- **Infrastructure development**

Infrastructure is a foundational pillar of economic cooperation, especially as both countries invest heavily in modernization and connectivity. Saudi Arabia's Vision 2030 outlines more than USD 1 trillion in infrastructure projects, including airports, smart cities, logistics hubs, railways, and industrial zones. India's National Infrastructure Pipeline (NIP) and PM Gati Shakti Master Plan similarly prioritize high-impact infrastructure development to improve logistics, reduce transaction costs, and boost competitiveness. Saudi investments in Indian infrastructure are already underway, with the Public Investment Fund (PIF) expressing interest in transport corridors, highways, logistics parks, and urban infrastructure. On the other hand, Indian engineering and construction companies like Larsen & Toubro (L&T) have a long-standing presence in the Gulf and are actively contributing to Saudi infrastructure projects. There is also potential for collaboration in smart city development, where India's experience with the Smart Cities Mission and Saudi Arabia's plans for NEOM, Qiddiya, and The Line can intersect. Areas such as urban planning, sustainable housing, water conservation, and waste management provide a fertile ground for knowledge-sharing and co-development. Additionally, connectivity infrastructure—including ports, shipping, and air cargo—can enhance bilateral trade flows. Joint efforts to upgrade port infrastructure and explore direct shipping lines between Indian and Saudi ports (such as JNPT and Jeddah Islamic Port) can significantly reduce logistics time and costs. Enhanced air connectivity, with direct flights linking business and cultural hubs, can further support economic integration and people-to-people exchanges.

VII. Challenges and Roadblocks in Diversification

Despite the growing momentum and mutual interest in expanding India-Saudi Arabia relations beyond oil, the path to diversification is not without significant challenges. Both structural and strategic obstacles must be addressed to fully realize the potential of this evolving partnership. These hurdles span across regulatory differences, investment risks, geopolitical uncertainties, and cultural nuances. One of the foremost challenges is the lack of a comprehensive institutional framework to support multi-sectoral cooperation. While initiatives like the India-Saudi Strategic Partnership Council, established in 2019, aim to formalize bilateral engagements, operationalizing and expanding them across new domains requires sustained political will and bureaucratic alignment. Disparities in regulatory environments—especially in areas like data governance, foreign direct investment (FDI) norms, and labour laws—can hinder business-to-business collaboration and joint ventures. Moreover, logistical and infrastructural constraints continue to affect trade efficiency. Despite the increased volume of trade, connectivity remains sub-optimal. There are limited direct shipping routes and inefficient customs and port infrastructure on both sides. These logistical bottlenecks increase transaction costs and discourage medium- and small-scale businesses from entering bilateral markets. Additionally, differences in business culture, language, and procedural transparency can act as soft barriers to effective engagement. Another significant roadblock is the volatile geopolitical environment in the Middle East. Although India has historically pursued a non-aligned and balanced West Asia policy, ongoing regional tensions—such as Saudi Arabia's competition with Iran, the war in Yemen, and uncertainties in U.S. policy toward the region—can impact the stability needed for long-term investment and cooperation. Moreover, Saudi Arabia's growing closeness with China, including collaboration on digital infrastructure and energy, introduces a layer of strategic competition that India must navigate carefully. On the domestic front, both nations face economic and social challenges that can affect the speed and scope of their bilateral diversification. For Saudi Arabia, the success of Vision 2030 depends on its ability to overhaul entrenched systems, liberalize its society, and upskill its workforce. These reforms, while promising, are still in progress.

and may take time to yield results. For India, political risk, complex taxation systems, and bureaucratic delays remain common concerns among foreign investors, including Saudi firms. Furthermore, while energy diversification is a common goal, a complete transition from fossil fuels to renewables is neither immediate nor straightforward. Both countries still rely heavily on hydrocarbons—India for its energy security and Saudi Arabia for its revenue. Thus, balancing traditional oil-based trade with emerging green energy cooperation requires careful strategic management and financial planning.

Lastly, people-to-people linkages, though strong in terms of the Indian diaspora in Saudi Arabia, are still limited when it comes to cultural exchanges, tourism, and academic collaboration. Strengthening these soft power dimensions can build deeper trust and mutual understanding, which are critical for long-term strategic alignment.

VIII. Policy Recommendations and Strategic Roadmap

To realize the full potential of India-Saudi Arabia trade relations beyond oil, a strategic roadmap built on mutual interests, complementary strengths, and institutional coherence is essential. This roadmap should focus on deepening bilateral cooperation, enhancing private sector participation, and leveraging multilateral platforms for long-term gains. Below are key policy recommendations to overcome current bottlenecks and foster a diversified, resilient, and forward-looking economic partnership.

- **Institutionalizing strategic dialogue**

While the India-Saudi Strategic Partnership Council (SPC) is a significant step forward, its operational arms must be strengthened. Establishing dedicated working groups under the SPC on technology, renewable energy, logistics, and education can streamline decision-making and accelerate project execution. These platforms should include not only government officials but also industry leaders, investors, and academic experts to ensure comprehensive inputs and practical solutions.

Additionally, a bilateral trade and investment facilitation mechanism should be set up to address regulatory hurdles, resolve disputes, and provide policy clarity to investors from both countries. A structured annual forum with rotating venues can maintain political momentum and ensure sustained engagement.

- **Enhancing connectivity and logistics**

To address the trade logistics gap, both countries should invest in direct shipping lines, port infrastructure, and customs harmonization. Developing India-Saudi Arabia Economic Corridors—especially linking Indian ports like Mumbai and Kochi with Saudi hubs such as Jeddah and Dammam—can cut costs, reduce lead times, and attract private investment. Furthermore, expanding air connectivity, including direct cargo and passenger routes between emerging business hubs, can support not only trade but also tourism, education, and medical services. Bilateral agreements should also explore visa facilitation for professionals and investors.

- **Fostering technological and energy collaboration**

Joint R&D centres for AI, cybersecurity, fintech, and green hydrogen should be established, funded by public-private partnerships. These can be modeled on India's Centres of Excellence and hosted within Saudi Arabia's NEOM or India's technology parks. Knowledge-sharing in digital governance, data protection standards, and smart infrastructure can create a technology bridge that benefits both nations. In the field of green energy, a Saudi-India Renewable Energy Investment Fund should be launched, pooling capital from both governments and sovereign wealth funds to support pilot projects, startups, and infrastructure development in solar, wind, and hydrogen sectors.

- **Encouraging private sector and MSME engagement**

Bilateral trade should not be limited to large corporations. Special economic forums for MSMEs (Micro, Small and Medium Enterprises) can promote cross-border collaborations, especially in food processing, textiles, pharmaceuticals, and IT services. Startup incubation partnerships, co-funded by Saudi's PIF and India's Startup India program, can boost entrepreneurship and innovation.

- **Expanding people-to-people and academic ties**

Finally, the soft power dimension of the relationship must be amplified. Academic exchanges, language training, tourism promotion, and cultural diplomacy should be key components of bilateral

engagement. Establishing Saudi-funded research chairs in Indian universities and vice versa can promote mutual understanding and long-term intellectual collaboration.

IX. Conclusion

The trajectory of India-Saudi Arabia trade relations is undergoing a transformative shift, evolving from a predominantly oil-centric engagement to a multifaceted strategic partnership encompassing technology, renewable energy, infrastructure, and knowledge exchange. This transition is not merely a reflection of changing global economic dynamics but a deliberate and well-calibrated response by both nations to their respective domestic priorities and global aspirations. As Saudi Arabia pursues its ambitious Vision 2030 agenda to diversify its economy and reduce dependency on hydrocarbons, India emerges as a natural partner—offering not only a large and growing market but also technological know-how, human capital, and shared geopolitical interests. Historically, oil trade formed the bedrock of the bilateral economic relationship, with India being one of the largest importers of Saudi crude and Saudi Arabia viewing India as a reliable and stable consumer. However, as both economies mature and confront 21st-century challenges such as climate change, energy security, digital transformation, and sustainable development, the imperative to diversify the economic relationship has become stronger than ever. The recent years have witnessed a notable expansion in areas of cooperation, including fintech, pharmaceuticals, food processing, digital infrastructure, green hydrogen, and smart cities—signalling a deeper, more resilient partnership. This diversification journey, however, is not without hurdles. Regulatory mismatches, logistical inefficiencies, geopolitical uncertainties, and differences in institutional maturity pose significant challenges. Yet, these are not insurmountable. Both nations have demonstrated the political will and strategic foresight to overcome such obstacles. The establishment of the India-Saudi Strategic Partnership Council, high-level bilateral visits, and growing private sector collaborations are all indicators of a maturing relationship grounded in mutual trust and long-term commitment. What makes the India-Saudi Arabia relationship particularly promising is its complementarity. India's expertise in digital governance, renewable technology, and education perfectly complements Saudi Arabia's financial capital, natural resources, and infrastructure development ambitions. India's burgeoning youth population and expanding startup ecosystem provide the ideal counterpart to Saudi Arabia's vision of building a knowledge-based economy. This synergy creates avenues for co-investment, joint innovation, and regional leadership, particularly in the broader West Asia, South Asia, and East African regions. Moreover, the bilateral partnership holds implications beyond economics. As two influential players in the Global South, India and Saudi Arabia have the potential to shape discourse around sustainable development, South-South cooperation, and multipolarity in global governance. Their collaborative engagement in multilateral platforms like the G20, BRICS, and Shanghai Cooperation Organization (SCO) can be instrumental in advocating for equitable global economic frameworks and addressing transnational challenges such as climate change, food security, and energy transition. To fully leverage this potential, the policy ecosystem must continue to evolve. Streamlined trade policies, investment protection agreements, sector-specific roadmaps, and institutionalized public-private dialogue mechanisms will be critical. Cultural diplomacy and people-to-people ties—anchored by the sizeable Indian diaspora in Saudi Arabia—should also be nurtured through educational exchanges, tourism, and cultural programs to build a more robust foundation of mutual understanding.

In conclusion, the future of India-Saudi Arabia trade lies not in the barrels of oil alone, but in the boundless opportunities that a diversified and collaborative partnership can unlock. By focusing on sustainability, innovation, and strategic alignment, both countries can co-create a new economic narrative—one that not only secures bilateral gains but also contributes meaningfully to global stability and prosperity. The shift “from oil to opportunities” is not merely aspirational; it is already underway. With continued vision, investment, and trust, India and Saudi Arabia are poised to become co-architects of a new era of economic diplomacy.

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