

E-COMMERCE BETWEEN INDIA AND SAUDI ARBIA

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Abstract

Reason: lately India-Saudi Arabia respective exchange has developed massively. In 2013, Saudi Arabia positioned four among the main exchanging accomplice of India and on the other side; India was the seventh biggest exchanging accomplice of Saudi Arabia. This paper investigates the major patterns of two-sided exchange between the two countries and attempts to examine the highlights and challenges that emerged out of this exchange power and brought about a shared advantage of both state during the time of 2001 to 2013. Procedure: To accomplish these targets, exchange force record and uncovered near advantage at total and disaggregate level has been determined. The outcome examination features that the designs of fare in India and Saudi Arabia contrasts essentially. Discoveries: This shows a positive point that both the countries are not in an opposition as the different spaces of product exchange is distinctive in India and Saudi Arabia. Along these lines, this specialization, in two-sided exchange advancement, without a doubt goes about as a antecedent towards an upgraded capability of financial development for the two nations. Suggestions: Conclusively, the examination features that there has been speed increase in the two-sided exchange and this gathers that one can anticipate a beneficial outcome on monetary exchange relations between the taking an interest countries.

Keywords- Collaboration, Income, Commercial, Trade, International, Relations, Development

India-Saudi Arabia Economic and Commercial Relations

India and Saudi Arabia share exceptionally old monetary and socio-social ties. Financial ties establish a feature part of the respective key organization. The Delhi Declaration (endorsed in 2006 uninvolved of H.E. Lord Abdullah's visit to India) and Riyadh Declaration (endorsed in 2010 during the Prime Ministerial visit) accentuated on energy collaboration between our two well disposed nations. The Riyadh Declaration submitted the different sides to an essential association dependent on complementarily and reliance, including meeting India's unrefined petroleum supplies and distinguishing and executing explicit activities in the space of new and environmentally friendly power.

The milestone visits of Prime Minister Shri. Narendra Modi to the Kingdom in 2016 and 2019 and the State visit of Crown Prince Mohammad bin Salman to India in February, 2019 has denoted another time in the respective relations, which finished in the setting up of the Strategic Partnership Council (SPC), co-led by the two chiefs. Other than that, the different sides marked 11 other MoUs in the fields of energy, security, fighting dealing of opiate drugs, safeguard creation, common flight, clinical items, key oil stores, little and medium scale ventures, dispatch of Rupay card, participation in preparing of negotiators, collaboration between stock trades, and so forth There have been various Ministerial visits from the two sides on standard premise. A concise portrayal of such visits from India to the Kingdom is encased at Annexure I.

Key Partnership Council is a comprehensive establishment covering different areas of collaboration; it will overarch the current institutional system of Joint Working Commission. The SPC has two columns: I) Political-

Security-Socio-Cultural (PSSC); and ii) Economy and Investment. EAM and the Saudi Foreign Minister will co-seat the Political-Security-Socio-Cultural (PSSC) column while the Economic column is to be co-led by Commerce and Industry Minister on Indian side and Energy Minister on Saudi side. There are a few JWGs under the two columns. Various gatherings at true level have occurred between the different sides over the most recent couple of months. Under the Economy and Investment column 4 JWG's have been concluded covering the accompanying heads: Industry and Infrastructure; Agriculture and food security; IT and Technology; and Energy.

Exchange: Saudi Arabia is India's fourth biggest exchange accomplice (after China, the USA and UAE) and a significant wellspring of energy as India imports around 18% of its raw petroleum prerequisite and 30 % of its LPG necessity from the Kingdom. In FY 2019-20, respective exchange was esteemed at US \$33.09 billion. During this period, India's imports from Saudi Arabia contacted US \$26.84 billion and fares to Saudi Arabia were worth US\$ 6.25 billion enrolling an increment of 12.18% over a year ago. All out exchange with Saudi Arabia represented 4.23% of India's all out exchange FY 2019-20. (Jayanth Jacob (28 February 2010).

Indo- Saudi commerce

Since the 1990s, India's economic liberalization has helped bolster trade with Saudi Arabia, which annually supplies to India nearly 175 million barrels (25 million metric tons) of crude oil, or a quarter of its needs. In 2006–07 bilateral trade stood at US\$16 billion (US\$3 billion excluding oil) and is expected to double by 2010. India's current exports to Saudi Arabia stand at US\$2.6 billion, while Saudi Arabia's exports are in the range of US\$13.4 billion (US\$1.2 billion excluding oil). (Kostiner, Joseph (1993). India's major exports include basmati rice, textiles and garments and machinery, while it imports organic and inorganic chemicals, metal scrap, leather, gold and oil from Saudi Arabia. Both nations are expected to expand trade and cooperation and joint ventures in telecommunications, pharmaceuticals, health services, information technology, biotechnology, agriculture, construction projects, energy and financial services. Both countries agreed to launch joint ventures for developing gas-based fertilizer plants in Saudi Arabia. India agreed to set up institutes of higher education and research, provide educational opportunities in India for Saudi Arabian students and expand cooperation between India's Council of Scientific and Industrial Research and the Saudi Arabian Standards Organization (SASO). (Jyoti Malhotra (28 February 2010).

India and Saudi trade was almost US\$25 billion last fiscal year with about 2 million Indians working in Saudi Arabia.

Saudi imports from India amounted to \$7 billion or 2.7% of India's overall exports in 2015. The 10 major commodities exported from India to Saudi Arabia were: (Chaudhury, Dipanjan Roy (30 January 2019).

1. Oil: \$1.8 billion
2. Cereals: \$1.1 billion
3. Machinery: \$459 million
4. Iron or steel products: \$367.8 million
5. Organic chemicals: \$336.8 million
6. Meat: \$267.9 million
7. Vehicles: \$229 million
8. Ceramic products: \$217.4 million
9. Electronic equipment: \$203.9 million

10. Clothing (not knit or crochet): \$162.8 million

Saudi exports to India amounted to \$21.4 billion or 5.5% of India's overall imports in 2015. The 10 major commodities exported from Saudi Arabia to India were. (Spielvogel, Jackson 2008)

1. Oil: \$16.4 billion
2. Organic chemicals: \$1.2 billion
3. Plastics: \$954.2 million
4. Fertilizers: \$729.9 million
5. Gems, precious metals: \$631.4 million
6. Aircraft, spacecraft: \$542.9 million
7. Inorganic chemicals: \$199.5 million
8. Aluminum: \$193.6 million
9. Copper: \$142.9 million
10. Other chemical goods: \$95.3 million

In 2018, the bilateral trade relations between the two countries hit \$27.5 billion

Recent Developments

- ✚ There is a substantive shift happening in India's approach to the Middle East policy.
- ✚ India has pushed an aggressive strategy of partnering with key regional powers like Saudi Arabia, the United Arab Emirates and Israel in a bid to attract investments and forge deeper security partnerships.
- ✚ India and Saudi Arabia are moving from a purely buyer-seller relationship towards a closer strategic partnership that will include Saudi investments in downstream oil and gas projects.
- ✚ India is showing signs of overcoming its reluctance to forge security partnerships with the Gulf States whose security apparatuses had long been closely associated with Pakistan.
- ✚ During Prince Selman's visit to New Delhi earlier this year, Saudi Arabia promised to share more intelligence to boost counterterrorism cooperation with India.
- ✚ Saudi Arabia took a positive approach towards abrogation of Article 370 in Jammu and Kashmir.
- ✚ Saudi Arabia has signaled that it understands Indian concerns and sensitivities on the Kashmir issue.
- ✚ Formation of the India-Saudi Strategic Partnership Council that will be led by the leaderships of both the countries to "help India address its expectations and aspirations"

Why India is important for Saudi Arabia

- ✓ Pragmatism is dictating Saudi posture as the very future of the kingdom's economic model is at stake.
- ✓ Economic reform programs are underway in Saudi Arabia, for which it needs India's economic as well as technological assistance.
- ✓ Saudi Arabia appears to have limited experience in countering threats from groups like Houthi militias
- ✓ This is an area where India's expertise in fighting such threats could be imparted to the Saudi side, by enhancing joint military training programs.

Concluding remark

Commercial Relations

Saudi Arabia is our 4th largest trade partner and is a major source of energy as we import around 18 % of our crude oil requirement from the Kingdom. In 2018-19 (As per DGFT), the India-Saudi bilateral trade has increased by 23.83 % to US \$ 34.03 billion. During this period, our imports from Saudi Arabia reached USD 28.47 billion, registering an increase of 29.04 % over previous year (USD 22.06 billion) whereas our exports to Saudi Arabia reached USD 5.55 billion registering an increase of 2.61 % over previous year (USD 5.41 billion). The current bilateral trade (April - August, 2019 provisional figures) is valued USD 14.06 billion.

India-Saudi Trade (in billion USD)

Year (April – March)	Imports from Saudi Arabia	Exports to Saudi Arabia	Total trade	% increase in bilateral trade	% increase in Indian imports	% increase in Indian exports
2014-2015	28.10	11.16	39.26	-19.24	-22.79	-8.65
2015-2016	20.32	6.39	26.71	-31.97	-27.70	-42.71
2016-2017	19.94	5.13	25.08	-6.12	-1.85	-19.70
2017-2018	22.06	5.41	27.48	+9.56	+10.50	+5.88
2018- 2019	28.48	5.55	34.03	+23.83	+29.04	+2.61

Source: Department of Commerce, GOI. (www.dgft.gov.in)

As per Saudi Arabian General Investment Authority (SAGIA), there are 322 Indian organizations as joint endeavors/100% claimed elements of worth USD 1.4 billion in the Kingdom till Dec, 2017. These licenses are for projects in assorted areas, for example, the board and consultancy administrations, development projects, broadcast communications, data innovation, monetary administrations and programming advancement, drugs, and so forth Significant Indian Companies like L&T, TATAs, Wipro, TCS, TCIL, Shapoorji and Pallonji, and so forth have set up solid presence in Saudi Arabia. SAGIA is in converses with Indian Start-Ups like OYO, Delhivery, Firstcry, Grofers, Policy Bazaar, Pay tm to enter the Saudi market.

Then again, Saudi interest in India has so far been generally humble at USD 228 million just from April 2000 to March 2019 (Source: DIPP). Saudi Petrochemical Giant SABIC had set up its R&D Center in Bangalore with a venture of over USD 100 million in November 2013. Saudi Aramco and UAE's ADNOC are together taking an interest in the improvement of US \$ 44 billion 'West Coast Refinery and Petrochemicals Project Limited' in Raigad, Maharashtra. Saudi Company Al-Fanar is as of now executing a 300 MW power project in Kutch. Saudi Aramco marked a MoU with the Mumabi based Gum Pro for setting up a boring liquids office in 2018. Dependence declared that Saudi Aramco would assume control more than 20 % share (US 10-15 Billion) in the RIL Oil and Chemical business at an undertaking estimation of US \$ 75 billion. A few Saudi Companies have put resources into India through their non-Saudi auxiliaries.

Objectives of the study

1. To examine the trade relations between India and Saudi Arabia
2. To know the commercial relation in indo Saudi
3. To know the current perspectives of indo Saudi relation
4. To know the cultural relation between indo Saudi
5. To know the major output of the current research

Research methodology

For the purpose of this study, descriptive research method has been adopted. Because, the present study deals with large level with trade relation with India and Saudi Arabia In this present study we have used two types data primary data and secondary data like, news papers, old papers, magazine, journals, research paper etc.

Review of literature

Bryson, A. et al (2002) Technological developments in the areas of production, transportation and communication (leading to significant reductions in the costs associated with internationalization as well as the rising importance of knowledge-based technologies);⁶ (3) the increased importance of global networks and alliances (that provide increased access to knowledge);⁷ and (4) more elaborate capabilities of people, including those of the founder/entrepreneur who starts early internationalizing firms.

Bernard and Jensen (2004b) provide an empirical study of trade-induced aggregate productivity growth, utilizing micro data for US manufacturing. It is shown that foreign exposure does indeed foster productivity growth for firms, industries and manufacturing as a whole. In particular, increased export opportunities are associated with both intra- and inter- industry reallocations (from less efficient plants to more efficient ones), accounting for 40% of TFP growth in the manufacturing sector, half of which is explained by an intraindustry reallocation of economic activity. Thus, the higher productivity levels as well as the faster growth rates found in exporters (in terms of employment and output) offer an additional real locative channel for explaining aggregate productivity growth.

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