

# Modi, MBS target \$100 bn FDI in India

## Earmark \$50 billion for the West Coast Refinery

SUBHAYAN CHAKRABORTY

New Delhi, 11 September

India and Saudi Arabia have agreed to create a joint monitoring committee to review the progress of the under-construction West Coast Refinery and a joint task force to identify and channel the \$50 billion in investments promised by the Kingdom in 2019.

Prime Minister Narendra Modi had a bilateral meeting with Saudi Arabia's Crown Prince and Prime Minister Mohammed bin Salman Al Saud (colloquially known by his initials MBS) on Monday, during his second state visit to India. Both leaders also held the first meeting of the India-Saudi Arabia Strategic Partnership Council at Hyderabad House.

Both sides also identified critical minerals, space, semiconductors, and financial technology as key new areas of cooperation.

### Energy partnership

Both sides have decided to diversify their current hydrocarbon relationship into a comprehensive energy partnership.

A memorandum of understanding signed by the energy ministries of both countries calls for cooperation in renewable energy, energy efficiency, hydrogen, electricity, and a potential grid interconnection between the nations. It also encourages bilateral investment in these areas. A separate agreement on grid connectivity is close to being finalised, said Sayeed, without giving further details.

Sources said both nations have committed to extending their full support to the stalled West Coast Refinery, following Saudi insistence.

First announced in 2015, the \$44 billion project had targeted an unprecedented refinery capacity of 60 million tonnes per annum. However, dithering over the issue between the previous Shiv Sena-controlled Maharashtra government and the Bharatiya Janata Party-led Centre had held up the mega project.

In 2018, Saudi Aramco and the United Arab Emirates' (UAE's) Abu Dhabi National Oil Company signed a framework agreement to jointly develop the Ratnagiri Refinery and Petrochemicals project. Saudi Arabia has already earmarked funds to the tune of \$50 billion, Ausaf Sayeed, secretary (consular, passport and Visa, and overseas Indian affairs) at the Ministry of External Affairs, said during a press briefing.

Both sides have agreed to establish a joint task force to help identify and channel the \$100 billion worth of investments committed by MBS in February 2019, he added.

"Half of this was for the refinery. To ensure progress on refinery projects aligns with the laid-out plans, we have established a monitoring committee," said Sayeed.



### MoUs SIGNED ON...

- ▶ Energy cooperation
- ▶ Digitalisation, electronic manufacturing
- ▶ Desalination

### AGREEMENTS BETWEEN...

- ▶ National investment promotion agencies
- ▶ National EXIM banks
- ▶ National small and medium enterprise banks
- ▶ National archives
- ▶ Central Vigilance Commission and Saudi Oversight and Anti-Corruption Authority

Modi has suggested potential areas of investment such as tourism, waterways, expansion of rail and freight corridors, ports, hydrogen, gas grids, and optical fibre.

Both sides also agreed to explore the introduction of RuPAY cards in the Kingdom, and stressed on continuing to consider possibilities of joint development and production of defence equipment.

### Trade deal discussed

Both sides have also agreed to expedite negotiations on the India-Gulf Cooperation Council (GCC). The GCC consists of the six oil-rich economies of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the UAE.

Initial talks on a trade pact fizzled out in 2008 after the bloc decided to disengage from all negotiations. In February 2022, India revived negotiations once more.

Trade in local currency was also discussed, given that India is the second-largest trading partner of Saudi Arabia, while the Kingdom is India's fourth-largest partner, according to Sayeed.

## Trade deficit with Saudi at record high in FY23

The trade balance between India and Saudi Arabia is at its worst since at least the turn of the millennium.

India's imports from Saudi Arabia was \$31.3 billion in the last fiscal year (FY23) more than its exports. This is the largest gap since 1999-00, the year from which data was available from the Centre for Monitoring Indian Economy (CMIE).

Since 1999-2000, India recorded a surplus in six years from 2000-01 to

2005-06.

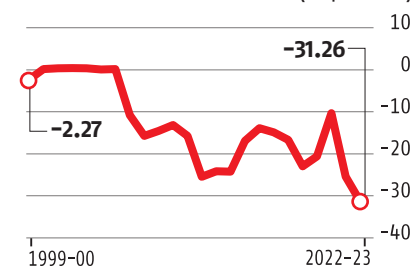
This has largely been driven by higher petroleum imports. Petroleum and petroleum products accounted for over \$33 billion in imports. Interestingly, the share of petroleum and crude products declined from 90 per cent in 2009-10 to 78.9 per cent in 2022-23. The share of manufactured goods increased from 9 per cent to 20.9 per cent.

India's exports have also seen a greater role for manufactured goods. Its share in total exports has increased over the years. In 2022-23, it accounted for 59.9 per cent of the total compared to 45.9 per cent in 2009-10.

A total of \$6.4 billion manufactured goods were exported in 2022-23. On the other hand, the share of agriculture and allied products declined from 27.2 per cent in 2009-10 to 20.4 per cent in 2022-23.

Compiled by ANOUSHKA SAWHNEY

### TRADE BALANCE

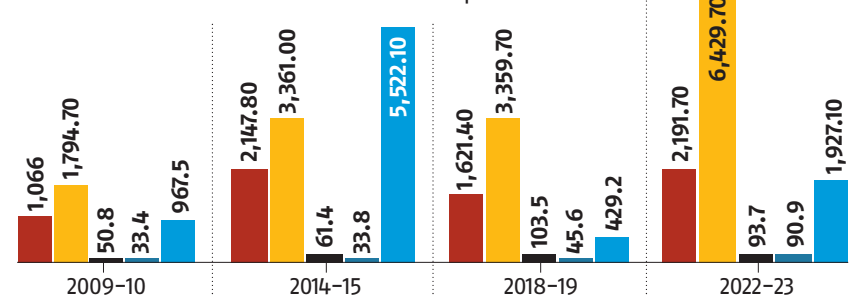


### IMPORTS (in \$ million)

	2009-10	2014-15	2018-19	2022-23
Agricultural and allied products	11.5	16.1	23.7	16.8
Manufactured goods	1,525.90	4,758.30	3,833.90	8,771.40
Ores and minerals	157.5	102.8	97.7	41.2
Other commodities	8.6	8.5	16.1	22
Petroleum and crude products	15,307.00	23,114.40	24,558.50	33,145.60

### EXPORTS (in \$ million)

■ Agricultural and allied products ■ Manufactured goods ■ Ores and minerals  
■ Other commodities ■ Petroleum and crude products



Source: CMIE