

## **PM Modi's Saudi Visit - Future Investment Initiative Forum**

### **Why in news?**

Indian PM Modi visited the Saudi Kingdom at the invitation of Saudi King Salman Bin Abdulaziz Al Saud.

### **What is the meet for?**

- The forum is formally called the Future Investment Initiative, and was launched in 2017.
- Indian PM will be joining Brazil's president, Jair Bolsonaro, U.S. President Trump's senior adviser and son-in-law, Jared Kushner.
- Other leading international figures also join at the annual international forum popularly known as "Davos in the Desert".
- It seeks to elevate Saudi Arabia's international economic engagement.
- It is part of Crown Prince Mohammed bin Salman's (MbS's) efforts to rapidly transform Saudi economy under the "Vision 2030" that he unveiled in 2016.

### **How has Saudi transformed in the recent years?**

- **Economy** - Saudi Arabia's economic transformation envisaged by MbS opens up huge new opportunities for India's economic cooperation with the kingdom.
- Notably, this has been limited for far too long to the import of oil and export of manpower.
- The ambition of MbS is to diversify the Saudi economy from its historical reliance on the oil business.
- The aim is to develop manufacturing and service sectors through liberalisation at home, and deeper integration with the world.
- This is founded on three aspects of the kingdom:
  1. its special status in the Arab and Islamic worlds
  2. its strategic location at the trijunction of Africa, Europe and Asia
  3. its expansive investment capability
- Notably, the last few years have seen some important initiatives.
- This includes the attempt to turn Saudi Aramco, the national oil producing company, into a global conglomerate.
- Other reforms include easing the FDI restrictions, promoting tourism and the entertainment industry, development of the debt market and a massive anti-

corruption campaign.

- Bankruptcy law, introduction of VAT to enhance non-oil revenue generation, cuts in water and power subsidies, cash handouts to the needy were the other measures.
- The Saudi kingdom was one of the top ten “global business climate improvers” in 2019 in the World Bank’s ease of doing business report.
- An important element of Vision 2030 is the idea of strategic partnerships with select countries.
- These include the US, China, Japan, India, South Korea, Germany, France and the UK.
- **Socio-religious** - Even more consequential over the long term is MbS’s ambitious agenda to modernise the Saudi society.
- The country is under the domination of religious conservatism since 1979, when Islamic radicals came close to destabilising the kingdom.
- There are deep interconnections between the Gulf and the Indian Subcontinent.
- Given this, the drift towards conservatism in the Arabian peninsula has had multiple negative effects on India and its neighbours.
- This was especially challenging in altering the balance between religion, politics and the state.
- Given this, some of the recent social reforms include -
  - i. limiting the power of the religious police in public places
  - ii. granting more rights to women
  - iii. lifting the 35-year-old ban on cinema halls
  - iv. letting restaurants play music and permitting large music concerts

### **What do these offer for India?**

- The reform of the Saudi society, at the very heart of the Islamic world, will hopefully help reverse some of the negative effects of the conservatism.
- India has a huge stake in the successful economic and social modernisation of Saudi Arabia.
- This is because a modern and moderate Arabia will reinforce similar trends in the Subcontinent.
- PM Modi has every reason, then, to extend strong political support to MbS’s reform agenda during his visit to Saudi Arabia.
- The meet’s key aim is to boost bilateral ties between the two countries in key sectors, including energy and finance.
- The MbS impact on Saudi Arabia’s international policies is already evident in the growing Saudi interest to deploy massive capital into India.
- Aramco’s decision to take a large stake in the oil business of Reliance could be the beginning of a new economic era in bilateral relations.

- Given all these, it is essential that Delhi creates the conditions for rapid growth in Saudi investments in India.

**Source: Indian Express**

