

**RUSSIA- INDIA RELATIONS DURING PUTIN'S
PRESIDENCY, 2000-2008**

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DECLARATION

I declare that the thesis entitled “**Russia-India Relations during Putin’s Presidency, 2000-2008**” submitted by me for the award of the degree of **Doctor of Philosophy** of Jawaharlal Nehru University is my own work. The thesis has not been submitted for any other degree of this University or any other university.

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CERTIFICATE

We recommend that this thesis be placed before the examiners for evaluation.

skp

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Chairperson (CRCAS)

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Prof. Phool Badan

Supervisor

Dedicated to
My late
Dadaji and Dadiji

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ABBREVIATIONS

| | |
|---------|---|
| ABMT | Anti-Ballistic Missile Treaty |
| APEC | Asia-Pacific Economic Cooperation |
| ASEAN | Association for South East Asian nations |
| AU | African Union |
| BCM | Billion Cubic Meters |
| BRICS | Brazil, Russia, India, China and South Africa |
| CECA | Comprehensive Economic Cooperation Agreement |
| CERA | Cambridge Energy Research Associates |
| CII | Confederation of Indian Industry |
| CIS | Commonwealth of Independent States |
| CSTO | Collective Security Treaty Organization |
| CTBT | Comprehensive Test Ban Treaty |
| EU | European Union |
| FDI | Foreign direct investment |
| FICCI | Federation of Indian Chambers of Commerce and Industry |
| GDP | Gross Domestic Product |
| GLONASS | Global Navigation Satellite System |

| | |
|-------|---|
| IAF | Indian Air Force |
| IFI | International financial institutions |
| IMF | International Monetary Fund |
| IRIGC | Indo-Russian Inter-Governmental Commissions |
| ISRO | Indian Space Research Organisation |
| JSG | Joint Study Group |
| MIC | Military Industrial Complex |
| MoU | Memorandum of Understanding |
| MTA | Multi-role Transport Aircraft |
| NAM | Non-Aligned Movement |
| NATO | North Atlantic Treaty Organisation |
| NNWS | Non-nuclear weapon states |
| NPT | Non- Proliferation Treaty |
| NSG | Nuclear Supplier Group |
| NWFP | North-West Frontier Province |
| NWS | Nuclear weapon states |
| OJSC | Open Joint-Stock Company |
| ONGC | Oil Natural Gas Commission |
| PPP | Purchase Power Parity |
| SCO | Shanghai Cooperation Organisation |

| | |
|------|---|
| TAPI | Turkmenistan-Afghanistan-Pakistan-India |
| UN | United Nations |
| UNSC | United Nations Security Council |
| USA | United States of America |
| USSR | Union of Soviet Socialist Republic |
| WB | World Bank |

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Definitions of Key Terms

BRAHMOS

BrahMos Aerospace was formed as a joint venture between Republic of India and Russia Federation in 1998. The main objective of this joint venture is designing, developing, producing and marketing the BRAMHOS supersonic cruise missile with active participation of a consortium of India and Russia.

BRICS

The term refers to Brazil, Russia, India, China and South Africa. It is an organization of the five major emerging economies of the world from different regions. It was first established as BRIC in 2006. The organization was renamed as BRICS with the inclusion of South Africa in 2010. Economic and trade cooperation is the primary agenda of BRICS. The last and 8th BRICS summit was hosted by India in 2016.

Cold War

After the Second World War, the international system was divided between two super powers Soviet Union and United States. East consisted of the communist nations led by Soviet Union and West comprised with non- communist nations led by the United States. The relations between two blocs defined as cold war. The cold war indicates mistrust, suspicion, antagonism and war of ideologies between two blocs. Cold War ended in 1991 with the disintegration of Soviet Union.

Geopolitics

Geopolitics is a method of studying foreign policy to understand and explain international political behaviour. It is an analysis of the geographic influences on

power relationship in international relations. Several countries including U.S, China, Russia and India are trying to get geo- political control in different regions.

GLONASS

Global Navigation Satellite System (GLONASS) was developed by the Soviet Union as an experimental military communication during the 1970s. The first GLONASS satellite was launched in 1982. In 2004 an agreement was signed between ISRO and GLONASS on joint space cooperation.

INDRA

INDRA is a joint military exercise of Russia and India since 2003. It is a regular exchange of joint exercises between the armed forces of Russia and India. The main aim of this Air Force exercise is to counter terrorism, training with helicopters, fire-fighting and air defence.

Kudankulam Nuclear Project

Kudankulam Nuclear Power Plant is a joint project between India and Russia. It is a nuclear power station located in kudankulam in the Tirunelveli district of the southern Indian state of Tamil Nadu. The agreement was signed in 2001 between republic of India and Russian federation.

NAM

The Non-alignment was formally established in 1961 during the cold war period. The main objective of this movement is not to aligning with either of the two blocs. The pioneers of the concept of non-alignment were Nehru of India, Tito of Yugoslavia, Nasser of Egypt and Sukharno of Indonesia.

SAARC

South Asian Association for Regional Cooperation (SAARC) is an organization of eight countries located in the South Asia. Initial members of the SAARC countries were India, Bangladesh, Pakistan, Bhutan, Nepal, Maldives and Sri Lanka. Later another country Afghanistan was awarded the full membership and there are several other countries were given observer memberships. The Secretariat of this organization is located in the Kathmandu which is capital of Nepal. SAARC was initiated by Late President of Bangladesh Ziaur Rahman for regional, political and economic cooperation in the South Asia in 1980. The main aim of the SAARC is to develop economies, collective self-reliance in the South Asian countries and to step up the social and cultural development in South Asia. Russia is an observer member of the SAARC.

SCO

The Shanghai Cooperation Organization (SCO) is an intergovernmental organization composed of china, Russia, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan. It was founded in shanghai in 2001. Military cooperation, intelligence sharing and counter-terrorism cooperation are the main areas of cooperation in the SCO. India is an observer member of the Shanghai Cooperation Organization.

Superpower

Superpower is a term used to refer an extremely powerful nation, especially one capable of influencing international events. The former Soviet Union and U.S were called as superpower nations during cold war period.

NATO

Based on the North Atlantic Treaty, The North Atlantic Treaty Organization is an intergovernmental military alliance concluded on April 1949. NATO seeks to establish a system of collective defence whereby the participating member states agree to a mutual defence if any of its members is threatened due to an attack by any external party.

Great Game

The Great Game was the strategic economic and political rivalry and conflict between the British Empire and the Russian Empire for supremacy in Central Asia at the expense of Afghanistan, Persia and the Central Asian Khanates/Emirates.

Strategic Partnership

The Concise Oxford English Dictionary (2008) defines 'strategic' as anything relating to a long-term plan or aim to achieve a specific purpose; a strategic partnership, by extension, would relate to long-term shared interests and the ways of achieving them. The strategic partnerships are commonly associated with defence or security-related issues, but a survey of formal strategic partnerships around the world reveal that they can also be quite a hold-all, covering a wide range in bilateral relations, from defence to education, health and agriculture, and quite commonly, economic relations, including trade, investment and banking.

PREFACE

Russia and India have always shared a special bond of friendship and collaboration based on mutual respect and understanding, as well as the convergence of their views on global affairs. They have multiple common interests and that they intend to pool their resources for optimum results. These common interests include global or international, regional as well as bilateral. In the context of international system, both countries are active members of many international organisations, fora and platforms where they collaborate closely on matters of shared global vision and national interests. Moscow has firmly stood behind India that contrasted sharply with the voices made by the West. The Treaty of Peace, Friendship and Cooperation in 1971 was one of the most defining instrument in India-Russia relation. From the Cold War era to the present day, their political and strategic partnership has always stood the test of time. They have shared objectives, and responsibilities in global affairs. Through various multilateral organisations such as the Shanghai Cooperation Organisation (SCO) and BRICS, both countries have built a common front on several issues of international importance which, in turn, reinforce their mutual interests. This becomes evident in the firm Russian support to the India's aspiration to acquire a permanent seat in the United Nations Security Council.

But despite these, the fact remains that the trade and economic ties do not reflect the commendable political relations enjoyed by the two countries, and indeed, constitute the weakest link in their meaningful strategic relationship. The overall partnership has not moved much beyond the defence cooperation and has largely been based on buyer-seller relationship until recently. Certainly, there is tremendous scope and opportunity for increasing bilateral trade by considering the fact that both the countries need to achieve high growth despite global problems.

Energy sector is another area which remains largely underexploited. As India's appetite for the energy grows day by day, stronger energy cooperation between both countries conventional as well as non-conventional energy sectors will further boost India-Russia relationship. Thus both countries must work for joint investment in these precious un-tapped natural resources.

The Presidency of Vladimir Putin brought a major shift in the Russia-India relations. Russia under Putin has renewed its focus on India and it has resulted in increase in overall quantum of bilateral relation between two countries. It has elevated political relations to a higher level than ever before, enhancing the possibilities of tapping the huge potentials that do exist in both countries. Putin has reinvigorated the political, economic and military relations with India. The Declaration of Strategic Partnership made during Putin's visit to Delhi in October 2000 emphasised that the strategic partnership was time-tested and was marked by continuing trust and mutual understanding. Kudankulam nuclear project is a proof that cooperation with Russia continues to be mutually productive.

If Russian-Indian collaboration of yesteryears were state-to-state affairs, it is now marked not only by government led enterprises but also by increasing private sector participation. It has also manifesting in multi-level contact such as increasing students, media, artists, cultural activists and most importantly, people to people participation. The strategic partnership has put behind years of worries over procuring spurious defence spares from a third source.

The present study intends to examine the Russia-India relations during the Putin presidency (2000-2008). It seeks to understand anomaly of strong political and military cooperation and weak economic relation and strives to find out reasons overall economic relationship has not gone beyond the usual defence cooperation. It also analyses the impact of Putin's two terms of presidency on Russia- India relation

in the background of India's emergence as a new economic and political player at the international forum. It focuses on the new initiatives undertaken under Putin's Presidency to strengthen the relations between the two countries which have potential to impact regional and international politics.

Vijay Pratap Gaurav

21 July 2016

Political Map of India



Source: Maps of India (2015).

Political Map of Russian Federation



Source: Maps of World (2013).

CHAPTER- 1

INTRODUCTION

In the contemporary world, where the world order is undergoing considerable change, especially after the collapse of Soviet Union and the 9/11 attacks, the role of the major as well as emerging powers is becoming more important day-by-day. The collapse of bipolar world, the quest for unipolarity by United States of America (USA), the multilateral attempts by the emerging countries, the role of regional as well as international organizations, the emerging powers role in the field of trade and economic relations are the few factors that make the world politics more dynamic and interesting. The study of changing role of erstwhile ‘superpowers’ will be interesting as well as imperative to understand the dynamics of world politics. The bilateral relations between the emerging powers will play an important role in defining the contours of world politics.

One of the major rising powers in the world politics is India whose role will be more pronounce in the future. The demographic dividend of India along with the technological and economic power will lead India to a coveted position in the arena of world politics.

Russia has been the traditional partners of India, despite having seen major upheavals in the few decades, is still a close ally and a partner in many key areas. Therefore, India and Russia share various common goals and interests.

Russia-India relations, has witnessed an upward trend until the dissolution of the Soviet Union. The break-up of the Soviet Union in 1991 and the demise of Cold War brought a ‘paradigm shift’ in the new world order. In this new era, Russia faced both political chaos as well as economic instability, which made it difficult to

maintain strong relations with developing countries, especially with its long-time ally, India. Moreover, shutting down of many Russian industries and manufacturing complexes had a negative impact on economic cooperation with all the countries, including India.

Under the presidency of Vladimir Putin, there has been drastic change in Russia-India relations unlike that of the Boris Yeltsin. Putin era will be noted as a transformational for Russia as well as for the Russia-India relations.

The present study intends to examine the Russia-India relations during the Putin presidency (2000-2008). It focuses on how the new direction of relations between the two countries impact regional and international politics.

The diplomatic relations between Russia and India can be traced back to Indian's independence in 1947. The Union of Soviet Socialist Republic (USSR) supported India's policy of non-alignment as India supported the Soviet strategy of restricting the influence of the US in the developing countries. A strong political link started growing between the two countries since 1960, as a result of the Cold War and with the emergence of *Detente* (the period of better relations between US and the Soviet Union that began around 1971). Both countries signed of Treaty of Peace, Friendship and Cooperation in 1971 which should the growing friendship between New Delhi and Moscow. During the war of 1971 between India and Pakistan, Moscow firmly stood behind India that contrasted sharply with the voices made by the West, even China in support of Pakistan.

The leadership of Russia under Boris Yeltsin after the collapse of the Soviet Union and the foreign policy formulated by his Foreign Minister, Andrei Kozyrev was structured on a new paradigm imbued with democratic reforms, integration with multilateral international financial institutions (IFIs), like the World Bank (WB) and

the International Monetary Fund (IMF) and increasing economic interactions with the West.

Das and Nazarkin (2008) analyses the Russian foreign policy doctrine during Yelstin era was markedly Euro-centric and Pro-American. He also believed that it was unnecessary to pursue the special relations with India which existed during the Soviet era. The greatest impact of political changes in Russia and its foreign policy approach towards India was felt worst in defence cooperation.

When Putin became the President of Russia he set the political agenda of making Russia a great power. He knew that Russia's status of 'super power' had diminished with the break-up of the Soviet Union and its successor Russian Federation has become one among the many major powers in the world. Chaotic domestic political conditions and persisting economic crisis combined with pro-West inclination of Boris Yeltsin's leadership eroded the credibility of Russia. Putin seems to have set the task of restoring and enhancing Russia's image from that of a major power to that of a great power in the shortest possible time. He intended to strengthen the traditional relationship with India in particular and Asia, in general. During his two successive tenures in 2000-2004 and 2004-2008, Russia-India relations were put on solid foundation. Two nations signed 'Strategic Partnership' that pledged cooperation in the spheres of politics, commerce, trade and economy, defence, culture and science and space technology.

A major milestone was achieved, when President Putin visited to India in October 2000. This invigorated mutual cooperation in bilateral relations in areas of politics, defence, economic, trade, science and technology and culture. President Putin invited the then Indian Prime Minister Atal Bihari Vajpayee to Russia, which was accepted by him in November 2001. During second visit of the President Putin to

India in December 2002, both countries signed declaration on further consolidation of strategic partnership.

The Declaration of Strategic Partnership made during Putin's visit to Delhi in October 2000 emphasised that the strategic partnership was time-tested and was marked by continuing trust and mutual understanding. It was made clear that the "strategic partnership" was not directed against any other state or group of states and would not need to create a military- political alliance. It had upgraded the multi-dimensional relations between the two countries to a higher level and had laid the base for further improvement in Russia-India relations. Foundations of bilateral ties were further strengthened during the visit of Prime Minister Vajpayee. The Joint Statement made on 6 November, 2001 showcased their assurance to promote an equitable multi-polar world order based on the principles of law and equity, territorial integrity and non-interference in internal affairs. The joint statement also stressed the need to reform in the United Nations (UN), including expansion of the Security Council to make it more democratic and reflective of the time.

India and Russia have multiple common interests and that they intend to pool their resources for optimum results. These common interests include global or international, regional as well as bilateral. In the context of international system, both countries are active members of many international organisations, fora and platforms where they collaborate closely on matters of shared global vision and national interests. Important examples of such organisations include the UN, Brazil, Russia, India, China and South Africa (BRICS), and G-20 etc. India and Pakistan became full member of the Shanghai Cooperation Organisation (SCO) on 10th July 2015. Russia also strongly supports India receiving a permanent seat in the United Nations Security Council (UNSC). Further, Russia has shown keen interest in getting 'observer status'

in the South Asian Association for Regional Cooperation (SAARC) of which India is a founding member.

The main pillars of foundation of Russia-India strategic partnership are; politics, defence, civil nuclear energy, anti- terrorism cooperation and space. However, in recent years, a sixth component namely, economic cooperation has gained prominence in the bilateral relations.

Review of Literature

The literatures are reviewed under three major themes:

1.1 Russia-India relations from a Historical perspective

Existing literature on Russia and India relations shows that Russia and India are close friends for long. The origin of Indo-Soviet relations goes back to the 15th century when the Russian trader Afanasy Nikitin travelled India and published his travelogue. A large number of Indian businessmen in the 17th century settled in astrakhan from where they sent goods to Russia. The relationship between these two countries strengthened from the second half of the 18th century. There was a clash between British and Russian empire during 19th century when the British India intruded into Afghanistan.

Okulov (1981) opines that the national freedom struggle in India and many other countries across the world were inspired very much by the Great October revolution and the anti-colonial struggle of the Bolshevik leaders. The founder of the first socialist state Vladimir Ilyich Ulyanov alias Lenin, was very much concerned about national liberation movement of India.

Adhikari (1971) has discussed that the October revolution was appreciated by the Indian National Congress (INC), although some of its leaders did not share its socio-political vision. Bhatia (1984) views Lenin's support to the Indian national movement as the beginning of serious Soviet-India interactions which later developed into friendship between the two countries in almost every field. Jawaharlal Nehru had great admiration for Lenin and he had over and over again emphasized the significance of the works of Marx and Lenin. Nehru called Lenin “a master of thought and a genius of revolution” and he further wrote “he becomes one of the world’s immortals”. Nehru viewed the Great October revolution as an event which changed not only the history but also future of the world.

Nehru visited Soviet Union in 1927 which was also the tenth anniversary of the Great October socialist revolution. He admired the rapid industrial progress of Soviet Union under central planning. He reflected that India could learn from the Soviet experience in overcoming its own failures as both the countries were primarily agricultural and were on the brink of industrialization. In view of the friendly relations between India and the USSR, both these countries considered it fit to augment their existing ties in form of a diplomatic relationship on 14th April, 1947.

The friendship started from the 1950s continued till the collapse of the Soviet Union in the end of 1991. Naik, 1997 opined that in the initial years except for a brief span under Stalin, India remained the focal point of Soviet policy in Asia. They expressed considerable mutual understanding on almost all international issues despite their varied socio-political systems. These cordial and warm relations based on convergence of national interests of both the countries continued even after the breakup of the Soviet Union. The historical legacy of this constructive relation thus reflected in the landmark economic ties between both the countries. Several debates

are on in this regard and many experts conceive different views on Russia-India relations.

Ramesh Thakur, a doyen of international politics, opined in his work, (1993) that the collapse of Soviet Union had impacted on its military ties with India. According to him the first and foremost reason for the disintegration of Soviet Russia, as assumed by its leaders was the alarming rate of military production, which was not limited to a particular country, but to a number of Third World Countries. This resulted in impoverishment in the USSR. The military production centres which were distributed among various countries became the property of independent states. The Soviet Union's move towards an open economy and fall of Rouble led to more problems of currency convertibility and affected its relation with India. Kotz (2007) also examines the demise of Soviet Union and the severe economic and political problems of Russia and its repercussions on the relations with the other countries.

There are multifaceted factors and agencies which shaped bilateral relations of these two countries Examining factors which acted as main drivers of Russia-India ties over the last six decades, Pant, 2013 theorises that the underpinning of Russia-India bilateral relations in realist paradigm as it better explains the evolution and sustenance of strong bilateral ties. Dash (2008) has discusses the tumultuous phase of Russia-India relations in the past fifteen years and adds that the regular bilateral summits every alternate year have become a significant feature of mutual ties since 2000. Conley (2000) terms this tie as 'special' relationship during the Cold War, which was based upon 'Indian needs', 'American ambivalence', and 'Soviet opportunism'. For Sangani and Schaffer, 2003, this relation at various stages grew to curb religious extremism when it became a factor in Central Asia, which drove those countries close to Pakistan.

1.2 Russia-India relations under Yeltsin period

In the changing dynamics of international politics by the end of the Cold War and the break-up of the Soviet Union in 1991, Mohanty (2001) argues that the Indians were distressed and appalled by soviet disintegration for more than one reason. First of all, India is a multi-ethnic, multi-religious, multi-lingual and country. Indians were afraid that Soviet disintegration may encourage separatist forces inside India. Secondly, Indians had genuine feelings of friendship for the entire Soviet people who had extended hands of friendship to the India during its difficult times, in the United Nations on Kashmir issue, or during liberation of Goa, Daman and Diu from Portuguese colonial or during liberation of Bangladesh from Pakistan. Thirdly, Indians highly value soviet assistance in building India's industrial infrastructure at a time when the entire West was reluctant to extend any help in this direction. India highly appreciates Soviet contribution in building its industrial potential and strengthening its economic and political self-reliance. So Indians felt distressed when such a friendly country broke apart.

Kaushik (1998), analyses that the common masses in India could not welcome Soviet disintegration and the new Russian leadership under Boris Yeltsin was aware of these feelings in India. This attitude of Indians to the Soviet break-up contributed to the anger and negative approach of the new Russian authorities in the subsequent period.

The collapse of the Soviet Union in December 1991 and under the new leadership of Boris Yeltsin and his foreign minister Andrei Kozyrev was structured

on a new paradigm imbued with democratic reforms, integration with international financial institutions, such as the World Bank and the IMF and increasing economic interactions with the West.

Russian foreign policy in the initial years was markedly pro-Western, pro-American, to be precise. Yeltsin was different from his predecessors as he believed that there was no need to maintain the special relations with India which existed in the Soviet era and focussed to be more pragmatic keeping in view the realistic considerations. The greatest impact of political changes in Russia was felt in India's defence sector. The Soviet Union had a dominant position among India's major arms suppliers until its demise in 1991. Das and Nazarkin (2008) also argues that the former Soviet Union was India's largest supplier of arms and major market for its exports, thus, India's position in international politics received a setback by the loss of a 'time-tested' strategic ally. The unqualified support that India received from the former Soviet Union in the UN and other multi-lateral forums on issues of its vital national interest, such as the one related to Kashmir, could no longer be expected from Russia.

Batra (2008) argues that Yeltsin regime initially succumbed to US pressure which attempted to curb Russian sale of dual use technology to India. US pressurised Russia not to supply cryogenic engines for the Indian space programmes, who had already delivered a substantial portion of the controversial technology. Since the bulk of the Indian frontline defence equipment, provided by the Soviet Union could not be upgraded or replaced by the Western sources, the need for re-establishing supply lines from Russia was urgently felt.

Though experts point out that there are various contentious issues which shadowed the bilateral relations, many sensitive issues has strengthened these

relations. Khripunov and Srivastava (1999) analyse Indian strategic options in the context of evolving Indian-Russian relations in the wake of 1998 nuclear tests in Pokhran. They propose that the two countries find themselves in the 'same weight' category, especially in the trade and economy. Military-technical cooperation appears to be the only solid pillar of the strategic partnership. They conclude that Russia-India relations seem unlikely to acquire alliance-like dimensions. Dutt (2008) argues that while Russia-India interests are likely to converge most significantly at the regional levels both in terms of combating terrorism and pursued threat from rising China.

Jain (2003) analyses the relations of Indo-Russia since the collapse of Soviet Union, ranging from a steep decline in the beginning of the 1990s through a new political and strategic understanding in the mid-1990s to the mutually "productive" and "enduring" partnership between New Delhi and Moscow during Putin administration.

1.3 Russia-India Relations under Putin Presidency

After Boris Yeltsin, Putin came into the power as the Russian President and there is no doubt that President Putin lent a greater depth to Russia-India Relations. Singh (2008) discusses the declaration of 'Strategic Partnership', issued during his visit to Delhi in October 2001 underlined the point that the strategic partnership was time-tested and was marked by continuing trust and mutual understanding. Russia-India cooperation during the Putin era has continued to strengthen despite change of regime in New Delhi and the increasing tilt towards US and Japan.

Kurylev (2008) argues that the foreign policy of the Russian Federation approved by the President in June 2000, emphasized to strengthen its traditional partnership with India, including in the international affairs.

Defence relations between India and the Russian Federation have a historical perspective. Russia has been an important supplier of defence goods for several decades. India is the second largest market for the Russian arms industry. Today, the cooperation is not limited to a buyer-seller relationship but includes joint research and development, training, service to service contacts, including joint exercises. Both the countries has several major joint military programs - *BrahMos* cruise missile program, INS *Vikramaditya* aircraft carrier program, 5th generation fighter jet programme, *Sukhoi* Su-30 MKI program.

The United States' policy towards India during and after the Indo-Pakistan War of 1965 pressurised India to move towards the USSR which laid foundation stone for strong defence cooperation that offered India generously arm transfers. The Soviet equipment were simple to operate and maintain which suited a client like India. However, Muni (2013) observes a number of bilateral issues which had adversely affected the momentum of Russia-India relations, but both countries realised that they have much to gain from maintaining a robust bilateral engagement and a balanced global partnership.

During Cold War, although India was a founder-member of the Non-Aligned Movement (NAM) but had a slant toward the Soviet Union, its most important supplier of arms. Along with the collapse of the Soviet Union in 1991, the decades-old Soviet-India defence relationship remained to flourish, but the larger political and economic alliance diminished to a large extent. India also underwent a process of liberalisation, globalization and privatization and opened its economy to global competition.

Today, its burgeoning economy and voracious energy needs have once again captured Russia's attention. Unlike the initial post-independence period Indian defence is strong now and it has strong ties with Russia.

As Dutt (2008) mentions in the beginning of her work, China's presence in Asia as an emerging economic player plays a major role in the bilateral relations. Sachdeva (2011) supports this view but adds that in terms of arms deal, India has surpassed China since 2007 by becoming the largest importer of arms from Russia. He further argues that in arms exports, geopolitical and economic factors would eventually force Russia to make a choice between China and India, with a probable chance to choose India. Thornton (2012) supplements to this view through his observation that the defence relations between India and Russia has a wide span ranging from arms transfers, and joint research to production of weapons systems. This has been constantly evolving as special strategic and political relations. As a result, at present Russia is keen to see the relationship grow. He further argues that this relationship has significant advantage on both sides.

Russia is also wary of the regional problems in the continent having regional or international repercussions having direct or indirect bearing on Russia. Chufirin (1999) provides a analysis of domestic political background of Russia's security policies and the emerging geo-political balance in Central Asia, Asia-Pacific, South-West Asia and South Asia. Herspring (2007) emphasises that despite his gradualist approach, one of Putin's hallmarks has been change, not only at the domestic front but also in the relations with the important global players.

Economic and energy relations between India and Russia have attracted the attention of many strategists, policy-makers and researchers from the beginning itself. As many experts observe that even the collapse of the Soviet Union in 1991 could not

impact the decades-old Soviet-India defence relationship. However, the larger political and economic ties diminished to a great extent.

The disintegration of Soviet Union coincided with the advent of liberalisation, privatization and globalization of the Indian economy. Indian markets were open to competition from new entrants. So, it was a major destination for the major economic powers, including Russia. Tsan (2012) argues that both India and Russia have mutual synergy. The defence relations between these countries are mutually beneficial. While India helps Russia to strengthen its resource-based economic demand by augmenting on other sectors like trade and technology, India quenches its energy thirst and advances in the fields of science and technology with the support of Russian expertise.

Economic dimension is one of the most important aspects of Russia-India relationship. In this regard, Kundu (2010) provides a multi-pronged approach towards the bilateral relations and make suggestions as to how the cooperation can be enhanced, besides pointing out the challenges inherent in the relationship. One of the researchers on the Russia-India relations, Gidadhubli (1999) argues that India's trade with Russia is characterised with year-to-year fluctuations. For promoting economic cooperation with Russia on a long-term basis, India has to explore the possibility of establishing joint ventures in selected regions of Russia by identifying areas such as agro-processing, pharmaceuticals and consumer goods production in which India provides technology and management on competitive terms. He further adds that the agreements signed between the two countries during Putin's visit to India and the new opportunities created must be used to expand economic and trade relations between India and Russia.

Connecting economic growth to energy security, Cartwright (2007) affirms that energy security is the most important link in the emerging Russia-India strategic partnership. Due to its huge population and sound economy, India is expected to become the third-largest energy consumer by 2030 in the world, overtaking both Japan and Russia. Fulfilling this demand is a primary concern of the India's foreign policy. Dutt's (2008), views that Russia-India strategic partnership is helpful to both countries in fulfilling the challenges of development, terrorism, emerging energy crisis, peace and security, uses of nuclear power and unilateralism in the contemporary world politics.

India has invested heavily in Sakhalin Island of Russia, the world's second-largest oil exporter. An investment by India's state-owned company, ONGC Videsh Limited (OVL) in Sakhalin-I is said to be India's single biggest foreign investment at approximately \$3 billion. Furthermore, during his January 2007 visit to Delhi, President Putin appealed for more Indian stake in the Sakhalin-III oil and gas exploration blocks—which was a project for which India has long been looking for. Foshko (2011) indicated that Putin had promised India to give larger access to Russia's huge hydrocarbon wealth.

Tsan (2012) views that the Russia-India partnership had close diplomatic, defence, trade, commercial and cultural ties which emerged during the Cold War years. However, the relationship shows structural problems and inertial mind-set. The bilateral foundation of the relationship is the defence industry, where approximately three-fourth of the defence installations of India is still has Russian contribution. Russia's prevailing position in defence cooperation ally with India's increasing hunger for oil, natural gas and nuclear power.

Another significant aspect of India's energy security concerns is its civil nuclear program. Russia is helping in construction of two nuclear reactors at

Kudankulam in Tamil Nadu, despite allegations of violating Nuclear Suppliers Group (NSG) rules by the world community. Russia counters this claim that the Kudankulam agreement was signed prior to the Revised Guidelines of NSG in 1992 and thus the current provisions of NSG are not applicable to it.

Stobdan (2010) suggests that India imports 80 per cent (70 million tonnes of crude oil valued at \$30 billion dollars in 2005-06) of its oil needs. Russia has come to the aid of India whenever it faced an oil crisis in the past. In 2005, when the price of crude oil touched \$50 per barrel, the Russians offered oil at below market prices to India (Alexander 2005).

Russia-India Relations: An Assessment of Putin Period, 2000-2008

Since Russia-India relation during President Putin is the focus of this study, a thorough examination has made to understand the direction of the existing literature in this regard. Singh (2008) mentions that there is no doubt that President Putin extended a greater depth to Russia-India relations that reflected in the declaration of strategic partnership issued during his visit to Delhi in October 2001. It is also underlined that the Russia-India strategic partnership was time-tested and was marked by continuing trust and mutual understanding.

Mohanty (2001) highlights the important factors determining the bilateral relations after the disintegration of Soviet Union. According to him this relation is time-tested during various international crises and developed as a response to these crises. Sharma (2008) gives a comprehensive account of the Russia-India relations in the 21st Century and analyses US as a factor in the bilateral relations and the development of right extremism in India and its impact on Russia-India relations. Adding to this, Mastny (2010) maintains that although the two countries do not share the mutually identical values, they have no major conflict of interest. This is a prime

example of mutually beneficial *realpolitik*. The relationship still evokes reminiscences of the past in India, projecting the Soviet Union as a respected and reliable friend. India has cited this mutual trust to many other countries, especially America as an example to emulate. Therefore, he suggests that history to be reviewed and archives to be re-opened for studies.

Mandelbaum (1998) explored Russia's relations with the world after Cold War and forecast the future prospects for the foreign policy of Russia. Along with this, Truscott (2004) and Bondar (2004) also offer authoritative summaries on Russia's relations with its neighbours and with the rest of the world after the collapse of the Soviet Union. Study of Nau and Ollapally (2012) flashes more light to the domestic foreign policy debates of world's most important rising powers. Bakshi (2006) has argued that the Russia-India relationship is undergoing major shift in the new era of market reforms, open economy and globalisation.

India's acquisition plans in the energy sector and joint development and production of new weapon systems play crucial role in sustaining Russia-India co-operation in coming years. As Dash (2003) observes that the second visit of the Russian President to India attempted to develop bilateral relationship and agreements were signed on several areas that have potential to weaken several adverse issues. Trubnikov (2010) also mentions about the bilateral relations, their potential and future prospects. Malek (2004) accrues Russian interest in South Asia in the context of the official doctrine of the 'multipolar' world, where top priority is India as it has been Moscow's close political, military, and (to a more limited degree) economic partner for decades.

After Putin's victory in the recent Russian general election, a new dimension of bilateral relations is emerging between both countries. Russia has been a good partner of India the beginning and it has helped India in many perspectives mainly,

defence, commerce and industry and technology. Now India has emerged as a growing economic power; it needs to strengthen its economic ties and due to a volatile boundary with neighbouring countries like Pakistan and China it needs to strengthen the military ties.

The cordial relations between Russia and India are based on the mutual understanding, historical treaties, past experiences, cultural exchanges and a 'goodwill' between the two nations. Most of the available literature take these considerations into account and have based their theses on the 'goodwill' relations compared to the *realpolitik*, which is a necessary tool not only to assess the actual points of strength and weakness of the nations but also as a base for the mutually beneficial and trusted bilateral relation. There are several positive factors which provide strength to the bilateral relation but there are still some 'latent' issues or concerns which are acting as a hindrance in the formation of a long-lasting, trustworthy and enduring relation between Russia and India.

The succeeding chapters will make an attempt to analyse Russia-India relations with special focus on Putin's Presidency in 2000-2008. The proposed time frame has been taken as it covers Russia's new approach under Putin at the domestic as well as international front. During this period Russia experienced a major shift in its relations with India in areas of defence, strategic, energy, trade and economy.

Rationale and Scope of the Study

Most scholars have concentrated on international relations and international regimes but few attempts have been made to study the leadership of the countries as an autonomous actor. Leadership has been viewed from the lens of nation-state or has been limited to those who gained international repute. This study intends to highlight President's Putin role in the setting Indo-Russia relations in the new direction.

The political, strategic and economic dynamics of the Russia-India relations have been analysed in the available literature. This study attempts to conduct a comprehensive research of these factors and their impact on bilateral cooperation in the geopolitical context. The political factors include cooperation in regional organisations with international importance especially, the SCO and BRICS. It will analyse the aspects of cooperation and conflict arising between these two countries in the wake of prevailing dominance of China, US and West European countries. The convergences and divergences of strategic and energy issues especially in Central Asia would also form part of the study.

The study attempts to analyse Russia's foreign policy towards India in the conditions of massive changes in world politics and inspect the ways in which Russia adapted to its policies in the changed scenario. Russia-India relations have also passed through some controversial phases in the past. The study aims to use this backdrop to critically assess the trajectory of Russia-India relations in the fast-changing scenario especially to investigate how Russia and India play important roles in international politics.

The eight -year tenure of Vladimir Putin (2000-2008) is chosen as the period of focus, while the experiences of previous president provide a comparative backdrop. This study will also attempt to give an insight on challenge and future prospects of the bilateral relations of these countries in the 21st century.

Objectives

1. To examine the Russian foreign policy towards India since 2000.
2. To analyse changes and continuities in Russia-India relations during Putin's period.

3. To determine basic components of Russian policy towards India.
4. To analyse Russia-India economic and energy relations during Putin era.

Research Questions

1. What are the components of Russia's foreign policy which has an impact on determining the dimensions and strength of its relationship with India?
2. What significant changes occurred in the Russia-India relations after the collapse of the Soviet Union?
3. What are the changes and continuity in Russia-India relations during President Putin period?
4. What are the strategic motives and implications of Russia-India relations during the 2000-2008?
5. What are major reasons for Russia-India cooperation in the field of defence and technology?

Hypotheses

1. Putin's two terms of presidency coinciding with India's emergence as a new economic and political player in the region have created a new dimension in the Russia-India bilateral relations.
2. Russia's India outlook has been reconfigured by President Vladimir Putin which recognized India's regional and global role defined by mutual strategic and economic interests.

Research Methodology

This study is based on descriptive and analytical methods of research. The study uses the deductive approach by analysing speeches and official statements to

understand the comprehensive contours of the bilateral relationship. This analysis is carried out by mainly looking through the lens of the realist and liberal paradigm. Both primary and secondary sources have been used for the study. The primary sources include Russian and Indian Government documents, including Diplomatic Bluebook of Russia, White Paper on International Trade, Official texts of bilateral treaties and agreements. The study has also relied on secondary sources such as books, academic journals, working papers, project reports, seminars and symposia to understand the complex and multifaceted aspects of the foreign policy of Russia. Resources available on the websites of Ministry of External Affairs, Eurasian Foundation, various think tanks, foundations and newspaper articles have also been consulted. The major national dailies of both Russia and India has been analysed in order to understand the different strands of the opinions in both the countries. A visit to the Moscow State University and interviews of the various experts and academicians, which was conducted during the field visit to Russia, has been also of immense help in analysing the bilateral relations.

In addition, various memoirs and autobiographies of some prominent personalities of the covered time period was very helpful in inducing the nature of problems and complexities involved in the process.

Structure of the Study

The study is structured in six chapters.

Chapter I: Introduction

This chapter introduces subject matter and research design. It discusses aims, scope, rationale, literature review, research question and hypothesis and research methods. It ends with outline of tentative chapters.

Chapter II: Evolution of Russia-India Bilateral Relations: An Overview

This chapter explores a historical overview of centuries-old Russia- India relations and Russian stand during the Indian freedom struggle and then in Soviet era. India's involvement in the Non-aligned Movement (NAM) and its impact on the relations with Russia and finally the disintegration of the Soviet Union has been seen in the context of the relationship between both the countries.

Chapter III: Russia-India relations under Putin presidency

In this chapter an attempt has been made to analyse the changes and continuity in Russia-India relations during President Putin's period. The chapter also has made effort to find out the factors that have influence on Russian foreign policy towards India during Putin's two consecutive terms (2000-2004 and 2004 to 2008). Taking account of all bilateral and multilateral interactions between the two countries in this period, the study highlights major patterns of this engagement.

Chapter IV: India and Russian Strategic Partnership

The fourth chapter deals with the Russia-India cooperation since the collapse of the Soviet Union. Besides, the chapter further examines the Strategic Partnership signed by these two countries in 2000. The Declaration on Strategic Partnership became a truly historic step. Both countries closely collaborate on matters of mutual national and international interests.

Chapter V: Russia-India Economic and Energy relations

In this chapter a review has been made of the Russia-India cooperation in the economically interdependent and energy-striven world as both wanted to enhance their role in the global political setting and this chapter also investigates how Russian foreign policy has switched to a new era after President Vladimir Putin took charge of the office. Russia has progressed significantly in economic, political and energy engagement with the international community during the period under the study.

Chapter VI: Conclusion

The concluding chapter summarises the entire study. The chapter also highlights the salient findings of the research work. Besides it underscores the impact of Russia-India bilateral relations in new world order.

CHAPTER 2

THE EVOLUTION OF RUSSIA-INDIA BILATERAL RELATIONS: AN OVERVIEW

This chapter attempts to trace the trajectory of the historical evolution of bilateral relations between India and Russia in order to understand the complex nature and intricacies of the contemporary bilateral relations. The chapter focuses on the historical background and Putin's consecutive Presidential terms from 2000-2008. Historically, the intimacy of the Soviet-India relations was based on a conjunction of political, military and economic interests. Friendly relations between the Russian and Indian people, established through the years of common struggle against imperialism for national freedom and social progress, covered the first half of the twentieth century. After India achieved independence, these relations gradually acquired a multifaceted and meaningful character. The defence cooperation has an economic perspective which also defines the contours of the bilateral economic relations.

Historical Background

Russia and India have the cultural exchange for many centuries. During the fifteenth century, the famous Russian traveller, Afanasy Nikitin, favourably described India in his magnum opus *A Journey beyond Three Seas*, which evoked deep interests about India among the Russians of succeeding generations.

The British geographer Halford Mackinder called the Eurasian empire of Russia even before World War I, as a unique institution representing a remarkable correlation between the natural environment and political organisation that could be uniquely altered by any possible social revolution (Kaushik 2002). In the seventeenth century, Indian traders were settled in Astrakhan, from where they sent goods to Moscow and later to St. Petersburg. Peter the Great had issued decrees on the

protection of the Indian traders. Ferguson and Bruun (1958) are of the view that the Russian and British interests clashed, as the British push from India into Afghanistan collided with Russia's interest in their occupation of its southern periphery. This rivalry disrupted the flourishing contacts that had existed between the two countries. Great Britain and Russia also locked horns with each other on in the areas along the former North-West Frontier Province (NWFP) across the Pamirs and Hindukush mountains in Asia.¹ Such a rivalry was known as the "Great Game" or the "tournament of shadows".² The rivalry neutralized itself, though temporarily, with the signing of the Pamir Agreement between Russia and Britain in London in March 1895 (Kaushik 1970: 103). Thus, political and economic compulsions triggered such conflicts which represented the will of the ruler rather than the subjects.

It would be pertinent to mention that after the failure of the Sepoy Mutiny or the First War of Independence in 1857, the Indian mutineers and soldiers took refuge in Bukhara and Khokand in the immediate Russian neighbourhood (Kausik 1970: 103). Similarly, Maharaja Ranbir Singh, the ruler of the princely state of Jammu and Kashmir sent two missions between 1865 and 1870 to Tashkent to garner Tsarist support against the unwanted British intervention in the internal affairs of the State (Suryakant 2004: 11). Even during the freedom struggle, the prominent Indian revolutionaries and leaders aspired for military training of the Indian youth in Russia and the import of arms into Indian via Afghanistan (Kapoor 1965: 230-232). Their requests were favourably considered by the Russians because of strategic considerations.

¹The Hindu Kush lies to the East of this region and merges with the Pamir range. This is the area where meet the borders of China, Pakistan and Afghanistan.

²The Great Game was the strategic economic and political rivalry and conflict between the British Empire and the Russian Empire for supremacy in Central Asia at the expense of Afghanistan, Persia and the Central Asian Khanates/Emirates.

However, Hauner (1990: 84-86) views it otherwise. He opines that despite all these favourable overtures, the Russians had a kind of hatred not for Indians but definitely for India, because India represented “Great Britain’s most vulnerable point” (Hauner 1990: 84).

The Development of Relations before the Independence of India

The October Revolution of 1917³ and the anti-colonial appeals of the Bolshevik leaders, was a great boost to the Indian national movement. In 1928, after visiting the former USSR, Jawaharlal Nehru wrote that the British in India had used the “bogy of a Russian invasion” to encourage Indian hostility to the Tsarist as well as Soviet authorities. The Indian press looked upon the October Revolution as a strong means of reaction against British imperialism (Immam 1969: 54). Similar was the response of the rulers of the princely states like Kashmir and Indian politicians, especially, Mahatma Gandhi and Jawaharlal Nehru (Prasad and Balbusherich 1969: 6).

Jawaharlal Nehru, who later became the first Prime Minister of India, in his autobiography (Nehru 1929: 191-92) expressed that contrary to the belief of the Russians, India had lauded the October Revolution of 1917 as the most scientific and tenable socialist expression that augured well for the crumbling of British imperialism (Menon 1970: 54-55).

Nehru, again in his much celebrated work, *Glimpses of World History* (Nehru 1934: 755-59) has provided the details of the contemporary peasant and labour movements. The peasant uprising at Bardoli in Gujarat in 1928, the famous labour unrest following the Meerut case in 1929 and the non-payment of revenue to the

³The October Revolution, also known as the Bolshevik Revolution, was a overtaking of power that was a significant step in the larger Russian Revolution of 1917.

British rent collectors in Allahabad district in 1931 are just a few examples. He argued that those incidents brought forth two fundamental realities: Firstly, the Indians found themselves close to the Russians as they were themselves groaning under colonial rule. Secondly, during the freedom struggle, they saw the Russian revolution and its socialistic ideology, as a spark of hope and strong tool to get themselves liberated from the shackles of the British Empire.

J. Bright (1950: 310-15) extensively covered Nehru's admiration of the socialist pattern of governance after the October Revolution. After his return from the former USSR in 1927, Nehru appreciated the Russian Revolution as evenly heartening and inspiring to the Indian peasantry and labour class as a medium of respite from the British exploitation and a boost to India's freedom struggle.

The Montagu-Chelmsford Report categorically stated that the October Revolution gave an "impetus to Indian political aspirations" (Montagu and Chelmsford 1918: 14) and inspired a major section of the Indian revolutionaries to aspire for a socialistic pattern of society and governance. In the initial years of Indian independence, the Soviet leaders did not reciprocate the friendly feelings that Nehru and other leaders had for the former Soviet Union. The Soviet leaders were rather sceptical about Indian independence. Stalin perceived the Indian Government headed by Nehru as collaborating with British imperialism.

Before the independence of India, tangible interactions between the leading Indian political figures and the Soviet leadership came to be noticed in the immediate aftermath of the Revolution and with the participation of Manabendra Nath Roy as a leader of the Marxist Communist Party in the Second World Congress of the Communist International (Comintern) scheduled to be held during July-August 1920, because of the importance that Lenin attached to it for advancing the revolution

eastward. The Communist International intent on world communism, assigned a considerable importance to the national and colonial questions. M. N. Roy, coming from Asia and India, was nominated as the Chairman of the Commission on The National and Colonial Question, under the guidance of Lenin.

Lenin had circulated his own draft thesis on the National and Colonial Question and had also marked a copy which was given to Roy with the remark 'Com. Roy, for criticism and suggestions, V. I. Lenin'.

Shams-ud-din (2001) has analysed that after the reading Lenin's draft thesis, Roy began to work on his own thesis on the national and colonial questions. In the sessions of the Commission on The National and Colonial Question, the draft thesis submitted by Roy as also the draft thesis circulated by Lenin were thoroughly discussed. In the process, Roy had several meetings with Lenin separately and also had discussions with him during the deliberations of the Commission on the subject of the communist line of approach with regard to India and other countries of the East.

Thus, it can be seen that the Russia-India relations underwent a kind of metamorphosis in the pre-Independence period. Under the leadership of Stalin in the 1920s, there was a swift rise of the Soviet interest in the 'East' which concentrated on China. The 1927 visit of Jawaharlal Nehru and his appreciation of the Soviet achievements did do little to moderate Stalin's deep suspicions of the Indian National Congress. In the mid-1930s, Stalin sought British support against the rise of Nazi Germany and Fascist Italy and could hardly support the anti-British nationalists. With the end of World War II, former USSR established diplomatic relations with India in 1947.

The Development of Relations after Indian Independence

The independence of India from the colonial British rule was a major event at the international level. Internally, this independence was a result of the incessant struggles by the Indian masses through the movements of various hues and colours, undertaken in order to decide their destiny. Externally, it gave optimism to other colonies of Asia and Africa for strengthening their own movements of liberation. It was almost coterminous with the end of the Second World War, the establishment of the UN, the start of the Cold War, the policy of the Non-Aligned Movement (NAM), the nuclear threat, etc. Thus, for Soviet Russia, it was a great opportunity to help the new players in international politics and seek their alliance to keep the capitalist forces at bay.

After independence, the Indian Government demonstrated a friendly posture towards the former Soviet Union. India appointed Nehru's sister, Vijay Laxmi Pandit, as the first Indian ambassador to the former USSR in April 1947 (Ganguli 2009: 9). This appointment signified the enthusiasm of India towards establishing a diplomatic relationship with Russia prior to its independence. It is believed that the Indian leadership had reservations regarding the forceful nature of Stalin's collectivization drive and his friendly tilt towards Nazi Germany (Nehru 1953: 609); nonetheless, the appointment of K.V. Novikov, the first Soviet Ambassador to New Delhi in August 1947, was seen as the corollary of India's initiative of friendship towards the former Soviet Union (Kidwai 1985: 25-27).

Despite India's friendly posture, Stalin continued to show a cold response towards India because he considered the Indian Government as representing the bourgeois elements and as a stooge in the hands of capitalist countries like Britain and the US (Rubinstein 1960: 93-96). Consequently, the Soviet Government opposed India's membership in the UN Security Council in June 1947, did not support it on

the Kashmir issue in the Security Council in January 1948 and showed support for the communist riots and strikes in the newly independent India (Nehru 1947: 402). Under these compelling circumstances, India developed a leaning towards the US (Author 1954: 221) which, however, did not last long due to the signing of a military pact between Pakistan and the US in 1954 which was instantly denounced by India.

However, after 1954, the Soviet policy towards India underwent a slight shift as Nehru mediated for the settlement of differences in the communist blocs at the Korean Peace Conference in Geneva. The Soviet government strengthened its cultural and economic ties with India, offered assistance and floated capital and machinery, which India acknowledged thankfully for its industrialization, and which also served as a bargaining tool against the Western bloc (Sharma 1995: 17).

Russia-India Relations under Khrushchev (1955-64)

The Soviet Government offered an invitation to the Indian Prime Minister Nehru to visit Moscow, which he accepted. Two visits were made, in 1954 and 1955. Nehru's visit was viewed as "a bulwark of peace" by the state-owned 'Moscow Radio'. The US also viewed it as "unparalleled in history". In December 1953, the first Soviet-India trade agreement was signed. In June 1955, when Nehru visited Moscow, his gesture was reciprocated by the visit of Khrushchev and Nikolai Bulganin in November 1955 and by chanting the slogans of '*Hindi Rusi Bhai Bhai*'. The major achievement resulting from this visit was that the former Soviet Union accepted Kashmir to be an integral part of the Indian Union. Nevertheless, the shifts and adjustments in the Soviet perceptions of India must be noted in the context of a larger process of change in the Soviet foreign policy. In terms of the Third World alone, the Soviet leaders had concluded that the West seemed particularly vulnerable.

The nationalist movements in the Afro-Asian countries were potentially positioned against Western imperialism and neo-colonialism, against the colonial countries and against their own economic dependence on the West and thus could be equally responsive to the Soviet appeal for peace and peaceful coexistence which they would need in order to accomplish their own national reconstruction. All this, expectedly, in conformity with the Soviet goals, could be achieved through a pragmatic and flexible foreign policy, attuned to the emerging aspirations and inherited susceptibilities of the Third World, and with a significant little risk. The West had already started this game through military pacts with the countries of the Middle East and South and South-East Asia (Kaw 2008: 183).

In March 1954, the former USSR supported in the UN the Indian demand to recall Americans from the group supervising the Indo-Pak ceasefire line in Kashmir (Jain 1987: 26). In February 1957, the former USSR used its first veto to defeat a Security Council Resolution recommending the use of a temporary UN force to facilitate a demilitarization of Kashmir. Consequent to India's liberation of Goa in December 1961, the Soviet support for India including a Security Council veto at the UN, contrasted markedly with Western hostility because of Portugal's status in the NATO. In January 1962, the former USSR vetoed the UN Security Council Resolution calling for a plebiscite in Kashmir (Ganguli 2009: 12).

However, during the 1962 India-China War, the Soviets were unable to decide whether to help 'brother china' or 'friend India'.

As the international environment was fast changing, the negative perception of India by the Soviet leaders, analysts, observers and others gradually gave way to a more positive assessment of the leaders and the developmental process of India. The change was mainly because the Cold War had been extended from Europe to Asia

and was gaining ground in newly independent Asian and African countries. It was in this context that the non-aligned policy of India was highly appreciated by the Soviet leaders. Had India also joined the West-sponsored alliance system, the encirclement of the Soviets' southern periphery would have been complete. The extension of the Cold War to Asia made the Soviet leaders realize the importance of India in terms of its security interests in the region. In this process, the earlier Soviet approach and attitude underwent a radical change, which can be called as a 'paradigm shift' in terms of the bilateral relations.

In 1962, border clashes between India and China led to the Soviet calls for negotiations; Moscow urged both sides to resolve their conflict in an amicable manner and reaffirmed its amity with both sides. This neutral position pleased the Indians but the Chinese were unhappy as they expected the socialist Soviets to be in their favour. Subsequently, for the first time, India purchased arms from the former Soviet Union. Later, this military cooperation strengthened as the Soviet government agreed to allow India to produce the MiG-21 aircraft under license, although it had so far supplied only the MiG-19 to China (Prasad 2008: 455).

In the early sixties, another major event was the Sino-Soviet split. The policymakers in Moscow saw a friendly India as a possible counterweight to China (Duncan 1989). The Sino-Soviet split coincided with a deterioration in the Sino-Indian relations. The former Soviet Union sought to maintain good relations with both India and Pakistan for this purpose, but in 1971 it was forced to choose between the two.

The years between 1955 and 1980 heralded an era of mutual trust, confidence and cooperation on the basis of the sacred five principles of co-existence, the *Panchasheel*. These were partly influenced by economic compulsions and partly by

Mao Zedong's anti-Russian and anti-Indian policy (1959-64). In any case, the two sides organized official and diplomatic visits to New Delhi and Moscow.⁴ These visits fostered multilateral ties on the political, economic and military fronts. Politically, Russia mediated peace during the Indo-Pak war of 1965 and hosted a meeting of the respective officials at Tashkent although the Indo-Pak rivalry was to continue (Kaw 2008: 183).

The Brezhnev period (1964-1982)

In 1964, Leonid Ilyich Brezhnev and Alexei Nikolayevich Kosygin took over as General Secretary of the Communist Party and Prime Minister of the former Soviet Union, respectively. This coincided with a change in leadership in India. In May 1964, Nehru died and was succeeded by Lal Bahadur Shastri. Almost at the same time, China exploded its first atomic bomb. It was also around this time that it began to develop its relations with Pakistan. This once again highlighted the vulnerability of the southern periphery of the former Soviet Union. The new Soviet leaders sought to improve their relations with the trinity of Pakistan, China and India.

In August 1965, war broke out between India and Pakistan. The former Soviet Union stayed officially neutral, although it continued to supply arms to India. The US declared an arms embargo, which affected Pakistan much more adversely than India. Since then, the former Soviet Union became a major exporter of arms to India, while China came to support Pakistan. The former Soviet Union accepted the offer to mediate in order to end the hostilities and normalize the situation in the Indian subcontinent. The Tashkent Conference of January 1966 was a success for the Soviets and strengthened their role in South Asia (Gopal 2008: 73).

⁴ In 1960, Khrushchev visited New Delhi for the second time and Rajendra Prasad visited the former Soviet Union in the same year. While the Indian Prime Minister Mrs Indira Gandhi visited Moscow in 1966, the Soviet premier, Alexei Kosygin, visited New Delhi in 1968 and the Indian Foreign Minister, Dinesh Singh, visited Moscow in 1969.

By the beginning of 1970, the Soviet-Chinese relations deteriorated to a point when a number of Soviet politicians began to consider China as the main foe. India was kind of a counterbalance to China. In its turn, India saw China as the main strategic opponent. The former USSR and India both looked very suspiciously at the American-Chinese rapprochement, considering it a serious threat to their security. The growing tensions between India and the Nixon administration were also an important fact for the former USSR (Lounev 2008: 219).

The former Soviet Union supported the Indian point of view on Kashmir in the meetings of the UN Security Council in 1955, 1962 and 1964, respectively (UNSC 1962). Till the outbreak of the 1971 Indo-Pak War, the former Soviet Union continued with its policy of equidistance. During the 1971 war, the Soviets sympathized with India and the Chinese with Pakistan (Simon 1967: 176).

The instance of a high mutual understanding and trust between India and Russia was evident in 1971 where the “Treaty of Peace, Friendship and Cooperation” was signed between them on 9 August, 1971, in spite of the volatile political situation in the Indian subcontinent. It was publicly declared that the given treaty was against none and solely aimed at guaranteeing universal peace and security and strengthening the policy of non-alignment (Gorbachev 1986).

The Soviet-India Treaty of 1971 marked a paradigm shift in India’s foreign policy. It did not merely involve a commitment to peace, friendship and cooperation, but to a limited yet significant extent, it was also a treaty of military cooperation. The most significant section from the viewpoint of India’s interests was Article IX⁵, which states:

⁵ The Soviet-India Treaty of Peace, Friendship and Cooperation were a treaty concluded between India and the former Soviet Union in August 1971 to promote mutual strategic cooperation. This treaty between the two nations was a significant departure from India’s previous commitment

"Each High Contracting Party undertakes to abstain from providing any assistance to any third party that engages in armed conflict with other party. In the event of either party being subjected to an attack or a threat thereof, the High Contracting Parties shall immediately enter into mutual consultations in order to remove any such threat and to take appropriate effective measures to ensure peace and the security of their countries".

Mohanty (2001) has argued that the Soviet policy after 1971 underwent a major shift when the United States reached an understanding with China through the key role of Pakistan. The former Soviet Union moved closer to India due to its geopolitical interests. Likewise, New Delhi too needed a firm Soviet support on the Bangladesh issue. Moscow's unequivocal support to India in this crisis brought the two countries very close.

The time of conclusion of the Soviet-India Treaty of 1971 was very unique. The conflict between the then East and West Pakistan had forced more than 10 million refugees from the former East Bengal to India. India tried in vain to persuade many countries and international agencies, particularly the UN and the US, to prevail upon Pakistan to normalize the situation in East Pakistan as those millions of refugees were posing a grave economic and social threat to it. Contrary to this, Pakistan was encouraged by the US and China to crush the revolt in the then East Pakistan. In 1970, the US supplied arms to Pakistan. Thus, the price of better relations between Washington and Pakistan was an improvement in relations between Moscow and New Delhi (Chopra 2008: 181).

Ducan (1989) interprets the 1971 Treaty as a bonding between the two countries' security considerations with each other. The West assessed this treaty to be more of a

of non-alignment during the Cold War. It was concluded in the background of the Bangladesh war of 1971

military alliance. However, the Soviet influence on Indian policymaking did not increase. This was because India was in a sufficiently strong position; it had emerged as a dominant power in South Asia. Indira Gandhi downplayed the charges that the treaty and her relations with Moscow were a deviation from the policy of non-alignment. She emphasized that it was just a friendship treaty; it did not affect India's policy of non-alignment.

With the emergence of Bangladesh, India earned for itself the recognition of its leadership role in South Asia and of its status as a major power in the region. On May 18, 1974, India detonated an underground nuclear device at Pokhran (Rajasthan) and Mrs Gandhi was quick to reassure the other states that the explosion was meant for peaceful purposes and not for making nuclear weapons. Moscow reported the news routinely, but its dilemma was manifest in its dispassionate response and in its reported offence which was implied in the temporary recall of the Soviet ambassador from New Delhi for consultations. The Indian move was suggestive of its intended reduced dependence on the former Soviet Union. On the other hand, it typified a further proliferation of nuclear weapons, in opposition to what the former USSR had advocated for long (Ganguli 2009: 20).

In November 1973, Brezhnev and Foreign Minister Andrei Gromyko visited New Delhi. This was Brezhnev's first foreign trip to Asia since becoming the General Secretary. He promoted his scheme for an Asian Collective Security System, but Indira Gandhi was unresponsive as the collective security system would have promoted an arms race in the context of the Cold War. However, a number of economic agreements between the two countries were signed (Smith 2004: 24).

As India outlived the conflict-ridden period, the Soviets learnt few lessons from the region. First, Brezhnev's Soviet Union began to deal with China cautiously. Secondly, the Soviets decided to support India in future exigencies like war.

With the fall of Indira Gandhi's government in 1977 and the coming of the Janata Party into power at the Centre, it was feared that the Soviet-Indian relations might receive a setback. The visit of Gromyko to New Delhi in April 1977 dispelled all fears about the future of the bilateral relations. Comprehensive deliberations were held between Gromyko and the Indian Foreign Minister, Atal Bihari Vajpayee. Emphasizing the significance of the Soviet-India cooperation, Gromyko observed that it was not detrimental to the growth of equally beneficial relations with other countries (Dutt 2008: 17). After holding talks with Prime Minister Morarji Desai, Gromyko remarked that they discussed not only how to preserve the level of relations between the two countries, "but also of the need to raise that level". He further shared the optimism that relations between these countries had "not only a good past, but also a great future".

Prime Minister Desai visited Moscow along with foreign Minister Vajpayee in October 1977. At the banquet held in Kremlin, President Brezhnev spoke highly of mutually beneficial relations and made an indirect reference to his idea of collective security in Asia which India had refused to endorse. In a public meeting with the Indians in Moscow, the visiting Prime Minister and Foreign Minister allayed all fears of an impending break in the Soviet-India ties. The orator as he was, Vajpayee admonished the Indians and exhorted them to remember that the core of the Russia-India relations is imbued with a mission to fathom a friendship on the level of stellar heights. Two-and-a-half decades later, in 2000, it was the same Vajpayee who as the Prime Minister of India, signed the Russia-India Strategic Partnership Deal with president Putin. The Indian Prime Minister re-affirmed India's desire to strengthen

the Soviet-India relations and observed that the mutual desire in both these countries to promote their friendship was a demonstration of the fact that their relationship was not based either on personality or on ideology, but on the foundations of national interest and mutual respect (Dash and Nazarkin 2008: 11).

Dash and Nazarkin (2008) argue that in the period 1977-80, Desai visited the former Soviet Union twice and emphasized that the Soviet-Indian friendship had survived the test of time and it was an important factor in the cause of peace and stability in Asia and the whole world. Brezhnev had permitted an Indian-licensed production of some newer Soviet systems at concession prices and his willingness to accept the payment in rupees, again made India heavily dependent on the former Soviet Union. Despite India's diversification efforts in the 1980s, it remained almost 70% to 85% dependent on the Soviet arms supply. Moscow offered New Delhi generous terms of loans and signed agreements, granting long-term credit and the repayment by export of Indian merchandise, rather than by hard currency. Moscow also allowed a licensed production of arms and did some technology transfer in the year 1980.

The relations between India and the former USSR continued to flourish even in the wake of changes on the political scene in India when Chaudhary Charan Singh took over as the Prime Minister in July 1979. However, things changed soon. When crisis erupted in Afghanistan in December 1979 leading to the overthrow of the Amin Government, Babrak Karmal assumed power with the help of a Soviet military intervention. The former Soviet Union sent a military contingent to Afghanistan to enable the new government to resist any external aggression. The Soviet leaders maintained with the Indian leaders that the Soviet action was taken in response to a request by the Afghan Government and that it fell well within the ambit of the provisions of the Afghan-Soviet Treaty of December 1978 and also Article 51 of the

UN Charter⁶. However, the Indian side always maintained and upheld the sovereign rights of the Afghan people to determine their own destiny, free from any foreign interference (Mehrish 2008: 360).

The Afghan crisis had far-reaching geopolitical consequences which actually placed India in a dilemma, but because of its pragmatic national interests, India did not comment adversely on the issue. Charan Singh stated that the rivalries in India's neighbourhood were detrimental to its interests as they reduced India's manoeuvrability in the region. Hence, India was for an immediate withdrawal of the Soviet troops from Afghanistan (Lounev 2008: 360).

With the return of the Congress Party to power in January 1980, Moscow's growing concern at the political instability in India came to an end. But the conditions prevailing in Afghanistan added a pinch of bitterness to the bilateral ties. Mrs Gandhi expressed a disapproval of the Russian occupation, not only because it represented the entry of Soviet troops into South Asia but also because she felt that it might encourage the intervention of other powers in the South Asian region. Later, in the discussion on a Motion of Thanks to the Presidential Address in the Lok Sabha, she categorically opposed a "foreign presence or intervention anywhere in the world" and keeping away from "one-sided condemnation", asked for a "speedy withdrawal of Soviet troops from Afghanistan".

Subsequently, the former Soviet Union appreciated India's stand on the Afghan issue. In February 1980, Gromyko visited New Delhi with a view to appraise the Indian leaders of Moscow's stand on the Afghan issue and for enlisting New Delhi's support for diffusing the crisis. He justified Moscow's action in Afghanistan on the

⁶ Article 51 of the UN Charter states that "Nothing in the present Charter shall impair the inherent right of individual or collective self-defence if an armed attack occurs against a Member of the United Nations, until the Security Council has taken measures necessary to maintain international peace and security.

grounds of its obligations under the Soviet-Afghan Treaty of 1978. India's stand on the Soviet action in Afghanistan was reiterated on several occasions by Mrs Gandhi.

From the Andropov Period to the Cherenkov Period (1982-1985)

Yuri Andropov succeeded as the new General Secretary after the death of Brezhnev. He did not seem to give India the same priority as it had received under the Brezhnev regime. It seemed that Moscow was more open to a dialogue with Pakistan in order to achieve a settlement on Afghanistan. This also appeared to be in accordance with the Indian desire for a Soviet withdrawal from Afghanistan.

During the Andropov period, both the former Soviet Union and India were aspiring to pursue better relations with Pakistan, China and the US. The former Soviet Union applied its 'carrot and stick' policy with Islamabad by increasing economic aid and at the same time, threatening to escalate the Afghan war. Andropov died on February 10, 1984 and Mr Konstantin Chernenko succeeded him as the new General Secretary. He sought a close cooperation with India but due to his persistent illness, he was unable to inject a new strength into Soviet-Indian relations.

The Gorbachev Period (1985-1991)

In March 1985, a new leadership under Mikhail Sergeyevich Gorbachev assumed power in the former Soviet Union. Gromyko was replaced by Eduard Shevardnadze as the new Foreign Minister. This move indicated Gorbachev's determination to put his own stamp on the Soviet foreign policy. His concern was with the falling economic growth and thus, the policies of *Perestroika* (reconstruction) and *Glasnost*⁷ (openness) were launched primarily to deal with the

⁷ *Perestroika* literally means 'restructuring', which refers to the restructuring of the Soviet political and economic system. It also advocated a political reform within the Communist Party of the Soviet Union during the 1980s. *Glasnost* advocates the openness in the policy.

appalling economic situation. Gorbachev continued the Soviet policy of according high priority to its relations with India as he met Rajiv Gandhi no less than three times in 1985. Gorbachev also began the process of overhauling the Soviet foreign policy. He presented a set of novel ideas on the subject of contemporary international politics. These ideas were termed as the 'New Political Thinking' in international relations. Gorbachev's new thinking was essentially an attempt to bring about peace and end the prospects of war, especially in the nuclear age (Dash and Nazarkin 2007: 11).

The philosophical roots of these new principles found a clear and succinct support in the Delhi Declaration on Principles for a 'Nuclear-Weapon Free and Non-Violent World' signed on November 27, 1986 between the former USSR and India. This document, with its ten principles, presents the theoretical underpinnings of the "New Thinking" (Khan 1990: 8). As a consequence of the New Thinking in international relations, the Soviet foreign policy became pragmatic and most importantly foreign policy formed without any ideology. The former Soviet Union started cutting down on its superpower role and moved towards detente and the reduction of tension.

A good example of the change in Soviet foreign policy was the historic visit of Gorbachev to China after a gap of three decades, in the winter of 1988-89. Another notable event was the withdrawal of the Soviet forces from Afghanistan which was completed in February 1989 after an international agreement was concluded at Geneva. The Soviet forces, however, withdrew without resolving the crisis in Afghanistan, which marked a major failure of the Soviet policy in South-West Asia (Kothari 2008: 504).

Kothari (2008) states that by the summer of 1990, the Soviet policy towards the developing countries changed considerably. The driving force of the new Soviet Third World policy appeared to be economic and security not ideological considerations. The former Soviet Union began to cut down its economic aid and to concentrate on business-like bilateral economic relations with the developing countries.

India appeared to be more concerned with the changes in the Soviet policy. But President Gorbachev during his visit to India in December 1986 and later in November 1988, personally assured the Indian leaders of the continuity of the development of the traditional bilateral ties.

This new stature of the Soviet foreign policy was shaped by the domestic requirement of stabilizing the Soviet economy through the opening up of the Soviet market to foreign investment and the introduction of the private sector into the economy.

The Cold War was the period of a pursuit of allies by the former Soviet Union in all parts of the world, which would follow the socialist ideology, facilitate the Soviet propositions, behave sympathetically to the cause of national liberation movements worldwide, oppose bloc politics and strive to initiate social policies that would ensure an equitable justice to all. Nehru's India fitted the Soviet bloc like none else. The removal of the 'iron curtain' by Nikita Khrushchev had indeed opened up a vista to the outer world. For the former Soviet Union, it was a time for making an adventurous entry into world politics.

For India, it was a time of situating itself in world that was getting increasingly bipolarized. Khrushchev's maiden visit to India in December 1955, made along with the Soviet Prime Minister Nikolai Bulganin, was accorded a red carpet

welcome by India. The visit led to the culmination of major negotiations over the Bhilai Steel Plant and the signing of an agreement in this regard. The Khrushchev-Bulganin visit officially inaugurated a period of Soviet-India friendship. For a quarter of the twentieth century, i.e. from the 1950s to late 1970s, 49.8 per cent of all Soviet loans to India went on to finance the metallurgy sector, while 17.8 per cent aid went to oil refining and production. The basic intent underlying this pattern of aid was to make India strong, resilient and self-sufficient. A modest annual trade turnover of Rs 2 crores in 1953 transformed into an era of economic cooperation that stood at Rs 8000 crores during 1990-91, when more than 16 per cent of Indian exports went to the former USSR and about 6 per cent of the imports came from there (Sachdeva 2011: 213).

Russia-India Relations under Yeltsin: The New Foreign Policy of Russia

The disintegration of the Soviet Union in December 1991 along with the collapse of the communist regimes in Eastern Europe brought an end to the Cold War. It marked a change in the geopolitical map of the world with the emergence of many nation-states the world over, signifying a new world order. Russia, the chief successor State of the former Soviet Union, retained the permanent seat in the UN Security Council and inherited the nuclear arsenal. Russia was faced with the intricacies of political uncertainty and the uncertainties of economic transition. It found itself as a regional power in the post-Cold War international system, bereft of its earlier position in the erstwhile Socialist zone. In reorienting to its new position, Russia distanced itself from the former Third World allies, including India, while high priority was been given to the West (Mohanty 2001: 149).

The national interests of a country determine its foreign relations. This is based on a combination of various factors, including national security and economic development. The nature of the Russia-India relations shows different phases. These

have changed with the existing geopolitical international environment and with internal conditions. It was because of this factor that the age-old relations between India and the former Soviet Union deteriorated when faced with the post-Cold War international realities and the major successor of the USSR, framed its new foreign policy oriented towards the Western capitalists (Bakshi 1999: 1367-98).

The post-Soviet Russian foreign policy was a continuation of Gorbachev's pro-Western policy, marked with an optimism regarding Western help for Russia's economic recovery and transformation. Two main inferences can be drawn from this: Firstly, it was the elimination of a traditional and old militarism and the policy of economic isolation of Stalin; it accomplished the approval of the vision of a new, peaceful and increasingly economically integrated world order. Secondly, it was about leaning unconditionally towards the West, particularly, the US. It was clear from the Russian Foreign Ministry's statements in early 1992 that Russia wanted to enter the club of the most developed and democratic countries (Mishra 2008: 49).

In the post-Soviet Russian foreign relations, Russia's failure as a state was responsible for an uncertain outcome. During the period 1991-1992, the uncertainty that permeated Russia's state system became clearly visible; self-interests were being perceived narrowly. Andrei Kozyrev, the Russian Foreign Minister, often argued that India was of a limited importance to Russia. However, the fact being that the Indian and Russian interests overlapped not only in Central Asia, but on various international fora as well.

By the end of the 1992, the problem in Russia's pro-West policy occurred, since the aid and investments from the Western countries particularly, the US, were not adequate to address its economic reconstruction. In fact, the aid came very slowly and rather less than what the West had promised Russia. Further, the Russian

geostrategic and geopolitical interests did not coincide with that of the US and its Western allies (Jha 2001). At this juncture, tensions mounted within the CIS, which brought the Russian leaders to reconsider their priorities. So, when the Russian foreign policy was publicly announced in early 1993, the CIS came under the highest priority area but India and South Asia remained as number seven out of the ten in the list (Patnaik 2008: 147).

The then Russian President, Boris Yeltsin, visited India in January 1993 and tried to remove the element of uncertainty in the Russia-India political relations which had generated from the events like the disintegration of the Soviet Union and the end of the Cold War. Kaushik (1997) clearly argues that the nature of the Russian national interest changed along with the fast-changing post-Cold War international reality. Unlike the former Soviet Union's special relations with India and the hostile relationship with China, Russia improved its relations with China, and welcomed the Indian and Chinese attempts to settle their differences.

Before his visit to India, Boris Yeltsin visited China, Japan and South Korea in 1992. This revealed the reconsideration of Russia's earlier pro-West bias in its foreign policy. Besides this, Yeltsin declared that Russia was pursuing de-idealisation in all spheres, including its foreign policy. Hence, he acknowledged the Russian aspiration for maintaining good relations with all those countries which could serve its interests and needs. His visits conveyed a message that Russia was putting an important value to the Russia-India relations, although the Russian Federation was not ready to build the special relations that had existed during the former Soviet regime (Methrotra 1996: 1133-42).

Another important foundation for the development of political relations between the two countries, during Yeltsin's India visit, was the increasing

considerations on the peace and security situation. The NATO's eastward expansion was a threat to their sovereignty as well as to their national integration. India experienced not only a problem from Pakistan on the issue of cross-border terrorism in Kashmir but also faced, often, a pressure from the US. On the other hand, Russia was engaged in civil wars in some of the former Soviet Republics. Secondly, along with the internal problems of secessionist movements in the North Caucasus in Russia and Kashmir in India, frequent threats from Islamic fundamentalism also confronted both the countries (Bahadur 2008: 229).

Bahadur (2008) argues that the Russian stand on Pakistan in early 1992 changed due to the spread of the influence of Islamic fundamentalism originating from Pakistan to the Central Asian countries and later its subsequent support to the Taliban militia in Afghanistan. The growth of these tendencies led Russia to reconsider some of its earlier policies, particularly towards India. President Yeltsin thus dropped the policy of equidistance between India and Pakistan. During his official visit to India, while speaking about its future foreign policy proposals in the post-Cold War era, he declared that while the Russian policy was equally balanced between West and East, no strong Eastern policy was possible without India.

A New Aspect of the Relationship

A new dimension to the Russian foreign policy was added with the appointment of Yevgney Maksimovich Primakov as the new Foreign Minister in April 1996. The policy of Primakov was based on a balance between the West and East, by improving relations with Asian countries like China, India, and Iran (Zafer 2001). He, unlike Kozyrev, urged the Kremlin to strongly oppose NATO's eastward expansion and pay more attention to the economic and political reintegration of the former Soviet Republics. As a result, it removed the tilt away from Russia's NATO engagement towards many of its old allies, including India. In his first press

conference on January 12, 1996, Primakov listed his basic agenda as “protecting the national and state interests of Russia” (Chopra 2008: 181).

At a meeting of Russia, India and China’s foreign ministers in New York in 1998, Primakov had pointed out the need of an exclusive union of these three major powers. Many subsequent meetings were held from time to time to translate the idea into practice, but without any concrete result.⁸ It is important to note that Putin stirred the idea by institutionalizing through a trilateral dialogue among the three foreign ministers in New Delhi in 2007, a restoration of the balance of power which got disturbed due to the US attack on Taliban and al-Qaida in Afghanistan (Bahadur 2008: 231).

Russia has a definite logic in carrying through this idea, as it wants to obtain a Chinese and Indian support to re-assert its strategic relevance, especially in the crises concerning Georgia, Ukraine and the Trans-Caucasian States. China supported the idea of Russia’s using it as a platform for decreasing the growing US influence in the region. India intends to use this idea as a bargaining chip for building pressure on the US to look upon it more prominently as compared to Pakistan.

This strategic understanding led President Putin to criticize the US and spoil the US plans at the Munich Security Conference in February 2007 by saying that China could launch an anti-satellite test and India could finalize the Iran-India gas pipeline project without caring about the US (Srivastava 2008: 106).

Both China and India were initially sceptical about the idea, but Putin’s persistent efforts finally made them understand its worth in terms of a coordinated economic cooperation and a peaceful and stable multi polar world free from the acts

⁸The first meeting was held at Vladivostok in 2005, followed by yet another meeting held in St. Petersburg in the background of the G-8 summit in 2006.

of subversion, terror or threat. This trilateral understanding is significant as it points at striking a balance between the energy-deficient China and India and the energy-surplus Russia and their resolve to live by themselves, leaving very less space for a US threat or intervention Shrivastava (2008) emphasizes that in order to show respect to Putin and his sincere efforts in formalizing the idea of trilateral linking, the Government of India invited him to be the Chief Guest on the Republic Day Parade at New Delhi in 2007 the fourth time he was to do so.

Since the NATO expansion as well as the rapid growth of religious radicalism posed a serious threat to the Russian national interests, particularly in the wake of the rise of the Mujahideen to power in Afghanistan, Russia started to strengthen its relations with the CIS countries. In this process, in March 1996, Russia concluded an agreement with Belarus, Kazakhstan and Kyrgyzstan for the formation of a closer alliance (Patnaik 2008: 149). It opened up a new potential for closer relations between India and Russia. India too, like Russia, has deep strategic interests in the Central Asia and its new geopolitical realities. Therefore, this agreement was also important from the point of view of the Russia-India relations since both the countries have common national interests in the region, which could be achieved through mutual support.

Patnaik (2008) says that by visiting India in March 1996, Primakov had shown the growing convergence between the Moscow and New Delhi on a number of important geopolitical issues in the region. Both the countries exchanged their views over Central Asian geopolitics, the growth of threat from the Taliban militants in Afghanistan and their increasing backing by Pakistan. The then Indian Foreign Minister Pranab Mukherjee assured Indian support to Russia, regarding the latter's opposition to NATO's expansion. It is clear that Moscow and New Delhi shared a common view on it and opposed the emergence of a unipolar world system.

Russia and India also concluded an agreement on establishing a hotline between New Delhi and Moscow during the Indian Prime Minister P. V. Narasimha Rao's Moscow visit in June 1994. Apart from this, the two countries signed agreements for an educational, scientific and cultural exchange programme, which further strengthened their mutual relations (Chenoy 2001: 188).

The post-Soviet phase of relationship between India and Russia was a landmark in their economic ties. From a buyer-seller relationship, this cooperation transformed into an ambitious and comprehensive plan for mutual development and growth. Under this spirit, Russia agreed to build four atomic reactors in Tamil Nadu and for mobilizing support in India's favour in the Nuclear Supplier Group (NSG) to enable it to meet its energy requirements systematically. Likewise, the two oil and gas companies of Russia and India, the OAF Rosneft and the ONGC Videsh Limited (OVL), respectively, undertook a mutual exploration of oil and gas in the Sakhalin islands. The ONGC Videsh Limited has already a 20% stake in the Sakhalin-I project (Mohanty 2001: 169). The two countries also agreed to the joint production in India of futuristic weapons like the BrahMos supersonic missile that did become reality.

However, the changed global scenario demands the two countries and others like China to evolve a joint mechanism that would effectively prevent a growing Western influence in the region. For this purpose, India was required to join regional organizations like the Shanghai Cooperation Organization (SCO) because it has close borders with its member countries. In June 2016, India became a full member of the SCO, having a common stake in the security of the South and Central Asian regions in particular, and the world in general. By doing so, India would be able to find a direct access to Russia through Central Asia for its energy imports and the marketing of its industrial products. India has multiple choices of trade routes through Jammu and Kashmir and across the Karakoram in the east and the Wakhan Corridor in the

west. It simply needs to persuade China, Pakistan and Afghanistan for this purpose (Chopra 2008: 62).

The differences over the signing of the Nuclear Non- Proliferation Treaty (NPT) and the Comprehensive Test Ban Treaty (CTBT) have had no impact on the Russia-India political relations. India refused to sign both the NPT and CTBT during the Conference on Disarmament in Geneva, because of their discriminatory nature regarding the nuclear weapon states (NWS) and the non-nuclear weapon states (NNWS) (Ganguli 2009: 132).

After analysing all this, it is clear that the Russia-India political relations have improved from the post-Cold War reality of uncertainty and insecurity, along with a realization of the increasing importance of the geopolitical and geo-economical compulsions. The period from 1991 to early 1992 was a period of confusion in the Russia-India relations, since both the countries were under pressure from the post-Cold War economic problems (along with a political crisis between the Duma and the President in Russia). However, the ‘honeymoon period’ of Russia’s relations with the US ended with the realization that their interests no longer coincided in the post-Cold War international system.

The increasing Parliamentary opposition to the foreign policy of Kozyrev forced Yeltsin to dilute his pro-Western tilt by strengthening the relationship with India in particular and with Asia in general and that too on a long-term basis. This was sealed through the conclusion of the Russia-India Treaty of 1993 as the reorientation of the 1971 Treaty. The major factors behind the rejuvenated treaty were the rapid growth of Islamic radicalism and NATO’s eastward expansion along with their capacity to strike the pluralist society of Russia. All these factors added up to bring Russia and India closer on the world stage.

The relations between Russia and India witnessed a further consolidation since 1993. With the setting up and development of democratic institutions and values in Russia, the traditional friendship with India acquired new heights, based on mutually shared values, beliefs and aspirations, which constitute an important foreign policy priority for both the countries. The increasing national consensus in both the countries further brought about good relations between the two, which are not subject to political changes. The political relations have also been growing well, and have been strengthened by the convergence of the perceptions on various international issues and mutually beneficial interactions on development in the region. The signing of the strategic partnership during President Putin's visit to India in 2000 was seen as a positive move for strengthening the political ties between India and Russia.

In sum, it can be said that despite having traces of cordial relations, the Russia-India diplomatic relations were systematically established in 1947. India's first Prime Minister Jawaharlal Nehru visited Moscow and a return visit was made by the Soviet leader Nikita Khrushchev in December 1955. This was also the time when the Congress Party in India was affirming its faith in 'State Plans' and a 'socialistic pattern of society and economy'. Nehru was instrumental in the Bandung Conference (1955) of 29 Afro-Asian nations, which later translated into the NAM.

Subsequently, relations intensified over the decades in the fields of metallurgy, defence, energy and trade. The former Soviet Union tried to take a neutral stance during the 1962 conflict between India and China, as it was between 'brother China' and 'friend India'. China viewed this as a departure from the international communist solidarity, which led to the growth of the Sino-Soviet split. Another event which was a turning point in the relationship between them was the signing of the Soviet-India Treaty of Peace, Friendship and Cooperation in 1971. During the war against Pakistan in 1971, the former Soviet Union supported India and sent material

support via the sea route to the Indian Ocean to counter the 7th Fleet ship of the US which had already been sent to the Bay of Bengal. As a result, India won the war and Bangladesh was created.

Thus, both India and Russia have adjusted to the new realities with time, and re-oriented and re-acquainted themselves with one another. Russia on its part, realized after much hardship, that the US contrary to its public postures, had little interest in building a strong Russia. Restoring the glorious past of Russia is one of the central foreign policy goals of Mr Putin. So, India should also prepare itself for a more assertive and pragmatic foreign policy. While Mr Putin is pragmatic in assessing the present condition of Russia and the major roadblocks which it has inherited from the collapse of the Soviet Union, he is equally confident that the natural capabilities of Russia will ensure its return as a major power on the world scenario.

Russia, a successor of the former Soviet Union, is important even today because it possess a huge nuclear arsenal and has an abundance of fissile material and the technology to build WMDs. Its geostrategic location bordering Europe, the Middle East and East Asia makes it difficult to be ignored. Moreover, Russia holds veto powers in the UN Security Council. Last but not the least, and most importantly, Russia is richly endowed with natural resources and a well-educated population which together give it considerable economic potential over others in the long run. For India, therefore, it makes sound sense to befriend this largest Eurasian power which can be a source of useful technologies and for it, which is on the lookout for markets and economic collaborations.

During the 1980s, both Rajiv Gandhi and Mikhail Gorbachev had appealed for a nuclear-free world. However, after the disintegration of the Soviet Union, the

bilateral relations cooled down. The second “Treaty of Friendship” of 1993 which replaced the 1971 Treaty diluted the security clause. Although Yeltsin described India and Russia as ‘natural partners’, he was careful not to give the impression of a ‘special relationship’. But in his second term, this relationship was revived with the coming of Foreign Minister Primakov onto the scene. He initiated efforts to shift the Russian foreign policy from the previous pro-Western foreign policy to a pro-Eastern policy. With the signing of the Strategic Partnership Treaty between Russia and India in October 2000, a new era of relationship was ushered in during the presidency of Vladimir Putin, which will be dealt at length in the next chapter.

CHAPTER 3

RUSSIA-INDIA RELATIONS UNDER PUTIN'S PRESIDENCY

The end of the Cold War brought significant changes in the global politics. For example, it ended the Soviet-US global competition. Both the Soviet and U.S blocs were very much interested to maintain strong relationship with India. With the collapse of the Soviet Union, the relationship between Russian Federation and India affected poorly. Moscow's support of India against Pakistan dwindled with the ending of the East-West rivalry. Immediately after the end of cold war, in yearly 1990s, the Russian leadership embraced Atlanticist foreign policy and maintained equidistance between India and Pakistan. In 1993 on the issues of nuclear non-proliferation and Kashmir, Andrei Kozyrev, the then Foreign Minister of Russia followed the U.S stand. In compliance with the U.S interest, Yeltsin refused to provide the cryogenic technology to India for its civilian space program. On top of this, in 1993, a new Indo-Russian treaty was signed. As a result of this treaty, the security clauses were dropped which were there since the 1971 Indo-Soviet treaty (Thakur 1993: 831).

From India's point of view, Indo-Russian relationship reached a higher level when Yevgeny Primakov was the Foreign Minister of Russia. He considered India as an important strategic partner. He was also quite interested for the development of a Russo-Indo-Chinese strategic triangle. In the second half of the 1990s Moscow's decision to upgrade relationship with India was highly appreciated by the Indian leadership. However, it was not at all interested in forming a strategic triangle with China. From India's perspective, the relationship with Russia in present time though very important, it has lost its credibility to some extent in the wake of the development in Moscow-Beijing cooperation in the 1990s. In the second half the

1990s, Moscow consider the relationship with India as an important means to counter the hegemonic power of the USA in the international system.

Russia-India relation under Putin's Presidency

The new foreign policy doctrine of Russia under the presidency of Putin was a sharp deviation from the Euro-centric, rather a US-centric foreign policy, pursued by his predecessor for most part of his rule, particularly during the years when Andrei Kozyrev was at the helm of the external affairs of Russia. The 'New Foreign Policy' concept, approved by President Putin in July 2000, set new guidelines and emphasised the priority of Asian giants like India and China in its external relations. One of the crucial directions of the Russian foreign policy in Asia is of developing friendly cooperation with China and India, two of the major Asian States, is one of the key purpose of Russian foreign policy towards Asia (Mohanty 2001: 149).

The new doctrine also emphasizes Russia's active participation in the regional organizations of Asia like ASEAN, APEC, SCO, etc. Talking about India's place in the Russian foreign policy, President Putin in his address⁹ to the Indian Parliament said:

"I would like to say that our association with India is always been, and would remain one of the most significant areas of the Russian foreign policy, and they have a special influence and implication for us. However, I would like to emphasise this that no matter how our relations with other countries develop, be it the Asian countries or other countries, we do not consider them as alternatives to our relations with India. They are not to prejudice our relations with India. This will never be so."

President Putin further added that:

⁹<http://parliamentofindia.nic.in/jpi/December2000/CHAP-1.htm> (Accessed on 14 April, 2016)

“Over the past year, India had proven itself a very reliable partner, which is highly appreciated by Moscow. As one of the largest countries in Asia and the world, India is vital in establishing regional and international stability.”

Under Putin’s presidency, Russia and India relations entered a new stage. He was a pioneer to revise the Indo-Russia relations; as a result, a drastic change took place between the two countries. At that time Russia was suffering from corruption, organized crime, declining industry production, hyper inflation, unemployment, bankruptcy, etc. New oligarchs had acquired state property through unscrupulous means, under the garb of reforms and privatizations. During the Yelstin period, huge amounts of illegal money was being transferred from Russia to the European banks. Thus, these were the challenges in front of the Putin administration. In this backdrop, Putin’s economic policy with India started very carefully, because in spite of good political and other relations, the trade relations were very minimal. The Bilateral trade turnover hovered between US\$ 2 billion and US\$ 3 billion for more than a decade till 2006, triggering an all-round pessimism. However, the two-way trade picked up in 2007 and crossed US\$ 8 billion in 2008 (Mohanty 2010: 165).

Strategic Partnership: A New Chapter in the History of Russia-India Relations

During the period of the Cold War, the former Soviet Union was a major strategic partner for India, providing it diplomatic support at international forums, and with military equipment and technology. After the downfall of the USSR, the relations between both the countries weakened. And, both the countries shifted their focus on developing stronger relations with the West. It was only during the last decade that new attempts to revive the historical ties were strengthened. President Putin visited India, accompanied by a 70-member strong official delegation. In 2000,

India and Russia signed a declaration on a “strategic partnership” which was further upgraded to a “special and privileged” relationship in 2010 (Lee 2014: 66).

In addition to the above agreement, a declaration on strategic partnership along with several economic and military-technical co-operation agreements was signed in October 2000. The agreement on strategic partnership was basically meant for placing the bilateral relationship on a higher level. This agreement also attempted to institutionalize relationship through a heightened cooperation between the Foreign Ministers of both the countries and also having annual summits. The enhancement of the role of the Russia-India Intergovernmental Commission on Trade, Economic, Scientific, Technological and Cultural Cooperation was also the part of this agreement.

The Russia-India strategic partnership based on the principles of sovereignty, equality and territorial integrity of states, non-interference in their internal affairs and mutual respect and mutual benefit, aims at boosting ties in the areas of political relations, trade and economy, defence, science and technology and culture.

After the signing of the Strategic Partnership Treaty, the two countries started an Annual Summit meeting between the Prime Minister of India and the President of the Russian Federation as the highest institutionalized dialogue mechanism. Since the Declaration of the Strategic Partnership, twelve Summit meetings have taken place, alternatively in Indian and Russia. The 12th Summit meeting was held in Moscow on December 16, 2011, between Prime Minister Dr Manmohan Singh and the then Russian President Dmitry Medvedev. The two Governments have also formed two Inter-Governmental Commissions: one on Trade, Economic, Scientific, Technological and Cultural Cooperation, co-chaired by the External Affairs Minister and the Russian Deputy Prime Minister and another on Military Technical

Cooperation, co-chaired by the two Defence Ministers, both of which meet annually (Muni 2013: 2).

Putin's Political Agenda and the Russo-India Relations

The political agenda of Putin was to see Russia as a super power of the world. He knew that with the disintegration of the Soviet Union, the 'superpower status' had vanished. In reality, chaotic domestic political conditions and persisting economic crisis combined with the erratic and unpredictable leadership of Boris Yeltsin, which eroded the credibility of Russia. Putin seems to have set the task of restoring and enhancing Russia's image from that of a major power to that of a great power in the shortest possible time. He has achieved some success in this task. Having improved the domestic political and economic situation considerably, Putin has tried to make the CIS more relevant from the standpoint of the national security considerations of the member-states—in particular, the Central Asian States and the Slavic states with which Russia has close ties (Gidadhubli 2002: 5091).

Russia under Putin is in the process of re-establishing and consolidating its position in the CIS, particularly in Central Asia. It is not willing to passively observe the shrinking of its presence in the former Soviet space, nor allow the tendencies unfavourable towards Russia to grow. The Concept of the National Security of the Russian Federation adopted on January, 10, 2000, is a testimony to the significance Russia attaches to Central Asia. Priority has been accorded to the former Soviet Republics. Referred to as the 'Near Abroad' the CIS partners are expected to form a good-neighbourly belt along the perimeter of Russia's borders to promote the elimination of the existing and prevent the emergence of potential hotbeds of tension and conflict in regions adjacent to the Russian Federation. Russia remains the geopolitical alternative for the Central Asian states; even while they seek to diversify

their economic, energy, security and military cooperation with other major powers (Patnaik 2008: 151).

For a while, the economic decline of Russia, the discovery of huge reserves of oil and gas in Central Asia coupled with the superior military power of the United States and its growing presence in the region appeared to overshadow Russia's interests in Central Asia to an extent that would make it a redundant force in the region. Moreover, Russia is one of the significant players in the Central Asian region.

Russia wants to end the unipolarity of the world politics. Hence, beyond the CIS, as observed by some Russian analysts, Putin wants Russia to be stable and modern and to be a part of Europe. At the same time, Putin wants to gain a foothold in Asia since part of Russia is in Asia as well. This serves his objective of increasing Russia's influence in the world.

This stance of Russia was evident from the statement of the Foreign Minister Igor Ivanov, who argues that "the world community needs Russia's foreign policy and its resources to solve vital contemporary problems". He made this statement in the context of the UN Resolution on sending weapon inspectors to Iraq. Russia has also been resisting the American pressure on the sale of nuclear power equipment to Iran and the US policy with regard to Palestine. Although Russia has maintained cordial relations with the US, Putin has differences with some policy decisions of the Bush administration which affect Russia's interests. For instance, Russia was unhappy with the US's unilateral withdrawal from the Anti-Ballistic Missile Treaty (ABM Treaty) of 1972 which may force it to resume the production of medium-range missiles. Similarly, Russia has reservations on the proposed NATO expansion to include the three Baltic States which may affect its security interests (Gidathubli 2002: 5090).

Dutt (2008) has discussed that Putin described himself as the “closest, dearest and the best friend of India”. He realized the geostrategic importance of forging a good relationship with the Third World countries. After the break-up of the USSR and a subsequent unattractive policy by Boris Yeltsin, the New Russia was placed in a politically awkward situation. Coming out of this difficult situation was very essential. Putin infused a great sense of urgency in restoring friendship with old allies like China, India and Vietnam. This was meant for a “collective security in Asia”. The strategic partnership with them was also aimed at Russia’s goal of establishing multipolarity in the world order. A document reveals that the strategic partnership (with China, Vietnam and India) is no longer a mere idea but an accomplished reality as far as India, China and Vietnam are concerned.¹⁰

“The political relationship took a further step forward with Putin’s second visit to India in December 2002. On this occasion, an agreement was signed on developing the strategic partnership established in 2000”.

The second visit of Putin, which took place within about 26 months since his last visit to India, was an indication of the importance that Russia attached to India. In fact, Putin has already visited India twice in his three years of presidency while his predecessor Boris Yeltsin visited this country only once in eight years. Even as both India and Russia hold regular meetings at the summit level, the visit of Putin was intended to strengthen the strategic partnership between the two countries. More importantly, the leaders of India and Russia identified for the first time, the national security interests of both the countries as a factor in their bilateral cooperation (Gidadhubli 2002: 92).

¹⁰ V. Putin’s Visit to Vietnam on March 1, 2001 (*Signed the Strategic Partnership Agreement in Hanoi*)

At the Delhi Summit (2008), joint declarations were signed between the two countries covering various aspects such as energy, science and technology, information technology and economy. While a declaration relating to defence and military equipment has been conspicuous by its absence, both countries have agreed to expand the military/technical cooperation, including joint production of defence equipment in India.

Moreover, as reported in the press, discussions are still going on between the two countries at various official levels on technical issues and on the pricing of the Russian defence equipment including the vessel Admiral Gorshkov, submarines, MIGs, etc., that India may purchase in the near future. Putin's visit might ensure and expedite orders for Russia's defence industries of a wide range of equipment worth US\$8- This is important for Russia's military industrial complex, which is one of the few prospering sectors in the Russian economy and earning the country the much-needed hard currency, and that India has been a very important market for the Russian companies.

Apart from the military ties and industrial collaboration, both the countries also want to integrate their economies with each other. Moreover, India and Russia have signed a declaration to promote economic relations. The situation in both the countries in this regard is far from satisfactory.

Economic Trade and Relations

The economic and trade relations are considered as a vital dimension in the Russia-India relations, which were in an early shape in the early 1950s. In 1953, the first trade agreement was signed between both the countries. After the collapse of the USSR, the seven-year long-term agreement was signed between India and Russia. Bilateral trade was conducted through a specific system of trade and payments, called

the 'Rupee-trade system', based on the annual plans. Sachdeva (2011: 213) emphasises that the important feature of this system was the payment in non-convertible currency. The trade turnover between the two countries increased from less than Rs 2 crores in 1953 to about Rs 8,000 crores in 1990-91. In 1990-91, more than 16% of the Indian products were exported to the former USSR and about 6 percent of the total amount of imports arrived in the Indian basket.

Mohanty (2008) argues that the Soviet-India trade and economic relations were regulated by an internal protection from market fluctuations. It was found in the structure of India's trade basket with the former USSR that capital goods dominated the Indian imports from the former Soviet Union. The share of machines and equipment in India's total imports from the former USSR constituted 54 to 68 per cent during the rapid industrialization in the period from mid-1950 to 1960. The subsequent period witnessed a decline in the share of these goods in the Indian imports from the former USSR while the share of oil and fertilizers went up.

The former Soviet Union became a stable market for India's traditional agricultural goods; similarly India became a stable market for the former Soviet Union's capital goods. The role of the former Soviet Union in India's industrialization was highly commended. It assisted in building many industrial plants in India, such as the steel plants at Bhilai and Bokaro, the Durgapur mining equipment factory, the heavy machinery factory at Ranchi, etc.

Another important feature of this assistance was that the former Soviet Union was also helping in building the national cadres for running these enterprises. According to Mohanty (2008), more than 120 industrial enterprises were built in India with the help of Soviet technology. Steel, aluminium, power transmission, heavy engineering, coal mining, raw material extraction, refining of petroleum and

the agriculture sector dominated the overall quantum of the Soviet-India bilateral economic cooperation during the first four decades of India's independence. Almost 80 per cent of India's export of consumer goods was accounted for by its exports to the former Soviet Union during the 1980s. The real significance of the former Soviet Union from India's point of view lay in its visible contribution to the industrialization of India's backward economy (Singh 2008: 320).

The entire trade was carried out in rupees under a system of annual trade protocols and profits were calculated in non-convertible currency. Plans were identified, and targets were set for the items of exports and import. Since the beginning of the 1990s till 1994, the bilateral annual trade between the two countries was less than US\$1 billion, where it had attained more than US\$5.5 billion during the Soviet times.

However, by 1999-2000, the annual commodity circulation between the two countries was stable at the level of US\$1.5 billion. The reasons for positive growth could be an increase in the import demand for agricultural products like rice, fruit pulp, juice, potatoes, tea and coffee, as the domestic production of these items were badly affected in 1998. Secondly, due to the shrinking health conditions in Russia, it is understood that there has been a great demand for medicines from India (Ganguli 2001: 58).

With the beginning of the new century, the Russia-India relations including trade and economic ties have acquired a new status. Pragmatism has become the mantra for the future relationship. The "Declaration on Strategic Partnership" was signed during the first visit of President Putin to India in October 2003. Both countries jointly earmarked goals to expand trade in electronic and sophisticated products, to improve the form and methods of investments, to bolster a scientific and

technological partnership in priority areas such as space exploration, software parks, communication and advanced technologies. Finally in the beginning of 2008, trade touched a US\$8 billion turnover. While global trade has taken a serious beating across the continents as a result of the unprecedented global economic crisis, the Russia-India trade has remained an exception (Mohanty 2010: 166).

The analysis of India's exports to Russia and imports from Russia reveals a very contrasting scenario. Thus, India's exports to Russia were at their lowest in 2004 and were hardly 40 per cent of the value of exports on the eve of the Soviet breakdown. In contrast to India's poor export performance in the Russian market, Russia has performed better in the Indian market. Russia's exports to India have increased by nearly four times from US\$517 million in 2000 to US\$1940 million in 2007 (Gidhadhubli 2009: 21-23).

One of the most important elements of the Russia-India strategic partnership is in the area of defence. Bedi (2010) argues that the Indian Air Force (IAF), Army and Navy are equipped with 70 to 80 per cent of military hardware of Soviet origin and that India during the time of Putin Presidency also imported 50 to 60 per cent of its defence requirement. The defence cooperation from an economic perspective was highly impressive because the calculation of the annual defence contract between the two countries was around US\$1.5 billion. During Putin's first visit to India, a US\$3 billion worth of defence contract was signed. Moreover, a protocol was also signed between the two countries in 2001 under which Russia agreed to provide US\$10 billion worth of arms and other military hardware. Another significant defence deal was signed in 2004; the aim of the agreement was to increase further the defence relations between the two countries and to have an approximately US\$1.5 billion worth of trade. The purchase of the aircraft carrier Admiral Gorshkov by India was rightly called as a 'historic landmark' in the bilateral ties by the two Defence

Ministers, George Fernandes and Sergei Ivanov. The buyer-seller relationship in the defence sector that existed in the Soviet era has reached a new qualitative stage with the thrust of Russia-India cooperation expanding to joint research, development, marketing, etc. In 2005, at a Joint Conference during the visit of Indian Prime Minister Dr Manmohan Singh, he observed:

“Our perspective goal is to move towards collaborative projects involving design, development and production of the next generation of military products. The BrahMos missile is a shining example of such productive cooperation. Fifth-generation aircraft and multirole transport aircraft are two other important projects of joint defence cooperation”.

In November 2002 on the eve of Putin’s visit to India, a seminar on the ‘Russia-India strategic partnership in twenty-first century’ was organised at New Delhi. There it was noted that in the recent years this partnership has been taking new forms.

The Russia-India cooperation in the military technical cooperation sphere has evolved from a simple buyer-seller framework to one involving joint research and development, joint production and marketing of advanced defence technologies and systems. The BrahMos missile system is an example of this type of cooperation. The production of BrahMos is being projected as the most successful example of the joint venture in defence between the two states. The joint development of the Fifth Generation Fighter Aircraft and the Multi-Transport Aircraft, as well as the licensed production in India of the SU-30 aircraft and T-90 tanks, are other examples of the flagship cooperation programmes presently underway in this area (Kumar 2008: 148).

General Andrei Nikolaev, Chairman of the Committee on Defence in the Duma, who participated in the above-mentioned seminar, said that “it should be underlined that Russia provides India with most modern equipment, which even the

Russian armed forces do not have. However, by enhancing India's security we strengthen the Russian security". Such a level of trust creates the intellectual basis for further cooperation in the scientific resolution of strategic partnership.

Another promising area of Russia-India cooperation during the Putin period was the transfer and cooperation in the areas of space and satellite technology, where both countries have been working together for long time. India and Russia have also been collaborating in several high-technology space projects.

Under the 2004 Inter-Governmental Agreement on "Cooperation in the Area of Exploration and Use of Outer Space for Peaceful Purposes", an agreement was also signed for making Moscow a preferred partner in GLONASS (Global Navigation Satellite System), which has a lot of significance for Indian defence as well as the civilian sectors. They are also planning a joint moon mission, including the construction of a laboratory on the surface of the moon. India and Russia have been cooperating with each other in the field of space technologies for many years.

As India is opposed to the weaponization of space; the Indian space programme is designed for developmental requirements. Some of India's satellites perform meteorological functions, considered very important for the agricultural sector that is a major component of our economy. If such satellites are threatened with destruction, it will affect food production, and hence, India's food security. There would be other similar concerns both for Russia and India. It is, therefore, axiomatic that both the countries need to go beyond current projects like the GLONASS and identify areas that could be considered potentially destabilizing for the common security and peace in the region. Information technology has become an important aspect in almost every field of human activity. Cyber security has

consequently become a vital ingredient of the security environment (Chopra 2008: 228).

Chopra (2008) emphasizes that this aspect also received attention during the visit of President Putin to New Delhi in January 2007, as it was stated that:

“India and Russia recall with satisfaction their wide-ranging bilateral cooperation in the field of science and technology that has been successfully and jointly steered and conducted in the framework of Integrated Long Term Programme (ILTP). India and Russia affirm to jointly commemorate the 20th anniversary on July 3, 2007 of the establishment of the ILTP. As a major initiative both the sides welcome the decision to set up a Russia-India technology centre in Moscow to facilitate and channelize commercial applications of new jointly developed technologies. Both the sides recognised that this new facet to science and technology cooperation would also provide a stimulant effect to the overall scope of joint work. The signing of the relevant Joint Work Document would enable the Centre to begin concrete work”.

This agreement is very significant for Russia-India joint cooperation in science and technology in the coming period.

However, the Russia-India cooperation in space slowed down because of the internal developments in Russia—primarily the US pressure on the ruling elite. Nevertheless, the situation has changed and once again the Russia-India cooperation in space and technology has started developing. The Indian space technology is making rapid progress because of the Russian collaboration with India.

The energy cooperation is one of the significant parts of the bilateral relationship between India and Russia under the period of Putin. Russia controls one-

fifth of the global energy resources and India is a huge energy consumer. The cooperation with Russia in the energy sector is not a new development, but has been rooted in history. India was severely short of energy after gaining independence in 1947 when the former Soviet Union helped to not only prospect for oil, drill wells and produce it, but also to construct oil refineries at Barauni and Mathura; along with the energy sector, cooperation in other areas (including defence, steel, etc.) made it one of India's biggest trade partners. Today, Russia has the world's second largest reserves of oil and perhaps the biggest reserve of gas which have spurred an enhanced Russia-India cooperation in this sector (Roy 2010: 490-495).

Both Russia and India have endorsed the concept of energy security envisaging a balance between the security of demand and supply. In view of their corresponding resource needs, capabilities and potentials, both the countries have agreed to further enhance a direct dialogue between their oil and gas companies aiming at commercial ventures in India, Russia and even Third World countries.

In October 2000, both the countries signed a bilateral strategic partnership which revived the idea of large-scale energy cooperation. Due to Putin's initiatives, Russia involved the ONGC Videsh Ltd. (OVL) in the Sakhalin- I project, with a 20 per cent stake for the Indian partner in its oilfields. The arrival of the first shipment of oil from Sakhalin-1 in December 2006 and the MoU between the ONGC and Russia's Rosneft oil company (on both upstream and downstream activities) have confirmed the viability of the Russia-India cooperation. Both the ONGC and Rosneft (a part of the Russian gas giant Gazprom) are planning to expand this cooperation in respect of joint oil exploration, production, transportation and export in Russia, India and even third countries (Kumar 2008: 217).

Further, cooperation in the nuclear energy sector is significant in the bilateral relations where Russia is a committed friend of India. For the establishment of two nuclear power plants, each worth 1000MW, an agreement was signed in 1988 between the then Soviet President, Mikhail Gorbachev and the Indian Prime Minister, Rajiv Gandhi. The establishment of another four nuclear reactors at Kudankulam, India, was also decided. This cooperation is very important from the Indian perspective as in the future, the Indian energy demand will be high keeping in view the present pace of development (Chopra 2008: 225).

In the same way, there are immense opportunities for the development and exploration of the Indian non-conventional energy sector for the Russian companies. Addressing the joint meeting of the Russia-India businessmen in Moscow in 2005, Prime Minister Manmohan Singh rightly observed:

“The energy sector is a key area of interest of India to engage with Russia. We are keen to diversify our engagement in this sector. Russian position as the second largest producer of energy and India’s growing demand for energy resources spell out natural complementarities between us in the sector. The oil and gas companies of India and Russia should consider expanding their joint operations to third countries.”¹¹

Russia-India Relations in the Global Context

When Putin became President, the Russia-India relations were given a new direction. The security dimension was restored which had been omitted from the 1993 Treaty of Friendship and Cooperation. The Vajpayee-Putin Declaration of Strategic Partnership signed during the latter’s visit in 2000, spelt out a new perspective of Russia-India relations; now both the countries include political, economic and

¹¹ “PM addresses Joint Meeting of Indian and Russian Businessmen”, 05 December 2005, <http://pib.nic.in/newsite/erelease.aspx?relid=13863>, Accessed on 23 June 2014.

scientific cooperation along with the defence and geostrategic factors as a part of the security partnership. The document proposed cooperation in the fight against terrorism and separatism as an issue which deeply concerned both India and Russia. The declaration clearly referred to the problems of Afghanistan, the Taliban's Jihad, Kashmir and Chechnya. The two sides were clear that India-Pakistan relations could be normalized only if the cross-border terrorism stops. Both the countries have blamed the Taliban for supporting insurgencies and terrorist groups. The two sides believed that the Taliban had become a breeding ground of international terrorism and extremism (Bahadur 2008: 231).

Pandey (2008) has discussed that on the issue of cross-border terrorism, both Russia and India have supported each other. In the aftermath of the September 11 attacks and the subsequent war on terror, they have been critical of the 'double standards' adopted by the US and the West in not supporting India's actions in Kashmir and Russia's actions in Chechnya.

Amidst the Western criticism of its actions in the troubled North Caucasian republic, the Russian have always been assured of New Delhi's backing. They were both particularly concerned about the Taliban regime in Afghanistan, and set up a working group between their foreign ministries to discuss Afghanistan. They first met in November 2000. Bahadur (2008) has discussed that both the countries also have a strong interest in the security of Central Asia, and in countering the possible growth of Islamic extremism in that region. India is interested in expanding its relations with the former Soviet states of Central Asia, presumably in the hope that its influence will act as a possible counter to the Islamic extremism and Pakistani influence present there. It is likely that Moscow would support this aspect of the Indian foreign policy.

Putin's visit was significant because both India and Russia have become victims of international terrorism. The meeting between the leaders of the two countries provided an opportunity to discuss this issue as to how to deal with it bilaterally and how to address it at the international level. Putin's strong support to India in its fight against terrorism emanating from across the border and his candid statement calling Pakistan to fulfil its obligations by preventing "infiltration of terrorists across the Line of Control" was warmly welcomed in India. At the same time, the Russian side has reason to be happy for the unanimity of views regarding Iraq and the opposing unilateral use of force against that country which Russia has been advocating in the UN Security Council.

In present Indo-Russia relationship, the issue of combating international terrorism has occupied the key attention. The visit of then Indian Prime Minister Atal Bihari Vajpayee to Moscow in 2001 led to a declaration on this issue. Similarly Putin's Visit to New Delhi in December 2002 was culminated to an agreement to set up a Joint Working Group (JWG) on the subject. The first meeting was held in September 2003 and the second one in April 2004. A five-point plan of action agreement was made between both sides in the second meeting 2004. Joint efforts to tackle terrorist financing and curb trafficking in narcotics were the major agendas of the agreement. Improvement in the field of exchange of information between the two states was also included in the agreement (Bahadur 2008: 229).

In the matter of Kashmir issue, Russia had urged Pakistan to take initiatives to prevent terrorist crossings into Kashmir. President Putin during the time of his visit to India in 2002 appealed Pakistan leadership to dismantle the terrorist infrastructure in Jammu and Kashmir. The Russian leadership considers India as a more important partner than Pakistan. Russia played an important role in mediating Indo-Pakistan rivalry in 2002 and avoiding the nuclear war which was supposed to happen between

the two countries. In the 2002 Alma-Ata conference on interaction and Confidence-Building Measures in Asia, Russia offered its services as a mediator. However, this attempt could not produce effective result (Chopra 2008: 241).

This attempt was totally opposite to the previous attempt of the Soviet mediation between India and Pakistan in 1965-1966. In April 2003, Vyacheslav Trubnikov, the First Deputy Foreign Minister expressed his concern that certain circles in Pakistan were attempting to take advantage of the instability in Afghanistan as part of its rivalry with India. The terrorism in Kashmir was vehemently opposed by the Russian Foreign Ministry in 2003. Russia also openly supported India in its attempt to fight against extremism.

The visit of Indian Prime Minister Atal Bihari Vajpayee to Moscow in November 2003 was a significant attempt in the development of political relationship between both countries. The signing of a Joint Declaration on the Global Challenges and Threats to World Security was the most important outcome of the visit. Both countries made commitments to fighting terrorism and also emphasised the leading role of the UN as the main security organization through this declaration. The development of the multi-polar international order was another major agenda of that declaration. The expansion of the UN Security Council and granting India permanent membership in the Security Council was another major agenda of the declaration (Dutt 2008: 26).

A large number of regional issues like problems in Iraq, Afghanistan, the Middle East and the North Korea were also referred in this declaration. In almost all these regional issues both Russia and India have identical opinions. On regional security issues also rarely Russia and India maintain divergent stands. The November declaration (2003) noted that “India and the Russian Federation stated that the future

international order based on multi-polarity should be determined by collective and multilateral processes rather than unilateral ones” (Gupta 2010: 78).

Having established strong belief on the central role of the UN in managing security issues, both India and Russia vehemently criticised the USA’s policy of unilateralist move in resolving the security problems. Nevertheless, in the Post-Cold War era, the relationship between India and America has become stronger. In this situation, the Russian hope of using India as a component of anti-US foreign policy strategy is not going to be realised very soon (Chopra 2008: 61).

The regional international organizations play a significant role in safeguarding security and stability in this region. Russia takes an active part in the realization of many integration projects such as the Collective Security Treaty Organization (CSTO), Eurasian Economic Community (EEC) and Shanghai Cooperation Organization (SCO). Russia explicitly supports India’s integration into the SCO. The experience of the SCO in its struggle against international terrorism, religious extremism, combating narcotic trafficking, etc. is of highest priority to India. Russia favours the proposal of India to form a united front to struggle against global terrorism and appreciates the efforts of India in this regard. India has clashed with terrorists and felt the pain from losses. That is why Russia and India have a general understanding of the essence and principles of an anti-terrorist struggle. They recognize that international terrorism is a global threat. The only ways to endure it is by joining together and mobilize the efforts to combat this menace. In addition, the experience of the SCO can be used by India to provide an opportunity for an effective Indian economic penetration into the region using the mechanisms of this organization (Kurylev 2008: 133).

Nevertheless, India and Russia are intended to cooperate due to their strategic affinity. Both contest Western domination in international affairs and are concerned about the rise of China. They support the emergence of a multi-polar world order in which they consider themselves as among the regional centres. Russia offers an obvious support for India's permanent membership in the UN Security Council, the NSG and the SCO, and both countries cooperate closely within the new groupings of emerging powers such as BRICS and RIC (Russia-India-China). Even if big differences between the members undermine the effectiveness of the BRICS, Russia and India consider it a tactically useful platform to advance the interests of the new powers. Moreover, both countries share a vital interest in fighting terrorism and may step up cooperation on Afghanistan in the aftermath of the withdrawal of the NATO forces in 2014 (Shukla 2014: 15).

A shared adherence to the notion of national sovereignty and non-interference in domestic affairs distance them further from some Westerns projects such as humanitarian intervention or the promotion of democracy. For instance, they were very critical about the NATO air strikes in Libya in 2011, calling them a way to invoke "regime change", and today support a political rather than military solution to the crises in Syria and Iran's nuclear ambitions.

The two sides have also agreed to coordinate action against all factors that feed international terrorism, including its financing, illegal drug trafficking and trans-national organized crime. There is no doubt that the Russia-India cooperation in the struggle against international terrorism will play an important role in world peace.

Investment Cooperation during Putin's Presidency

One of the key areas which have an enormous potential to grow in bilateral ties is the development of the investment and banking sectors. Nonetheless, the

mutual agreement on investment protection and other accords have been insignificant. According to the Indian Embassy in Moscow, the Indian investments in Russia are estimated around US\$6.5 billion comprising mostly those in the energy sector and the Russian investment in India is US\$ 1 billion, which is primarily in telecommunication sector. The major investment from the Indian side is the ONGC's US\$1.7 billion in the Sakhalin oil project and the Sun Group's investment of 200 million for beer production which has a 40% stake in beer production in Russia. Sun Capital has also made major acquisitions in the Russian energy sector. It has acquired a 25 per cent stake in the Etera Energy Company and is making bids for acquiring stakes in other Russian companies. Major Indian companies which are operating in Russia are TATA, Mahindra, Murugappa group, Coal India Limited, Reliance, Aditya Birla Group, Jindal Group, Wipro, Infosys, Dr. Reddy's Lab, Lupin, Amtel Tyres, etc. Similarly from the Russian side, an Ural-based truck company has signed an agreement to manufacture trucks in West Bengal. *AFK Sistema* also operating in the Indian telecommunication sector as a joint stakeholder (Mohanty 2001: 169).

In the banking sector, the State Bank of India (SBI) and the Canara Bank have signed MoUs with Russian banks such as the Bank for Development and Foreign Economic Affairs (Vnesheconombank), Sberbank and Exim Banks for direct bank transactions. Now SBI and Canara Bank are operating their branches in Russia. Like this, the ICICI Bank is also operating in Russia now, which already has purchased a bank in Russia. From the Russian side, the VTB bank, an Open Joint-Stock Company (OJSC) is Russia's second largest bank and has started its branch operation in India in February 2008 to service the client banks. Sberbank and other Russian banks are also thinking about opening their branches in India (Tsan 2012: 164).

Investment Opportunities in India and the Role of Russia

During Putin's presidency, a growing Russian investment in India has reflected on the respective economies. According to Mr Kamal Nath (former Union Commerce and Industry Minister), the cumulative foreign direct investment (FDI) inflows from Russia till August 2008 were US\$144 million. The top sectors that attracted FDI inflows were medical and surgical appliances, hotel and tourism and food-processing industries. Thus, the private players of Russia are showing an interest to do business with India. The Russian company Silovye Mashiny (power machines) is providing technical assistance and supplying equipment for the construction of the Sippat thermal power plant (Mohanty 2008: 51-56).

With its consistent performance and abundant skilled manpower, India provides enormous opportunities for investment, both domestic and foreign. India is the fourth largest economy in terms of Purchase Power Parity (PPP) and the tenth-most industrialized country in the world. Major initiatives such as industrial de-control, simplification of investment procedures, enactment of competition law, liberalisation of trade policy, full commitment to safeguarding intellectual property rights, financial sector reforms, liberalization of exchange regulations etc., have been taken, which provide a liberal, attractive and investor-friendly investment climate (Mohanty 2008: 51-56).

India is following a set of liberal investment policies to enable the global entrepreneurs to harness opportunities. International studies and surveys find India as one of the top three investment hotspots. The demands of India for automobiles, telecom services, energy, consumer goods and infrastructure services have created a vast investment potential (India Brand Equity Foundation 2012).

There are massive investment opportunities in India, where Russia can be a trusted investor. Several dozens of treaties, agreements and businesses have already been in force for promoting the trade and investment relations. The Annual Russia-India forum on trade and investment and the CEOs' Council can help to strengthen these relations further. Sector-wise, a number of areas also have been identified where there are compatibilities and the countries are seeking to intensify the bilateral cooperation. These include hydrocarbons, IT, pharmaceuticals, metals and minerals, fertilisers, food processing, construction and engineering services, financial services, telemedicine and machine building.

However, this particular relationship is not vibrant as like as the bilateral relations in other spheres between the two countries. Yet, both countries have to do more to have meaningful investment and banking relations. That is why under the umbrella of the State, both the government and private sectors must come with a proper strategy and business plan to invest their wealth and resources in the Indian market. Also, an effort should start in both countries at the government level to promote more and more private and State-sponsored banking operations in each other's countries. Steps should be taken by both the governments for the creation of the proper business environment by adjusting the domestic monetary policy and the creation of a sound and flexible foreign investment policy which can lead to meaningful trade and economic relations, hence consolidating the overall bilateral ties and, lastly for fulfilling trade target of US\$15 billion by 2015 (Gidadhubli 2009: 21-23).

Putin and India: Continuity and Change

The concept of a strategic partnership, embracing India, China and Russia in a trilateral security arrangement was sounded in the Brezhnev years in the form of collective Asian security, but was never vigorously pursued. In December 1998, the

idea was however revived, when it was mooted by the then Russian Prime Minister Yevgeny Primakov, while on a visit to India. Considered by many as an axis of strength, and by some as a passing current of Russian overtures in Asia, the idea was certainly born out of the conviction of having a viable regional security arrangement that would simultaneously countervail the growing US influence in the region. Therefore, the Moscow-Beijing-New Delhi axis continues to receive overwhelming support in the subcontinent from a section of its population for a variety of reasons (Chenoy 2010: 131).

To legitimize the bilateral relations from the strategic viewpoint, is a point that has been refrained in several agreements in the past few years as much between Russia and China as between Russia and India. Secondly, it would align in a bloc, three of the world's most populous countries, whose economic weight is also significant. Besides their own populous weight, the surrounding areas abound for half of the world's population that lives in South, Central, West and East Asia, where their strategic depth is obvious. Thirdly, a factor that cannot be factored is the nuclear capability of all the three partners, straddled in an area pregnant with possibilities of impending conflicts of all sorts. Finally, it is widely felt that in all the three economically reforming countries, a close cooperation would accrue greater mutual benefits, particularly in the economic field, than at present (Sen 2011: 15).

However, the idea has been receiving applauding response from certain academic quarters on the grounds that the whole perception remains ill-conceived, loosely defined, its long-term and short-term objectives unclear, its structure vague, its content ambiguous and its membership uncertain. It does not receive clear enthusiasm because of the conservative mind-set prevailing over mutual distrust among its proponents, particularly in relation to the bilateral border disputes between Russia and China and China and India. Supporters of the idea, however, say that the

changing, post-Cold War international context has precipitated the imperatives to put disputes and differences on the backburner and focus on the economic character of an increasingly borderless world in order to exploit the benefits of globalization to mutual advantage. Putin's stopover in Beijing on December 3, 2002 on the first leg of his Asian tour before he landed in New Delhi, underscored these efforts (Shaumyan 2010: 149).

At the same time, the strong and unambiguous condemnation of Pakistan's role in the US-led war against terror and the apprehensions by Putin and his worry about nuclear weapons materials falling into the hands of Islamic extremists/terrorists, and its subsequent endorsement by the Indian Prime Minister is once again a polarising signal that pits Moscow, Beijing and New Delhi clearly against the US-Pakistani alliance. This message is primal and its implications are implicit for the future. Coming as it is from Putin's period, the statements are apparently premonitions of the shape of things to come in the region—a region becoming increasingly complicated by the prolonged US military entanglement in Afghanistan (Mirkasymov 2010: 69).

For the first time, a permanent member of the UN Security Council has drawn attention to the dangers of a nuclear-capable Pakistan. For the first time, it is from one of the US's closest allies in the war against terror that such a warning has emanated. For the first time, also, one of the three original signatories of nuclear non-proliferation is talking openly with about Pakistan's weapons proliferating elsewhere. Whether all these persuade the US to adopt a tougher line against Pervez Musharaf is an open question. However, the joint message stemming out of Putin's India visit was clear and loud enough to suggest what is essentially required: to restrain a nuclear threat to save the region from an impending catastrophe.

A composite review of the Russia-India relations in the period between Putin's two visits to India highlights more continuity and less change. After a total downswing in the bilateral trade following the break-up of the Soviet Union, by 2001-02, it could be seen that the annual volume of the Indo- Russian trade turnover had stabilized at around \$1.4 billion. The bulk of the trade was transacted through three known routes: (i) the normal commercial route of import-export through hard currency, (ii) the debt repayment route, and (iii) the Escrow account channel. All the three paths are, however, still riddled with bureaucratic bottlenecks which both sides are trying hard to overcome (Gupta 2010: 78).

Since India's trade with Russia through the debt repayment channel constitutes nearly 80 per cent of the total volume, an end to the annual debt repayment of Rs 3,000 crore would eventually affect the Russia-India trade, despite its upswing through the Putin years (Mohanty 2010: 166). In the competitive milieu, adventurous forays by Indian entrepreneurs into Russia's new markets in the distant regions and investment by private companies without much of government protection would presumably facilitate a sustainable trade in the years to come.

Dash (2003) argues that there are two significant aspects to bilateral contacts which were visible in the past two years. First, Russia's West-centric euphoria has evaporated, paving the way for a balanced East-West approach, a scheme of things in which India's importance is tangible. Two successive visits by Putin within a span of two years underscores this. Secondly, both sides have realized the mutual potential of furthering bilateral relations to the advantage of their overall progress. All efforts are revolving around the second pivot, and both countries are once again eager to revive and expand their ties. A peculiar combination of nuclear weapons, Islamic fundamentalism, narcotics trafficking and terrorism sweeping the peripheries of both countries provides a further challenge to close bilateral interaction.

Both the countries have common interest of combating terrorism and Moscow welcomes India's active role in Central Asia in this issue. Russia supports India's interference in Afghanistan and Central Asia because Russia thinks it is necessary to counter Pakistani influence in these areas. Another reason behind Moscow's support of India's extended role in Central Asia is to control Chinese interference in Central Asia. Though the present Russo-Chinese relations are quite favourable, in the long run China is considered as a serious security threat for Russia. To tackle this future problem, Russia considers India as a counter-weight. India's key role in maintaining security in the Indian Ocean also motivates Moscow to keep cordial relationship with India, as a result Moscow can play a role here too (Mirkasymov 2010: 69).

India's interest in increasing cooperation with Russia lies in the fact that both countries aspire for a multi-polar international system and bringing to an end American unilateralism. However, in the present context, India's relationship with America is quite friendly and it hardly opposes America's foreign policy. Unlike the cold war period, the Indo-US relation has improved a lot in Post-Cold War period particularly during 1990s except during Clinton's presidency, which opposed India's nuclear test. Once again the Indo-US relationship revived during Bush presidency. Since 2001, US-India military cooperation has also increased.

In some ways, India's relationship with the US is similar to the Russo-US relationship. Neither power is willing to let its opposition to US unilateralism jeopardise its relationship with Washington, although both see their friendship as a means of signalling to the US that they have important partners other than Washington. India's potential value to Moscow as a means of mounting a significant challenge to the USA's current position is limited. However, India's growing importance means that Russia will continue to see New Delhi as a major partner, and seek to develop its political, economic and military relationship with it. India was

irritated by the US decision in June 2004 to accord Pakistan the status of Major Non-NATO Ally, which could over time, slightly enhance New Delhi's estimation of its relationship with Moscow (Chenoy 2010: 133).

In summary, India and Russia will continue to see each other as important partners. There never have been any major points of contention between Moscow and New Delhi since the mid-1950s, and it seem unlikely that any major disputes could arise in the foreseeable future. They have an obvious interest in maintaining a cooperative relationship. India aspires to being a major power not only in South Asia, but at the global level. Its armed forces are the fourth largest in the world. In 2016, India is the seventh-largest in the world in terms of the GDP and the third-largest by purchasing power parity and has the world's largest pool of scientists and engineers after the US. The Indian economy has had an annual average growth rate of 5-7 percent since 1991, and India could be the third largest world economic power by 2020.

India is capable of playing a major role at the global level and may well become one of the major partners for human security and development in the international system in the twenty-first century. It is therefore logical for Russia to endeavour to cultivate it as a major partner.

India is of great interest to Russia for many reasons: the Russians have similar moral values and there are comparable indicators of social, economic and political development. India too is a multi-ethnic and multi-religious country with old traditions and an ancient culture; it has immense experience in developing democracy in a pluralistic society.

The Russia is interested in India because it has a mixed economy, in which the state plays a major role, and because it is striving to achieve social justice and

preserve social peace. India has developed major elements of the market economy, and has rich experience in cooperation with international monetary institutions, multinational corporations and foreign companies. For a number of years, India has been carrying out economic reforms towards liberalization. It is opening its economy to the world, while keeping a steady control over it. With a population of more than a billion people, it is one of the world's largest and most promising markets. India is Russia's long-standing consistent partner in the spheres of economy and politics. In view of the age-old relations, Russia must pay special attention to promote a multifaceted cooperation with India for the benefit of the two countries and the international community at large.

Putin era will be considered as a transformational phase for Russia as well as for the Russia-India strategic corporation, given that he was the major factor in revitalizing both after the Yeltsin years. Putin's last visit to India signifies that at present, both countries attach a considerable value to this strategic relationship, which has reached a stage where any change in the leadership in either country or closeness with any other country would not make much of a difference.

CHAPTER 4

THE RUSSIA AND INDIA STRATEGIC RELATIONSHIP

“India is one of our strategic privileged partners and speaking from the point of view of geographical representation India is number one”.

President Putin, December 2004¹²

“The strategic relationship between India and Russia has served not only in the long term national interests of both countries but has also effectively contributed to stability and security in Asia, and the world in general”.

Vladimir Putin, President of the Russian Federation, 25 January, 2007

“The Declaration of Strategic Partnership between India and Russia signed in October 2000 became a truly historic step. The developments of the first decade of the 21st Century confirmed that it was a particularly significant and timely step”.

**President Putin, December 23,
2012¹³**

Evolution of the Russia-India Strategic Partnership

The Strategic Partnership Agreement is truly an elevation of the 1971 agreement on peace, friendship and cooperation in the altering situation of the post-Cold War international relations. In 1971, the situation was very different. The South Asian continent was beclouded by a warlike situation that culminated into a conflagration in the December of that year. The Nixon administration was pursuing a clear anti-India stance by persuading Pakistan to wage a war on India, and at the same

¹² Russia-India Strategic Partnership 2012: Contextual Imperatives for Enhancement, available at: <http://www.southasiaanalysis.org/node/1106#sthash.znrVp5pk.dpuf>, accessed on 12 may 2015.

¹³Ibid

time, provoking China to threaten India. The US naval ship “Enterprise”, popularly known then as the 7th Fleet, was moving from the Indian Ocean menacingly into the waters of the Arabian Sea. In the backdrop of all these developments, the former Soviet Union was siding with a friendly India morally, technologically and militarily, to ward off any risk and to guarantee harmony in the subcontinent. It was then that the famous treaty of friendship and cooperation had been signed. The situation is, however, strikingly different today (Dash 2008: 49).

The end of the Cold War and especially the disintegration of the Soviet Union have transformed several geopolitical questions in the International Relations. The Russia – India relationship sustained to ensure secure and nice. Though, the military technical collaboration maintains to keep tough in the modern times and the other factors like economic, strategic factors lead to new confrontations. The end of the Cold War and particularly the fall down of the Soviet Union has changed many geopolitical equations in international relations. The Russia-India relations continued to remain close and pleasant. However, while the military technical cooperation continued to remain strong, in the recent times, economic and strategic considerations have brought forth new challenges.

The collapse of the former Soviet Union and the end of the Cold War can be said to be a ‘paradigm shift’ in the international relations. It resulted in a fundamental revolution in the geo political structure of the world. Russia is the most significant nation among the Post-Soviet countries, and despite of acquiring the military power of its ancestor, Russia unexpectedly confined itself a regional power. Simultaneously, the political and economic instability at the domestic level complicated the circumstance or situation even more. Besieged as they were by the domestic constraints, the new rulers of Russia were not in a situation to identify the

foreign policy agenda of the growing nation and to establish its standpoint in the post-Soviet international space (Singh 2008: 32).

Singh (2008) further points out to the ideological dichotomy of the new Russia, where 'ideology' became the guiding principle of State policy, in order to carve out a new international role for Russia, but Russia found itself suffering from a lack of priority. It was noticeably stressed between a deteriorating nostalgia for historical relations with countries like India and a rising inclination towards maintain connection with the West (Jha 2001:25).

The Russian leadership under Yeltsin had hoped that the collapse of the USSR, systemic transformation, including alteration to a market economy and multi-party democracy, would lead in a period of escalating collaboration and assimilation with the West. Thus, followed a period of harmony with the West that witnessed an increasing isolation of Russia from its traditional allies. However, it did not take long for Russia to realize that its geopolitical and strategic interests as a big power did not coincide with that of the US and its Western allies. Its efforts to strengthen the UN system were given a blow with the expansion of, and unilateral actions by, NATO). The aid and investment from the West were not adequate and mostly used as a factor to influence Russia's internal events. The NATO expansion, disillusionment with the reforms, economic hardship, dangers of secessionism, terrorism and religious fundamentalism, compelled the Russian leadership- towards the end of the Yeltsin period itself- to rethink and reorient its foreign policy (Arbatova 2002: 166).

With the collapse of the Soviet Union, the outlook of international politics experienced some fundamental transformation and so did the priorities of the Russian foreign policy. Russia-India relations suffered from initial setbacks. The new Russia, which emerged from the ruins of the former Soviet Union, was a dim shadow

of its predecessor. Internally, it was politically de-stabilized and the economy was shaky. Under the stewardship of Yeltsin and Kozyrev, its foreign policy became manifestly pro-West in general and pro-American in particular. “De-idealization” of the foreign policy became the guiding principle. It is worthwhile remembering that the Georgy Kunadze, the Deputy Foreign Minister of Russia mentioned that the Yeltsin’s visit to India in 1993 had differentiated Russia’s “special relations” with India which in his opinion, could damage Russia’s associations with other South Asian countries, mainly, Pakistan (Sharma 2003: 38).

Since 1993, the Russia-India relations have been growing smoothly. In June 1994, the then Indian Prime Minister P. V. Narsimha Rao visited Moscow. It was his first official visit to independent Russia. The outcome of the visit was the signing of two important declarations; the Moscow Declaration on protecting the interests of multi-ethnic states; and a second on the further expansion and intensifying the collaboration between Russia and India.

Russia’s New Foreign Policy Concept

Russia’s foreign policy doctrine under President Putin moved away from the Euro-centric, rather US-centric, foreign policy pursued earlier. The new foreign policy concept, approved by Putin in July 2000, formed new guidelines and emphasized the priority of Asian giants like India and China in its external relations. One of the critical dimensions of the Russian foreign policy in Asia is of expanding friendly connections with the important Asian states, mainly China and India. The new doctrine also emphasizes Russia’s active participation in regional organizations of Asia like ASEAN, APEC and SCO (Mohanty 2001: 149).

Mohanty (2001) says that Russia's new foreign policy doctrine said that "Russia intends to strengthen its traditional partnership with India, including in international affairs, and to facilitate the overcoming of problems persisting in south Asia and strengthen stability in the region". India was boosted to the centre-stage of Russia's renewed foreign policy under Putin's presidency. Talking about India's place in the Russian foreign policy, President Putin delivered a speech and he mentioned that

"I would like to say that our relations with India have always been, and would remain one of the important areas of the Russian foreign policy and they have a special influence and significance for us. However, I like to emphasise this that no matter how our relations with other countries develop, be it the Asian countries or other countries, we do not consider them as alternatives to our relations with India. They are not to prejudice our relations with India. This will never be so".

Nazarkin (2008) has discussed that the advent of the new millennium and a new leadership in Russia under President Putin heralded a new era, when Russia looked forward to play its role in the new context of globalization. The whole gamut of bilateral relationship received a fillip in the strategic partnership. The partnership treaty is first of all, an official approval accorded to the time-tested friendship between the two countries. Secondly, it is an essential ingredient to checkmate the growing US presence around the two countries, in Central Asia and West Asia. Thirdly, it has charted out a broad outline of future relations and identified several areas where mutual cooperation is possible. Fourthly, it has chosen such key areas of cooperation as information technology, space and environmental security, bio-science, biotechnology, and so on. Precisely, the treaty has reiterated the essence of commonness where imperatives of cooperation prevail or could be initiated. The

whole gamut of military cooperation, including the procurement of advanced Sukhoi fighters, joint production of BrahMos missiles and the upgrading of the MiG series fighters is inclusive of the strategic partnership. It is not a military alliance, not a strategic bloc; it not a political union or an economic grouping, yet it is all encompassing, ever unfolding and opening up new vistas of synergy in the new globalizing context of the growing US involvement in South Asia.

Putin's Visit to India

President Putin's India visit from 2nd to 5th October was distinguished from his other foreign tours in that it was his first full-fledged, single-nation visit and was the longest stay in a guest country. As a Russian head of the state, Putin's visit to India was destined to alleviate the bilateral ties to a qualitatively new level. Russian understood well that India was the only country among Moscow's former friends and allies which did not turn its face away from Russia, notwithstanding the latter's predominantly pro-Atlantic foreign policy (Gopal 2008: 86).

Talking about the significance of his visit to India, President Putin on the eve of his visit to Delhi said,

“We have a saying: one old friend is better than two new ones. It is true that my visit to India will be the first visit at this level in the last eight years. But this does not mean that Russia no longer values cooperation with India. It is simply that domestic circumstances prevented more such visits...we take the long-term view that as one of the largest countries in Asia, and in the world as whole; Russia would like to see India play a genuinely important role in international affairs. We would like to see this because this is in our national interest. And I have no doubt this approach is also in India's national interests”.

Putin further observed:

“It is in our interests to have a strong, developed and independent India, an India that would be a major player on the world scene. We see this as one of the balancing factors in the world, and we will do all we can to ensure this does not change. This is where the strategic sense of our partnership lies; this is what it is about”.

In response to a question as to how he would describe the new relations that he wants to build with India, Putin said,

“We want our relations to be one of equal partners, based on recognition of sovereignty, territorial integrity, and respect for each other’s lawful interests. We want to be clear for each of us in what ways we can help and support each other. We want the action we take in these directions to be well-coordinated and effective. I want to stress that, in our opinion, India plays one of the most important roles in world politics and that Russia and India naturally complement each other in many spheres”¹⁴

Putin said on Russia’s RTR Channel prior to his four-day visit to India that,

“We are very interested in maintaining relations with such a great power as India, especially in the pursuit of creating a democratic multi-polar world and in bilateral cooperation”.

President Putin said that India and Russia could combat international terrorism and religious extremism effectively by pooling their efforts. International exchange, maintaining political sphere and mutual decision making on any demonstration of extremism could effectively deteriorate the international terrorism groups (*Times of India*, 2000).

¹⁴ President Putin gave an interview to the Indian magazine *India Today* and the *Weekly Russia Journal* on September 29, 2000, <http://en.kremlin.ru/events/president/transcripts/24229>.

Economic Times (2000) quoted President Putin in his article that “over the past year, India had proven itself to be a very reliable partner, which is highly appreciated by Moscow. As one of the biggest countries in Asia and the world, India is vital in establishing regional international stability”.

During the four-day visit that took him to Agra and Mumbai apart from New Delhi, Putin held several rounds of talks with Prime Minister Vajpayee and President K.R. Narayanan, and met the leaders of Indian business and the representatives of the Indian intelligentsia.

Following are the important agreements signed during the Russia-India summit at New Delhi, which provided a strong boost to the bilateral ties in the coming years:

- i. Announcement on Strategic Partnership between India and Russian Federation.
- ii. Mutual collaboration in Science and Technology till 2010.
- iii. Agenda of Cultural, Scientific and Educational Exchange for the years 2000-2002.
- iv. Treaty on mutual aid in the Field of Postal Communications.
- v. Intergovernmental harmony on Mutual Protection of classified resources.
- vi. Intergovernmental harmony on the principle of assistance between the Governments of the States and Union provinces India the executive division in Russia.
- vii. Agreement on joint Legal Assistance in Civil and Commercial Matters.
- viii. Intergovernmental Treaty on support in the Field of Agriculture.
- ix. Protocol of objectives between the Ministry of Commerce and Industry of the Government of India as well as Finance Ministry on mutual aid in the field of

and the Ministry of Finance of the Russian Federation on Cooperation in the Field of Processing the diamonds and metals.

- x. MoU on cooperation between Ministry of Law, Justice, Company Affairs in the Russian Federation.
- xi. Memorandum of Understanding between Export-Import Bank of India and Vnesheconom Bank (Mohanty 2001: 156-57).
- xii. Contract between Gazprom and Gas authority for exploring and developing the east coast of India.
- xiii. Intergovernmental Agreement on the Military Technical Cooperation.
- xiv. Intergovernmental Treaty on the providing the Aircraft Carrier Admiral Gorshkov from Russia to India.
- xv. Intergovernmental Accord on the transfer of technology and licenced production of 140 SU-30MKI Jet fighters and the engines an airborne equipment by Hindutstan Aeronautics Ltd.
- xvi. Treaty between Ministry of Defence and State Corporation “Rosvooruzheniye” on the acquisition of T-90s tanks by India.
- xvii. Memorandum of Understanding on the Peaceful excercise of Nuclear Energy (Mohanty 2001: 156-58).

Declaration on Strategic Partnership

The high point of the visit was no doubt the signing of the strategic partnership pact. It required to:

“Communicate a qualitatively new nature and long-term perception to the comprehensive mutual associations and to dynamically expand them in cultural, political, technological, economic, scientific, trade, and other arena in the 21st century. Based on mutual perceptive and long term assurance, the agreement imagines rise of their many-sided connections to a superior and

qualitatively new height, whereas communicating them with a particularly secure and vibrant nature, both in the mutual field and in the international arena. The agreement uncover a structure for constant appointment between the two states across a broad front from improved defence collaboration to endorsement of provincial constancy and the formation of a multi-polar world. On the political front, two sides agreed to convene of annual summit level meetings to foster closer cooperation at the United Nation and joint initiative on key international and regional issues” (Yatanoor 2008: 386).

The two countries also agreed to intensify efforts at strengthening international harmony and protection, universal and inclusive disarmament and organized and progressive attempts to lessen nuclear weapons internationally with the decisive objective of eradicating these weapons. In the field of defence, the pact integrated a reinforcement of defence and military technical collaboration in long-term standpoint and intensifying the service-to-service support (Prabha 2008: 333).

The five-clause declaration emphasized that the Russia-India strategic joint venture is not engaged against any other country or collection of countries, and does not want to generate a military-political coalition. The objective is to democratize international relations. The two countries decided to equally conflict the threat of international intimidation, separatism, structured crime and drug trafficking (Prabha 2008: 334).

Validating their observance to the universal principles of concord and defence, democracy, rule of law, human rights and fundamental freedoms, non-violence and secularism, both sides documented their exceptional accountability by virtue of being among the major multi-ethnic, multi-lingual and multi-religious nations.

The partnership was based on doctrine of sovereignty, parity and provincial reliability of nations, non-interference in their domestic associations, mutual admiration and mutual benefit, aims at boosting ties in areas of political relations, trade and economy, protection, knowledge and equipment and traditions.

Political cooperation under the announcement envisages closer cooperation at the UN and other international and regional fora, joint programmes on major international and regional problems and notifying each other of designed foreign policy proposals in the international sphere. The pact requires non-participation in any military-political coalition or relations or armed disagreement focussed against the other side, or in agreements, infringing upon the self-government, autonomy, territorial reliability and national defence security of the other side (Kurylev 2008: 134).

On the trade and economic border, the announcement required to intensify and expand support in divisions such as metallurgy, fuel and power, information technology, infrastructure and transportation. The agreement also predicted an additional expansion of collaboration in investment and finance, recovering credit and insurance services and generating a constructive surroundings for shared investments and assuring their safety. The document also expected at cheering connections between regions in both nations and promote enhancing the excellence and international competitiveness of their commodities by encouraging a joint progress and contribution of the latest technologies.

In the sphere of science and technology, a key area of bilateral cooperation, the pact sought to encourage the active and new forms of assistance in essential and applied scientific research, in increasing the exchange of scientists and scientific information, and beginning straight connection between research and higher

educational organisations. The accord included mutual aid in regions such as oceanology, agricultural sciences, medical sciences, biotechnology, and environmentally clean technology and fixed a joint examination of potentialities for the industrial purpose of the results of scientific and technological research and enlargement.

The two sides also agreed to enhance cooperation in the peaceful uses of nuclear energy and the peaceful use of outer space. President Putin's dramatic visit to the spirit of the Indian nuclear organization in Trombay was a serious indication in this regard.

The declaration aimed at furthering the promotion of cultural cooperation, initiating connections between people and institutions counting in the arena of culture, education, mass media, youth and sports. The pact, aiming at augmenting cooperation in myriad areas, was undoubtedly of historic importance (Nazarkin 2008: 473).

Strategic partnership is viewed as an active pursuit of mutual interests by countries in both the bilateral and global affairs for which a priority importance is assigned to each other's national policy. The Russia-India strategic partnership was not a military alliance but provided an anchor of assurance in a sea of considered flux. It conveyed that both countries have a sense of solidarity in each other's strength and stability. Talking about it, Vajpayee said, "Our friendship is not based on short term calculations, but transcends the twists and turns of history and politics" (Dash 2008: 11). Indeed, this pact presents a detailed roadmap for stronger Russia-India ties in the new century.

Bilateral defence cooperation constituted a significant element in the strategic organization between the two nations and received a further boost as a result of the

summit during which an agreement was signed to set up an intergovernmental assignment on defence and technical collaboration to strengthen the contact.

Putin addressed the scientific community at BARC and became the first Russian president to visit the Indian atomic energy establishment since its inception. He also visited the research reactor *Dhruva*. He had a glimpse of a special exhibition on the state-of-the-art technologies developed by various units of the Department of Atomic Energy at the Central Complex during his visit there. The uppermost atomic energy representatives signed a Memorandum of Understanding on increasing bilateral assistance in the nonviolent exercises of atomic energy. The MoU was also believed to emphasize that the designed nuclear assistance would be completely in adjust with Moscow's international legal responsibility on the relocate of nuclear technology. The accord was to strengthen India's strategy to hasten the nuclear power invention agenda. Over the last few years, nuclear power has given to the energy market (Parthsarathy 2002: 27-28).

But the nuclear mutual aid with India has been made complex by the present international rules on transmit of nuclear reactors. These system concerned by the nuclear suppliers group, a cartel of sophisticated states, in early 1992, insist that any nuclear sale to India must be pursued by the so called "full scope safeguards" or absolute worldwide rule over the Indian nuclear agenda. India has no purpose of accommodating such peripheral directions (Parthsarathy 2002: 27-29).

There are several defence missions that are presently in process; For instance, Brahmos cruise missile development and the licensed manufacture of the T-90 tanks for the Indian Army, the Sukhoi-30 for the Indian Air Force and MiG-29 K for the Indian Navy. There are also several other developments on the anvil which comprise the transformation of ships, joint scheming and manufacture of medium-lift

helicopters, unmanned aerial vehicle, fifth-generation fighter aircraft and the GLONASS navigation structure.

Thus, barring some exceptional areas which belong to the domestic domain, there is virtually no difference, or any conflict, between the strategic objectives of Russia and India.

So, it will be interesting to enquire whether it is for the promotion of the common strategic objectives that both these countries have entered into this strategic partnership. This can be inferred only after analysing the work of different writers and analysts as well as seeing also what the leaders of both the countries have to say, about the nature, content and scope of this strategic partnership. In the words of the Former Russian Ambassador to India, Alexander Kadakin:

“Strategic partnership means that we support each other in our joint vision of the world. We are against a so-called unipolar world; we stand for a multipolar world. We are for political co-operation; we are against terrorism together... Economic and nuclear co-operation is essentially a part of this partnership. Strategic, in my understanding, is co-operation that will last for decades. It will continue despite the changes that take place in this country, in Russia or anywhere else ...”¹⁵

Thus, it can be seen that the strategic partnership between Russia and India is not limited to defence cooperation but is comprehensive in nature. Its ultimate aim is the creation of an equitable, just and fair world order and though it is not overtly directed against any State, it talks, in no uncertain terms, about the deliverance of the world from the vices of unipolarity.

¹⁵ Amit Baruah (2004), “India, Russia may invite China to join Fighter Aircraft Project”, *The Hindu* (New Delhi), June 27.

Therefore, the Russia-India strategic partnership expects both these countries to act in unison in every possible way. These objectives require not only military but also economic, political, cultural and all the other possible types of cooperation between them. It will not be an exaggeration to say that if Russia and India are really serious about these objectives, they will have to pool all the resources at their command and act in so concerted a manner as to appear as being not two different nations but one and the same.

Strategic Partnership as a Tool in Bilateral Relations

The strategic partnership rejuvenated a battered relationship by encouraging a public-private partnership in joint ventures. If the Russia-India relations had been state-to-state affairs, they are no longer so. The private participation in a wide range of activities is the hallmark of the new epoch. The strategic partnership has put behind the years of worry over procuring spurious defence spares from a third source. It has enhanced the possibilities of tapping the huge potentials that do exist in both the countries, but are going unexploited. Gone is the decade of 1990-2000, when the Russian economy, saturated by a pro-Western infatuation, grew annually at minus 4.8 per cent, while the Indian economy maintained a sustained growth rate of 6 per cent. Back to its 6 per cent annual growth, Russia has rectified the past mistakes and looks forward to having friends with whom its economic interaction will be fruitful. However, there are two major asymmetries: 86 per cent of the Russian GDP comes from the sale of oil, gas and metals which shows signs of economic fragility. Secondly, up to 2006, all Russian exports to India were being paid for in hard currency, while the Indian exports to Russia were largely being adjusted against the debt resettlement account. A growing engagement in various economic activities may fundamentally alter questions in relation to the context of strategic partnership, simply because the partnership must not be based on unequal terms (Dash 2008: 407).

In the field of trade and economy, the two countries agreed to strengthen a quicker collaboration within the structure of the Russia-India Inter-Governmental assignment on Trade, Economic, Scientific and Technological, and Cultural Cooperation, as well as other joint bodies of business and industry officials, with an analysis of intensifying the trade and economic relations. Defence is a crucial part of support. Both nations decided to go further from a simple buyer-seller connection to strengthening defence and military technical assistance in a long-term viewpoint. With this aim, they decided to deepen service cooperation and explore the possibility of joint venture and production. In the science and technological sphere, they agreed on supporting active and new structure of assistance in basic and practical scientific research, increasing the substitute of scientists and scientific information and determining direct connection between scientific research and high educational establishments (Gidadhubli 2009: 21-23).

They also agreed on collaboration in the fight in opposition to terrorism, autonomy, organized crime and illegal trafficking in narcotics.¹⁶

India and Russia: The Re-affirmation of Strategic Partnership

During the eight years of his presidency between 2000 and 2008, Putin visited India four times: in October 2000, December 2002, and November 2003 and lastly in January 2007. PM Vajpayee visited Russia twice, first in November 2001 and then in November 2003. The exchange of these high-level visits initiated a process of strategic tie-up between the two countries since 2000, when the National Democratic Alliance (NDA) Government was in power. The process further continued when Prime Minister Manmohan Singh heading the UPA government, visited Moscow in December 2005. This reflects a genuine consensus that is rare in foreign policy: all

¹⁶, Mohan, C.Raja (2000), "India Russia to strive for multipolar world order", *The Hindu*, New Delhi, 4 October 2000

the political parties and formations whether from the right, left or centre, support this relationship, no political grouping sees these relations as a threat or as a conflict of interests.

The reasons for the same can be explained historically as Russia has stood by India in times of need, instances of which can be cited by any observer of foreign policy. In a announcement to the press at the winding up of his visit, Manmohan Singh spoke of the requirement “to predict what method we require to obtain to meet new and promising chances for further reinforcement of our strategic corporation, in gathering our particular general precedence’s as well as in pooling our attempts of involvement in the global responsibilities (Gopal 2008: 87).

This is perhaps the transparent index of the state of relationship between the two countries. At a joint press conference in December 2002, Putin pointedly emphasized that “in the environment of complex international situation our constant dialogue is of special importance”. Obviously, the frequent visit of the leaders of the two countries was intended to strengthen the process of constant dialogue on bilateral as well as multilateral issues of regional and global importance (Chopra 2008: 60).

During the January 2007 visit of Putin, it became clear that the Russia-India relations are a process based on a continuity embedded in trust. They were standing out in sharp contrast to the kind of strategic relations that the US was building with India and showed that it was also possible for India to have an independent foreign policy without getting dependent on any one kind of strategic relationship. These points are similar to those made by Khrushchev in 1955 during his visit to India.

The next section examines the Russia-India defence relations in the decade of 1990s, in the perspective of the disintegration of the USSR and its impact on India's

defence imports. Further, an attempt has been made to analyse the changing nature of the Russian arms export and its impact on India's security.

The History of Russia-India Defence Cooperation

This section focuses on defence cooperation between India and Russia, also touches upon some of these issues which remain unaddressed till today. First, it discusses the way the defence cooperation, as it stands today, has been divested of any security framework. Second, it describes the defence trade between Russia and India in detail. And finally, it contends that the Soviet-India/Russian arms trade, though being a bulwark of the Indian defence build-up, as well as donated to the arms race in the area.

Historically, India's defence cooperation with the Soviets was a part of the larger security and strategic cooperation framework between the two states. The former Soviet Union provided unflinching support to India on its strategic issues and backed it unconditionally in international forums. Both countries were tied by an informal collective security agreement according to which the former Soviet Union would come mechanically to India's rescue in case of any predicament. Further, the relations between the two countries were not just about military exchanges. The former Soviet Union was the main force behind India's initial industrialization process and also the most important trading partner.

In the post-Cold War period, the Russia-India defence collaboration has gone through rough territories, but now is the right time to translate these confrontations into prospects. Even today, struggle connected to the accessibility of additional divisions have not been answered. In fact, even the Russian army is reliant on other former Soviet nations for extra divisions for its armed forces. Therefore, India and

Russia could get into a joint mission of constructing defence spare devices for the fighter planes, tanks and other main military apparatus in India. The Indian and Russian military aviation teamwork began in 1955 when Khrushchev presented the IL-14 aircraft “Meghdoot” to Indian Prime Minister Nehru for the transportation of VIPs. Since that time, the level of cooperation has increased year by year. Currently, the equipment of Russian origin in the Indian Army, Indian Navy and the Indian Air Force (IAF) accounts for nearly 75, 80 and 85 percent of the defence equipment respectively (Rajan 2008: 142).

A hundred MiG aircraft (presumably MiG-17/19) had been offered to India in 1955 during Prime Minister Nehru’s visit to the former USSR. This offer was not accepted as India did not want to become too reliant on the former USSR for its arms acquisitions. This offer was again made in 1961. This time, it was taken seriously due to the changed security environment caused by an increased Chinese belligerence and the acquisition of F-104 Star fighter by Pakistan. Accordingly, an agreement for the supply of the MiG-21 and its licensed production in India was signed in August 1962. This agreement was one of principle, and required further negotiations. There were some doubts regarding the fulfilment of this agreement during and immediately after the 1962 Sino-Indian conflict. But, things began to change as the Sino-Soviet relations soured.

An agreement was finally inked in August 1963 for the transfer of 38 MiG-21 fighters and the provision of technical aid and machinery for establishing manufacturing facilities for these aircraft in India. The supply of the first four of type 71 took place in early 1964. With the strengthening of the Soviet-India relations in the economic, industrial, trade and political fields, this cooperation also grew. The IAF acquired an additional 16 Mi-4 helicopters and eight An-12 aircraft immediately after the 1962 debacle. These were primarily meant for the aerial defence of cities

like New Delhi. It may be recalled that India did not use its combat component of the IAF in the war in 1962 for the fear of Chinese air attacks on undefended Indian cities. This was followed by the purchase of SAM-II surface-to-air missile systems and some radars. The acquisition process got a further impetus when the Western countries imposed an embargo on arms supplies to India and Pakistan after the Indo-Pak conflict of 1965. The Russians offered the Sukhoi- 7 and the same was accepted by the Indian side and nearly seven squadrons of this aircraft were inducted into the IAF. The Su-7 which was otherwise a sturdy, rugged but rather large aircraft, suffered significant attrition, mainly due to anti-aircraft and small arms fire during the 1971 operations and was progressively phased out by the early 1980s (Rajan 2008: 142).

To meet its need for tactical airstrike aircraft, the IAF acquired a limited number of swing-wing aircraft (MiG-23 BN) in 1981. These aircraft had been offered earlier also but the IAF had opted for the Jaguar, which had a longer radius of action. The Soviet offer of two squadrons of the MiG-23 MF-air superiority version of the swing-wing fighter with beyond visual range missiles (selected earlier) was accepted in 1982 as an interim solution to counter the threat posed by the new generation F-16 aircraft acquired by Pakistan in the same year. A limited number of these aircraft were acquired. However, the Soviet offer of the MiG-23 ML, which according to the Soviets was a more credible match for the F-16, was turned down. Since these offered an interim and short-term solution, one option could have been the leasing of these aircraft rather than their outright purchase. But apparently the system of leasing did not exist in the former Soviet Union at that time. It is doubtful if this idea figured in the Indian bureaucracy's mind and whether the Soviets would have been amenable to such a suggestion (Bakshi 2006:449- 466).

The political events in the erstwhile Soviet Union and the severe financial constraints in India in the early 1990s resulted in a disruption in the procurement

programme. The normalcy in this relationship returned, with an improvement in the Russian political and industrial atmosphere. The year 1997 saw the signing of the contract for the state-of-the-art fourth-generation multi-role combat aircraft Su-30. After procuring 40 aircraft initially, a contract was signed to upgrade these to Su-30 MKI standards. In addition, 10 more aircraft were acquired. Further, an agreement for technology transfer and licensed manufacture of 140 Su-30 MKI was signed in December 2002, making up a total of 190 Su-30 MKIs.

The contract for the purchase of MiG-21 envisaged its licensed production in India starting from fly-away aircraft progressing to the manufacture of subassemblies and finally leading to manufacture from the raw material stage in the three factories set up for this purpose. An airframe factory was set up at Nasik, for the engine the factory was set up at Koraput, and for the avionics and accessories at Hyderabad, with final assembly being done at Nasik. Over 600 MiG-21s and 165 MiG-27s were produced. The repairs and overhauls of the aircraft produced in these factories are also undertaken (Ivanhoe 2007: 22-38).

The defence collaboration between India and Russia nowadays has been exposed of its tactical umbrella and is surviving because of India's compulsion and Russia's shrinking choices elsewhere. Bhattacharya (2007) argues that the present Russia-India defence mechanism is a "revival of the traditional marriage of convenience and real politics of Kremlin and South Block. Russia needs a steady market in the unsteady world of shrinking consumer base. For India it is a compulsion borne out of limited choice coupled with the fact that a major percentage of the equipment is of Russian origin".

The Russia-India defence cooperation is the mainstay of the Russia-India relations today. The importance of a defence relationship with Russia can be gauged

from the fact that the expenditure on defence imports, since the late 1990s, have exceeded the spending on rest of the imports from Russia. This is largely because while India's commerce has diversified drastically, the military sector is still dependent on Russia. The dependence of the three branches of the Indian military on Russian imports is so high that, despite the increasing efforts of the Ministry of Defence to diversify its defence imports, more than two-thirds of the total military hardware is still being imported from Russia. It is expected that in the short term, India will remain dependent on the Russian military exports. However, as the competition intensifies, states like Israel, France, UK and the USA are likely to apportion a large chunk of this arms trade. The growing bonhomie of the India and the USA poses a serious challenge to the Russian arms exports to India. The ongoing strategic shift of India's foreign policy is likely to impinge on the arms trade too (Rajan 2008: 141).

The arms imported from Russia and other states were basically aimed to develop a minimal deterrent and protect India from Pakistan and China. This however, also generated a perpetual arms race in the region.

The defence cooperation is directed by the Programme for Military Technical collaboration signed between the two nations which is legal till 2020. It preserves the notice of the two administrations to further expand and reinforce the military and technical collaboration. The two sides also have periodic interactions of armed services personnel and military movements. India and Russia have a planned arrangement to manage the absolute collection of problems of military technical assistance (Kundu 2008: 173).

The Russia-India Intergovernmental assignment on Military Technical Cooperation (IRIGC-MTC) was located in 2000 to reinforce the assistance. The two

Defence Ministers meet per annum, alternately in Russia and India, to examine and reconsider the position of the incomplete developments and other topics of military technical assistance. There are two Working Groups and seven Sub-Groups under the IRIGC-MTC, which reconsider and examine an array of military technical questions. In 2008, the High Level Monitoring Committee (HLMC) was situated with the India and Russia co-chairs. Bilateral programmes presently started comprise the native construction of the T-90 tanks and Su-30-MKI aircraft, the supply of MiG-29-K aircraft and Kamov-31 and Mi-17 helicopters, the upgrade of MiG-29 aircraft and the supply of the Multi-Barrel Rocket Launcher *Smerch* (Kundu 2008: 174).

Russia also decided to offered 29 MIG-29K carrier-based fighter aircraft to the Indian Navy. The price of this deal was approximated at around \$1.6 billion. The joint Army and Navy movements between the two armed services are held under the title INDRA. The Indian and Russian Navy ships accomplished a combined sophisticated channel exercise called INDRA-2012 off the coast of Mumbai in December 2012. The last joint implement, INDRA-2016 between the two armies will be supposed in Primorye in Russia (Rajan 2008: 147).

Defence Cooperation under tenure of President Putin

In the recent years, however, some attempts have been made to revive the traditional forms of cooperation, especially under the Putin administration. One positive outcome of this on defence is that several joint developments of defence projects have been initiated.

The Indian defence sector, as has been discussed earlier, is highly dependent on the Russian defence supplies. 12 out of 16 Indian Navy submarines are of Russian origin. Its five destroyers of *Kashin*- II class and three *Krivak*- III class figures are of Russian origin. The Indian Air Force is equally dependent on Russia as 32 of the 41

fighter squadrons are Russian origin, consisting of *MiG-21*, 23, 27, 29 and *Sukhoi* MKI. Rest of the Indian fleet consists of three *Mirage-2000* and six *Jaguar* squadrons. In the army, the Russian T-72 and T-90 models constitute 60 per cent of the 4168 main battle tanks with the along with the battlefield transport and logistics system. Despite the rising military costs in Russia, its arms business vestiges reliant on export. In 2001-05, the exports to China and India accounted for 43 and 25 per cent, correspondingly. The Putin era marked a significant development in the defence ties (Singh 2006: 5-7).

Further, throughout Putin's visit to India in October 2000, India had agreed to buy US\$3 billion worth of weapons from Russia wrapping a broad choice of defence apparatus, such as 310 T-90 tanks, MiG fighter planes, the aircraft carrier Admiral Gorshkov, 18 Smerch MBRLs, lease of 4 Tu22 Back-fire bombers, etc. for underlining the Indian military (Bakshi 2006: 454). As an Indian analyst pointed out, the Strategic Partnership widened the notion of security itself and objective the earlier relationships that had given a advantaged situation to the defence-related manufacturing.

During Putin's second official visit to India in December 2002, 11 agreements were signed between the two countries. In 2001, Indian Defence Minister George Fernandez and Russian Deputy Prime Minister Ilya Khelbenov marked a defence agreement for the obtaining of 310 sophisticated T-90 battle tanks. Under the conditions of the deal, India would receive 124 of Russia's top-of-the-line tanks openly from Moscow and assemble another 186 at a domestic plant. The ultimate price tag, not openly exposed, was approximate at between \$600 million and \$750 million.¹⁷ New Delhi also supported its predictable qualifications. In June 2001,

¹⁷"India, Russia finalize Battle Tank Contract", www.armscontrol.org/node/2911. Accessed on 2nd July, 2014.

Moscow and New Delhi signed a procedure for the contribution of US\$10 billion worth of Russian weapons, counting Tu-22 long-range bombers, nuclear-powered submarines, and *Sukhoi* Su-30 aircraft in totalling to an aircraft carrier and connected carrier-borne aircraft (Singh 2006: 5-7).

Then, the protocol envisaged shifts from the straight-forward sales of arms to combined improvement and manufacture of military hardware. Similarly, Russia has expressed willingness to include India in the development of the fifth-generation aircraft as a part of 10-year military technical cooperation pact signed with India during 2002. Similarly, during Putin's 2004 visit, it was decided, among other things, the accord for the joint growth of fifth generation strike struggle aircraft. Also, it was agreed that joint airborne exercises will be held, an intellectual property rights harmony in connection to defence manufacture would be confirmed within five months; the contribution of Russia's spares for India's future needs was also examined and the measures rationalized (Bakshi 2006: 457).

An important deal was signed to purchase the Admiral Gorshkov. Both countries relations increased significantly when the Indian PM visited Russia in 2005. Putin's tenure resulted in a boom in the Russian economy as the consequences of the rising price of oil. The fact that the USA has been caught in its own problems in Iraq and Afghanistan helped him indirectly. A major defence pact was signed during Manmohan Singh's visit which was the intellectual property rights regarding defence cooperation. The Intellectual Property Rights (IPR) issue became a disagreeable point. As a result, the Russian Defence Minister Sergei Ivanov warned, "we will not

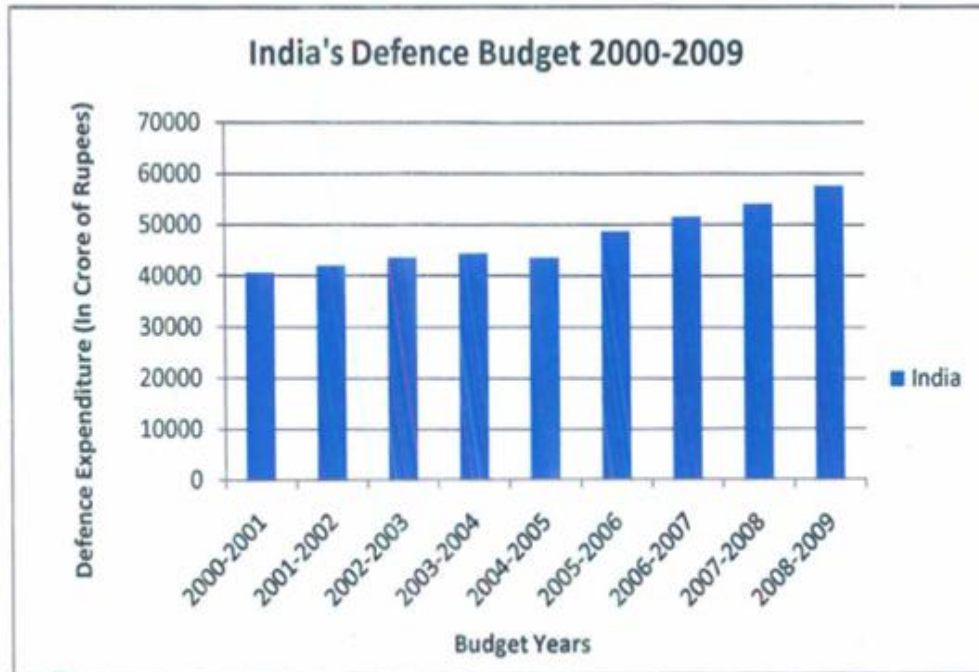
to move forward in high end defence technology without an agreement on the protection of Intellectual property”¹⁸.

During the time of the sixth meeting of the IRIGC-MTC 4, agreements were also signed in terms of joint development and production. The first accord was on License Production and Technical Documents for the RD 33 series 3 Aero Engines; the second one was the general agreement for the RD 33 series 3 Aero engines and related commodities. The two sides also signed a Protocol of objective for the Joint growth and manufacture of Multi-Role Transport Aircraft, and the Protocol of the Sixth Russia-India Inter Governmental Commission on Military Technical mutual aid. The gathering was co-chaired by Indian Defence Minister Shri A. K. Antony, the visiting Deputy Prime Minister and Defence Minister of Russi Sergey Borisovich Ivanov (Press Information Bureau, Govt.of India 2007).

¹⁸ Intellectual property rights are the rights given to persons over the constructions of their minds. They generally give the creator an exclusive right over the use of his/her creation for a certain period of time. For further details see www.wto.org/english/tratop_e/trips_e/intell_e.htm

Figure: I

India's Defence Budget 2000-2009



SOURCE: Ministry of Defence India

In this figure India's defence expenditure has considerably increased over the years and from 2005 onwards there has been a remarkable increase in the defence expenditure. In this context we need to understand that India has been broadening its scope of sources for defence purchases, and Russia has sought to retain a large share of its market. So changing world scenario in bilateral relationship dictated the urgency to move from a buyer-seller interaction to one of joint development of weapon systems between the two countries and their marketing all over the world.

Joint Development of Military Aircraft and Cruise Missiles

The joint development of aircraft and missiles indicates a significant shift in the defence relationship. The former Indian Defence Minister, A. K. Antony had

pointed out that the MTA (Medium Transport Aircraft) would also be developed for use by both the countries, who would sell them to the third countries for commercial purposes. This shift in relationship has taken place mainly due to the fact that India is no longer interested in just buying weapons, it wants technology. It can buy weapons from many other countries and Russia is not the only option as it used to be during the Cold War years. Stiff international competition has pushed Russia to offer licenses and joint production mechanisms rather than just weapons (Rajan 2008: 147).

The fifth-generation project alone may require India to invest around Rs 5000 crores. Russia was especially keen for the funding of its Sukhoi fifth generation fighter aircraft. The fifth generation of the Sukhoi would be comparable to the American F-35 Lightning-11 Joint Strike Fighter project. It has also been reported that India has taken the final decision and agreed to fund this fifth-generation Sukhoi project which will have a unique configuration of a lethal merge of craftiness, beyond-visual choice conflict potentialities, concentrated radar-tracking signature, super manoeuvrability and supersonic cruising capacity. The merely working Generation-5 fighter in the world at nearby is the American F/A22 Raptor, which comes at \$258 million apiece (Rajan 2008: 149).

The two main competitors for collaborating with India on developing the fifth-generation aircraft were Russian corporations. India chose the PAK-FA design of *Sukhoi* Design Bureau against the MiG Corporation which was advocating its own fifth-generation design. MiG's Russian competition is the Su-30. The Indian Air Force already possesses 140 Su-30s. Air experts believe that the *Sukhoi* outperform the MiGs on several counts. While the MiG-35 has a range of about 4000 km, the Su-30MKI, with its refuelling capacity can fly up to 10 hours with a range of 8,000 km. The Su-30s are also almost three times heavier than their rivals. They also have the capacity for air-to-air refuelling which the MiGs do not have. The MiG-35 is

basically seen as a light combat aircraft that could prove useful for ground attacks, air and area defence and point defence while the *Sukhoi* are multi-role fighters. By choosing the Sukhoi Fighter for the fifth-generation project, India has showed its inclination to go in for a heavier fighter that has the financial backing of Russia. The MiG's own fifth generation is an unofficial one and does not have funding from the government of Russia. The fighter in the 20-tonne class has the ability to use beyond visual range weapons and will carry weapons inside it to give it the ability to super-cruise at supersonic speeds without using afterburners.

The production of the BrahMos is being projected as the most successful example of the joint venture in defence between the two states. The BrahMos flies at a speed of 2.8 mach which is almost three times the speed of sound and the new BrahMos will have a speed of 5 to 7 mach. All other cruise missiles at present in the world are subsonic. According to G. Leonov Alexander, First Deputy Director General of NPO Mashinostroyenia, both the countries are planning to sell 1000 BrahMos missiles to friendly countries like Malaysia, Chile, South Africa, Kuwait and UAE. The expert version would be the anti-ship variant of the 290km-range BrahMos, inducted into the Indian Navy. This will be the first real export of cutting edge military technology from India which has been mainly an importing country.

India itself placed orders worth Rs 3,500 crores for the BrahMos missile. The submarine version of BrahMos missile can also be launched from an underwater depth of almost 60 metres. A test of BrahMos with the Russian *Amur* 1,650 submarines, a second line of Indian submarines after the French Scorpenes, showed a promising outcome. According to the BrahMos Aerospace chief, Sivanthan Pillai, the *Amur* is the first diesel submarine to have vertically launched strike missiles.

Krishnaswamy, however, has pointed out some of the problems in the joint development project. He argues that the BrahMos missiles have been inducted in the Indian Navy but there is no clear report on the Russians buying this missile for their own purposes. If India is to emerge as a major power in its own right, it needs to work hard at building capabilities indigenously. The impenetrable Russian walls need to be recognized. Krishnaswamy has also expressed some concerns about the actual involvement of Indians in the joint development of the fifth-generation fighter aircraft. He argues that “India can be best only be a partner in funding and a partner in risk-sharing. Besides, details of the programme have never been shared with India. The term fifth generation has no meaning unless the capability, performance, design, structure and material, sensors, weapon systems, survivability are known”.

Cooperation in Space: The GLONASS

During President Putin’s visit to India in December 2004, an accord was signed between Roscosmos and ISRO on the combined exercise of the GLONASS by building it completely purposeful by cooperative efforts, counting the beginning of new Russian satellites from Indian launch pads with the facilitate of Indian vehicles. The deal will lessen India’s confidence on the US GPS (Global Positioning System), which may be deprived of in time of disagreement. During Prime Minister Manmohan Singh’s December 2005 Moscow visit, an accord was signed on the method to defend technology during a long-term assistance in joint expansion, process and exercise of the GLONASS for nonviolent functions.¹⁹ Vladimir Radyuhin, however, opines that the GLONASS shall be used by both the states for civil as well as military reasons (Bakshi 2006: 460).

¹⁹www.kremlin.ru

Joint Military Exercises

During the past couple of years, the Indo-US military-to-military assistance has significantly stretched. In disparity, the Russia-India defence assistance has mainly been in the military-technical field. Recently, Russia also has revealed better attention in improving military-to-military connections. In October 2015, the two armies and navies held combined exercises in the deserts of Rajasthan.

Complaints of Unreliability and Delay

India has complained about the unreliability of some of the Russian weapons and also the delayed product support. The Defence Ministry complained about the poor performance of the Appassionato navigation system for the 10 Kilo or Sindhugosh-class 877 EKM submarines and a big amount of subsonic anti-ship cruise missiles invested in the Indian Army. The IAF (Indian Air Force) complained about the misrepresentations on the canopies of the *Sukhoi-30* MKI Phase-3 fighter jets. This comes at a time when India is on the edge of signing a multi-billion deal for the development of the fifth-generation Sukhoi aircraft. There are also anxiety about the irreparability of a amount of missiles and excessive interruption in their instruction. Again, the quality of Russian arms has also been questioned. Only one per cent of Russian arms producers meet the international quality standards of ISO 9000, a common standard for Western producers (Rajan 2008: 149).

The delay in defence supplies is another concern for India. Initially, 44,570 tonne carrier Gorshkov was believed to be ready by August 2008, as per the Rs 6,900 crore deals signed with Russia in January 2004 (*Times of India*, August 10, 2007).

Many other countries have joined the race. In recent years. Israel has emerged as the second largest supplier of weapons to India. India has subscribed defence

products from Israel worth US\$1 billion per year for the last few years. India registers an annual sale of around US\$1.5 billion from Russia and according to a senior Israeli official, out of the total Israeli sale of around US\$ 4.5 billion in 2006, India bought US\$ 1.5 billion worth of defence goods in 2006. Israel has supplied the Barak-1 antimissile defence system, Green Pine early warning radars, three Phalcon Airborne Warning and Control System (AWACS), Searcher and Heron UAVs (unmanned aerial vehicles) and several high-tech systems.

Apart from Israel, France, USA, UK and Ukraine are other major suppliers of weapons to India. The US regards India as a strategic partner and is willing to sell a large number of weapons to India.

Russia will not easily let go its leading position in the Indian weapons market. One cannot deny that collaboration and cooperation in the defence sector is mutually beneficial for both parties. For India, one can easily assume that a military sale of Moscow is not the only route and it is not the only option also for any other sector. It is significant change when one compare the military cooperation with the US. India is the only state with which Russia has a military-technical mutual aid harmony.

CHAPTER 5

THE RUSSIA-INDIA ECONOMIC AND ENERGY RELATIONS

In the contemporary world, economic and trade relations are the pillars on which the bilateral relations between any two countries can be based on. They also play a major role, if not in resolving, then certainly in minimizing a conflict of interests between the two countries. Most of the regional or multinational organizations of the present-day world have evolved from economic cooperation (e.g. EU, AU, G-7 etc.) The economic and trade relations also have a ‘spill-over effect’ which creates a favourable and conducive environment in the diverse areas of cooperation (Gidadhubli 2009: 21-23).

In the context of the Soviet-India relations, the disintegration of the Soviet Union had a tremendous effect. The new Russian-Indian economic relationship collapsed because it was now based on different assumptions. While mutual benefit was the watchword earlier also, nevertheless, under the New World Order, several factors came into play. In this new world order, where globalization and liberalization have become the watchwords, the strength of a country is measured by the soundness of its economy. With it, a new pattern of economic relations among nations has evolved; in which trade has acquired a greater emphasis. The Russia- India economic cooperation is based on the premise that it is the market which acts as an organizing force. Today, both are free-market economies and hence, the principle of economic cooperation is based upon mutual benefit.

Economic relations are as important as politics and this is being increasingly realized in the case of India and Russia’s bilateral relations. Sharing a long heritage of cordial relations in varied aspects, the two countries have come to realize the need to boost economic partnership in terms of bilateral trade and commerce alongside the

traditional sectors of military and defence cooperation. The political relations have always been in good shape as reflected in the bilateral agreements and declarations such as that on terrorism, strategic relations and on international order. The 1990s being the 'lost decade' in the bilateral economic relations, the first decade of the twenty-first century has witnessed some remarkable developments in this direction (Mahapatra 2008: 238).

The economic and trade cooperation between two nations got their initial shape in early 1950s. There was hardly any political relationship between the two countries till Stalin's death in March 1953. The first bilateral agreement between India and the former USSR was signed in December 1953 and Jawaharlal Nehru visited the country in 1955. The trade turnover was a mere Rs 2 crores in that year (Singh 2008: 320).

The former Soviet Union had a pivotal role in industrialization process of India as is evident from the adoption of successive Five-Year Plans by India which were based on the Soviet model. During the first five-year plan, Prime Minister Nehru emphasised more on the establishment of heavy industries. Due to this, that plan is sometimes regarded as "Industrialization Planning". This heavy industrialization needed monetary support which the Western countries were not interested to provide to India. Therefore, India had to look for help from the Socialist countries, first and foremost—the erstwhile Soviet Union. The first bilateral agreement was signed between the two countries in 1955 for establishing the Bhilai Steel Plant at Durg, with a capacity of one million tonnes of steel production.

Similarly, the former Soviet Union also assisted in the building of the steel plant at Bokaro, the heavy machinery factory at Ranchi and the mining equipment factory at Durgapur. Again, it provided support for building of the capital goods

industry. Its main feature was that after the completion of the construction, the ownership was transferred to the Indians and the Russians basically worked as advisors at the construction sites. Overall, there were 120 industrial enterprises that were built in India with Soviet technical assistance (Mahapatra 2008: 188).

Mahapatra (2008) further argues that the signing of the Soviet-India agreement in February, 1955 for the construction of the Bhilai Steel Plant marked the initial steps of progress in trade and economic relations. The Russia-India trade and economic relations received a significant boost when the former USSR offered the largest credit of about Rs 2,800 crores in 1959. Thereafter, the bilateral trade and economic cooperation intensified steadily. A numbers of Soviet credit lines were opened by way of exporting Soviet-made engineering equipment, machinery and capital goods to assist India in its industrialization.

By the mid-1960s, the former Soviet Union became the second largest contributor to India's development. However, both governments were also conscious of the low profitability and increased production costs in the Indian public sector units set up with Soviet assistance in 1970. The two governments agreed to have a buy-back arrangement and marketing of surplus produce in the Third World countries during PM Alexei Kosygin's visit to India in January 1968 which reiterated the Soviet-India trade agreement. Gradually by the late 1970s, the former Soviet Union became India's largest trading partner. Rajiv Gandhi and President Gorbachev signed some important agreements in mid-1980s. This further propelled the Soviet investment in India to the tune of about US\$2.4 billion in the Indian telecommunication and transport sector. Steel, aluminium, coal mining, power transmission, heavy engineering and raw materials were some important sectors which dominated the overall trade between the two countries (Sachdeva 2011: 213).

The period after the Soviet disintegration was a testing time for the Russia-Indiabilateral relationship. A number of problems such as India's rupee debt to Russia, therupee-rouble exchange rate, faltering bilateral trade and Yelstin's lack of understanding of the real essence of Indo-Russia relations were the road blocks in mutual ties that impeded progress until advent of Yevgeny Primakov at the helm of affairs in 1996, first as the Foreign Minister and then as the Prime Minister of Russia. Similarly during the1998 crisis, the Russian trade turnover was also very low. But Putin's coming into power gradually revived the overall quantum of trade and economic relations, although it did not touch the target of trade turnover of US\$8 billion between the two countries by 2008 (Mohanty 2010: 166).

The 1990s: The Era of Uncertainty

The decline in the Russia-India economic ties was understandable as the phase of the 1990s was a bad one for the Russian economy, which faced one crisis after the other. Between 1990 and 2000, the Russian economy had on an average a minus 4.8 per cent annual growth rate, while the Indian economy grew at a rate of 6 per cent. Therefore, at a time when the Russian economy was reduced to half of what it was in the 1990s, the dislocation of old ties was bound to take place. Moreover, after the collapse of the Soviet Union, the rupee-rouble trade system which in fact was a repayment-in-kind method was perceived as at odds with the market ethos. The bilateral trade now was to be conducted in hard currency. However, because of the many complexities involved in the settling of the repayment issue of loans that India had gotten from the erstwhile Soviet Union, it took long to resolve the ticklish question of the denomination of rouble credit in rupees.

The repayment agreement was reached after prolonged negotiations, which stipulated to Moscow starting from 1994 in an annual repayment of rupees equivalent to US \$1 billion, over a period of 12 years, with smaller instalments to be paid for a

next 33 years (Sachdeva 2003: 8). As a result of this agreement, the Russian exports to India began to be paid in hard currency, whereas the bulk of Indian exports to Russia started to be purchased through a renegotiated rupee-debt payment mechanism. The Russia-India trade thus began to be regulated on market parameters, substituting the Soviet-era practice of barter arrangement.

Mutual Investment during the Soviet Era

A special bilateral trade and economic relationship was another significant aspect of the Soviet-India cooperation. Despite having several loopholes and weaknesses, like corruption and patronage transactions in low-quality products, several small and medium-sized private Indian companies benefited from it and they became exporters.

Since the 1st trade agreement that was concluded in 1953, the two countries signed 7 long-term agreements to improve cooperation. ‘Rupee Trade System’ was the unique trade mechanism that became backbone of this bilateral trade and it was based on annual plans. The payment in non-convertible currency was the significant aspect of this mechanism. From less than Rs 2 crores in 1953, the bilateral trade turnover between the two partners jumped to around Rs. 8,000 crores in 1990-91. In 1990-91, Indian exports to the former USSR was around 16 per cent and we imported about 6 per cent of the total from there (Sachdeva 2011: 214).

The Situation after the Soviet Disintegration

This partnership was severely impacted due to the disintegration of the USSR. Both nation witnessed transformation in their economic sector. In 1992, from a centrally planned economy, Russia changed to market economy principles, and India introduced liberalization in economic sector. Both countries witnessed these developments in the character and nature of the foreign economic partnership.

Consequently, most Russian and Indian enterprises are still trying to adopt markets practices of each other's in spite of enjoying strong trade and economic exchange in yesteryears. Defence purchases are still driving force of commercial partnership and investments made by few public sector enterprises of India. Commercial cooperation has still to gain pace to realise the benefits of transformation in Russian economy. Both country have not been reap to any significant economic cooperation in spite of good intentions, which would have directed it in new direction to improve the bilateral economic relations (Asghar 2001: 216).

The presidency of Boris Yeltsin and his visit to India in January 1993 was an important landmark in the Russia-India relations. President Yeltsin was particularly keen that the issue of repayment of India's debt to the former Soviet Union was solved in a gainful manner to Russia as the country was facing an acute economic crisis at the time. An important irritant was the rupee-rouble exchange rate. According to earlier Soviet-India agreement, the exchange value of the rouble was kept artificially high in comparison to the rupee.

According to the 1978 Protocol, the rupee was tied to a basket of currencies but the value of rouble remained constant. Any lowering of the rupee's value in relations to these currencies, adversely affected its value in terms of the rouble also. Understandably, there was considerable dissatisfaction in India over the rupee-rouble exchange rate. After prolonged negotiations, the two sides agreed during Yeltsin's India to devise a formula of debt repayment, whereby 63% of the debt was to be repaid in the course of next 12 years at the rate of rupees 19.90 to a rouble with 2.4% interest. The remaining 37% of the debt was to be paid over the next 45 years with no interest at the rate of 31.57 rupees to a rouble. It was calculated that this arrangement would write off around 30% of India's debt. The debt was to be repaid by large-scale deliveries of Indian goods of mass consumption to the tune of Rs 1636 crores a year.

The agreed rupee-rouble exchange rate was to apply only to the servicing of India's debt to the former Soviet Union. Future economic transactions between the two countries were to be governed purely by the market and commercial considerations (Bakshi 2001: 243-244).

At the time of Yeltsin's visit, the two countries envisaged a rapid increase in their trade turnover from US\$1.5 billion in 1992 to US\$ 2.5 billion in 1993 and US\$3.5 billion in 1994. The oil shipments from Russia were also expected to soar to 2 million tonnes in 1993 from a tenth of that in 1992. However, as the later developments proved, these optimistic prognoses did not correspond to the actual developments. At the same time, Yeltsin's visit and the agreements signed underscored the fact that the two countries gave considerable strategic and geopolitical importance to each other (Kumar 2008: 224).

The disintegration of the Soviet Union created serious impacts on many sectors of the Indian economy. Though some steps were taken to repair the damage, the Soviet-India trade did undergo dramatic changes. A 5-year trade agreement was signed between India and Russia in May 1992 which marked the end of the rupee trade from January 1993 and ushered in a new phase of convertible currency trade. It was also decided that to set up an Intergovernmental Commission for Cooperation (IGCC). India also extended a line of credit of R. 250 crores for the purpose of financing its export of tea, coffee and tobacco to Russia. The Indian debt to Russia was repaid to the extent of Rs. 3500 crores annually through the export of goods and services. However, the repayment agreement of an annual payment of rupees was reached after prolonged negotiations, which stipulated an annual payment of rupees equivalent to US\$ 1 billion to Russia, over a period of 12 years starting from 1994, with similar amounts to be paid for a forthcoming period of 33 years (Singh 2008: 321).

Some other steps were taken by the Government of India to promote trade with Russia like the permission of counter-trade that did not appear in the negative list of the EXIM policy. In addition to it, the State Bank of India and MMTC decided to set up a bank in Moscow to overcome the procedural harassments being faced by the Indian and Russian businessmen. The Canara Bank was also allowed to open its subsidiaries in Russia. Russia also eased its currency transfer rules. Permission was no longer needed to pay hard currency for import of a delivery period of more than 180 days, if no advance payment to a non-resident was needed.

The fourth session of the Russia-India Joint Commission set up an expert group to explore the possibilities of free-trade arrangements between Russia-India and some CIS member-states. It also worked out the modalities for a long-term agreement on the Kudankulam nuclear plant in Tamil Nadu that was being built with Russian technology. A long-term agreement covering to bring tea, tobacco, pharmaceuticals from India and metal products, fertilizers and news prints from Russia was also signed. Russia agreed to auction the entire Rs 3000 crore debt at one go in the beginning of the year. India agreed to honour the letter of credit opened by the Russian banks in Russia. Russia also accepted a US\$10 million credit from the EXIM bank for financing India's export to Russia. A cooperation agreement was also signed between the General Insurance Cooperation of India and ECGC and the Ingres Bank of Russia (Sachdeva 2010: 219).

Economic Relations under Putin

In the beginning of the twenty-first century, the Russia-India trade and economic relations entered a new stage. The Putin era marked a gradual revival of trade and economic relations between the two countries. The trade volume reached

from US\$1.4 billion in 2001 to US\$8 billion in 2008. A major breakthrough was achieved when Putin visited India in October 2000 and signed the Russia-India Strategic Partnership Treaty. This was a very significant development in the historic relationship and it is noted that Russia was the first country with whom India signed its first Strategic Partnership Treaty. Later, it did so with the United States, Japan and Afghanistan. However, during Putin's October 2000 visit to India, 10 agreements were signed. Banking and communications were identified as new areas of special area of mutual interest and cooperation. The joint declaration also said that both countries would enhance cooperation and coordination at the international trade, economic and financial bodies. It was expected to be particularly useful in framing policy and responses to the emerging global issues (Singh 2008: 324).

Broadly, this agreement meant to enhance cooperation in the political, economic, defence and cultural fields. In the political field Mr. Putin gave positive statements on Kashmir and international terrorism immediately after signing the agreement. In the area of defence, as mentioned previously, India signed pacts to purchase the SU-30 MKI jet fighters, T-90 tanks and the aircraft carrier *Admiral Groshkov*, among other things.

A full section in the agreement dealt with trade and economic issues. Both the countries agreed to strengthen their close cooperation with a view to expand the trade and economic relations. Many sections including metallurgy, fuel and energy, information technology, banking and finance, communications, etc. were identified. A few other things like simplifying procedures and removal of non-tariff barriers etc., were also included. However, unlike in the political and defence fields, no immediate results could be seen at the economic front (Kumar 2008: 233).

An intergovernmental agreement on the International North-South corridor between India, Iran and the Russian Federation was signed at St. Petersburg in September 2000. Similarly, an agreement to strengthen the trade and economy within the framework of the Russia-India Intergovernmental Commission was agreed upon during the Putin's visit. Another important event which helped to increase the trade relations was the rupee-rouble agreement and the matter of the steady repayment of Russian debt which were sorted out in the 1993 and 1997-98 agreements which cleared the path for furthering economic ties. While the trade and investment between the two countries are likely to go into private hands, the government has simplified customs and other procedures to facilitate that.

Thus, Putin's visit was successful for taking forward the bilateral relationship. The *Times of India* in its September 30, 2000 edition said that the visit "has proved (Russia) to be a steadfast friend"; it added that there is a considerable "scope for expanding the trade between the two countries", and that "Russia has a partnership with China aimed at ensuring the world doesn't remain unipolar, an objective shared by India".

The Hindu, published on October 3, 2000 that "the affirmation about the centrality of the proposed Strategic Partnership to Russia's post-Soviet ties with India is good news" and that Russia sent "a special envoy to Islamabad saying that it is "entirely traceable to Moscow's updated sense of urgency to try and pursued Islamabad to rein in its perceived dependant Taliban in its militant adventurism in areas bordering Russia's traditional sphere of influence". Later, on October 5, the paper took an optimistic view of the Putin-Vajpayee talks clamming that "there is no inherent compatibility between the India-USA vision statement of March 2000 and the present Russia-India Strategic Partnership". The *Telegraph* opined on October 6 that "any euphoria on the commercial relationship should be restricted to defence".

Putin's Visit to India in 2002

The Russian President Putin visited New Delhi in the first week of December 2002 and had a summit meeting with the Indian Prime Minister. This visit had taken place within 26 months of his last visit to India, which signified the improving relationship between the two nations. During the Delhi Summit, eight declarations were signed including energy, science and technology, information technology and economy. Especially on the trade issues, both countries signed the joint declaration on strengthening and developing the economic, scientific and technological cooperation.

Further, a document on economic cooperation between the Indian state of Karnataka and the Samara region of Russia and a document on telecommunication were signed during the visit. Others included protocols of intentions between India's MMTC and Gokhranof Russia under the Russian Finance Ministry on the cooperation in the field of processing and trade of raw diamond and precious metals and the product-sharing contracts between the Government of India and public joint stock company *Gazprom* and GAIL.

Putin's Visit to India in 2004

Putin's December 2004 visit to India was a significant in terms of the enhancement of the bilateral relations. Although, from a trade point of view, this visit was not so productive because of a significant emphasis on the international security environment with the particular reference to the South Asian security and India's comprehensive security requirements. However, MoUs and agreements covering bilateral cooperation in the field of outer space exploration, energy, navigation, visa service and banking were signed (Mishra 2008: 56).

An agreement between GAIL and its Russian counterpart was also signed for envisaging the underground storage projects in India. Another MoU covered Russia's assistance for the development and technology transfer for lignite gasification projects in Rajasthan and Tamil Nadu.

Russia's top priority was to sign the intellectual property rights agreement with India to protect its defence and high technology transfer. New Delhi already had already by then signed an agreement with Washington, but not with Moscow. In the absence of such an agreement, there remained chances of the re-export of Russian defence equipments to the Third World countries by India. Putin insisted that a draft agreement be finalized in January 2005 and a final agreement subsequently. Russia also focussed on making India accept Russia as a market economy in any further anti-dumping investigations. India had been delaying such recognition despite the announcement made during Putin's last visit.

Russia has transformed itself gradually into a market economy and in fact, and its business class has begun to heavily influence Moscow's foreign economic policy. Two-thirds of its adult population works in the private sector and its Gross Domestic Product (GDP) is growing at an impressive seven per cent annually. Finally, this visit was not hyped as the previous one. In 2004-05, the trade turnover was US\$1.8 billion (Gidadhubli 2009: 21-25).

The Significance of Putin's Visit in 2007

Putin's last visit to India as President from January 25-26, 2007, further strengthened the bilateral relationship. During this period, India and Russia had reached a stage where both the economies were diversifying. On an average, the Indian economy was growing by more than 7 per cent per year and Russia about 6.9 per cent. In spite of the accelerated economic growth and the immense opportunity in

each country's economies, statistics show that the Russia-India trade in 2005-06 was only US\$2.75 billion.

During the 2007 visit, Putin brought a delegation of Russia's top ten businessmen and both the countries aimed at increasing their annual trade figures from US\$2 billion to over US\$10 billion by 2010. A project was developed to overcome the rupee-rouble debt problem by which a plant was to be operationalized by 2009 in Odisha to produce 40,000 tonnes of titanium dioxide per year, of which 30,000 tonnes would go to Russia and India would finance the plant as part of the repayment of the debt (Mohanty 2010: 69-84).

The Visits of Indian Prime Ministers to Russia and their Impact on Trade Relations

Prime Minister Vajpayee visited Russia in 2001 to strengthen the bilateral relations further. India and Russia signed a contract by drawing up a technological project to build the Kudankulam Nuclear Power Station consisting of two units, each of 1,000 MW. In 2003, PM Vajpayee visited Russia for the second time with a delegation of 85 businessmen to explore the prospects of investments and joint collaboration with the Russian companies. In 2005, Prime Minister Manmohan Singh visited Russia to reinvigorate the economic ties. A 15-member business delegation led by 11 members of the Confederation of Indian Industry (CII) and the Federation of Indian Chambers of Commerce and Industry (FICCI)²⁰ accompanied the PM. Dr. Singh addressed the press conference on December 6, 2005 saying that the two sides have decided to set up a joint study group to examine the feasibility of a comprehensive economic cooperation agreement between the two countries. In a

²⁰The CII is a non-government, not-for-profit, industry-led and industry-managed organization, seeking to play a proactive role in India's development process. Similarly, FICCI is an association of the business organizations of India which gives funding and support to many governmental and non-governmental educational institutes.

meeting in Moscow in December 2005, Dr. Singh and the Russian businessmen agreed to develop a long-term energy partnership and decided that both the countries would explore oil and gas assets, both in terms of production and exploration, in the Third World countries.

Dr Singh showed keen interest in the investment in the *Sakhalin-III* and some new areas identified for further cooperation in Central Asia. India could play a bigger role in Russia's energy strategy such as joint exploration and prospecting for new areas in eastern Siberia and in the Caspian Sea basin, and involvement in the construction of the pipeline network as well as modernizing and upgrading the existing port facilities. India was to go in for long-term agreements to buy the Russian oil (Mahapatra 2008: 194)

The Russia-India trade and economic relations underwent many changes after the two decades of the Soviet breakup. So far as the volume of the trade turnover is concerned, as per the data of the Centre for Monitoring Indian Economy, it increased from US\$2.4 billion in 1992 to US\$2.8 billion in 2007. This means a virtual stagnation in about 16 years, but again, according to the data of the Custom Committee of the Russian Federation, the volume of trade touched almost US\$7 billion in 2008 (Sachdeva 2010: 219).

Commodity Composition

There have been drastic changes in the commodity composition of the Russia-India trade. The export of traditional goods such as tea, coffee and textiles has drastically declined as India increasingly felt competition from the countries such as Sri Lanka, China and Brazil which have entered the Russian market in a big way with specific brands to successfully capture the market. Kenya, Sri Lanka and Turkey have

also emerged as new competitors in the Russian tea market. Therefore, the marketing of the Indian tea faces crucial challenges.

Jute is another product that has suffered a steady downfall in India's trade with Russia. Like tea, jute had a large market in the former Soviet Union. For example in 1986-87, the former USSR imported 112,000 tonnes of jute from India, out of a total Indian export of approximately 178,000 tonnes in a year. Even in 1989-90, the Soviets imported approximately 163,000 tonnes. Now, the graph of India's export to Russia shows a completely different picture.

At present, the major items of export to Russia are drugs, pharmaceutical products, fine chemicals cotton, plastic and plastic products, electrical machinery and equipment, electronic goods, spices, marine products, canned vegetables and fruits. In the case of pharmaceutical products there was a major increase in India's exports to Russia. Medicines and pharmaceuticals are the major group which has maintained its growth in the exports to Russia. It was US\$ 532 million in 2008, seeing nearly a threefold increase in 7 years (Mahapatra 2008: 247).

There is a good opportunity for the Indian companies to invest in the Russian pharmaceutical sector in the future as according to the trade experts, the market could exceed US\$60 billion by 2020. Spurred on by the 'Pharma 2020' vision, a Government strategy has aimed at developing an innovative Russian pharmaceutical industry using the foreign experience in research and production. India's leading pharmaceutical companies such as Ranbaxy, Dr Reddy's Laboratories, Glenmark, Lupin, etc., have played an important role in this regard. The Indian medicines are 50% to 60% cheaper than the comparable items from West Europe and hence is an advantage to Russia. Similarly, major commodities of export by Russia to India are, iron and steel, fertilizers, jewellery articles, nickel, news print, paper boards, rubber,

copper, nuclear reactors, boiler and boiler machinery and organic chemicals, etc. (Ali 2008: 7).

More than 60% of the Russian exports to India, according to Indian statistics, is dominated by six products namely- Iron and steel (25.59%), fertilizers (17.5%), non-ferrous metals (11.72%), coal, coke, briquettes, etc. (10.65%), news print (6.88%), silver (5.42%) and synthetic and reclaimed rubber (4.98%). According to Russian statistics, 43% of the Russian export comprises machinery and equipment and the other 22%, metals.²¹The major areas in the sphere of services are currently constituted by the services for the construction of facilities by the Russian organizations in India. The other types of services such as tourism, telecommunications services, insurance-related services, financial services, informal services and other services still account for the major portions of the services output of the two countries. Considering the structure of the Russian services output, certain changes in this particular area may well be anticipated. India's interest lies in seeking a liberal market access, disciplining the domestic regulations and concluding Mutual Recognition Agreements, predominately in the professional services (Kurylev 2008: 132).

²¹Report of Russia-India Joint Study Group, 2007

Table: I

India-Russia Trade Data from 2000 to 2008 (US \$ billions)

| Year | India's import from Russia | India's export to Russia | Trade in US\$ | Increase year to year |
|------|----------------------------|--------------------------|---------------|-----------------------|
| 2000 | 1.081 | 0.555 | 1.636 | |
| 2001 | 1.117 | 0.543 | 1.660 | 01.47% |
| 2002 | 1.628 | 0.515 | 2.143 | 29.10% |
| 2003 | 2.735 | 0.584 | 3.319 | 54.88% |
| 2004 | 1.554 | 0.631 | 2.185 | (-)34.17% |
| 2005 | 2.314 | 0.784 | 3.098 | 41.78% |
| 2006 | 2.987 | 0.968 | 3.955 | 27.66% |
| 2007 | 4.011 | 1.309 | 5.320 | 34.51% |
| 2008 | 5.231 | 1.715 | 6.946 | 30.56% |

Source: State Custom Committee of the Russian Federation

The above table shows steady but slow growth of trade. However, again the data shows that India's import from Russia is growing where as its export are slightly increasing year by year. Such as India's import from Russia in 2000 was \$1.081 billion and export was only 0.555 billion and after 7 years our import has increased to \$5.231 billion where as our export only \$1.715 billion. So from the above data, we have seen that trade balance is strongly in favour of Russia which is increasing continuously.

Institutional Mechanisms for Increasing Trade

There have been institutionalized annual summit level visits since 2000, alternately, in Delhi and Moscow. There have been intensive bilateral high-level contacts, including institutionalized annual consultations at the level of the Foreign Secretaries between the Foreign Offices and the Security Councils of the two

countries on a regular basis. The National Security Advisor of India and the Secretary of the Russian Security Council meet on a regular basis. The ISRO and the Russian Federal Space Agency [ROSCOSMOS] as well as the Department of Atomic Energy of India and the Federal Agency for the Atomic Energy of the Russian Federation are in regular touch on the programmes and projects at various stages of implementation (Ministry of External Affairs 2008: 4).

There are two Russia-India Inter-Governmental Commissions [IRIGC]: (i) IRIGC on Trade, Economic, Scientific, Technological and Cultural Cooperation headed by India's External Affairs Minister and the Russian Deputy Prime Minister (ii) IRIGC on Military-Technical Cooperation headed by the Indian Defence Minister and the Russian Defence Minister.

The two IRIGCs meet annually, alternately, in the two capitals. The first one was constituted in 1992. In the last year of President Putin's second term, the Annual Meeting (8th) of the Russia-India Inter-Governmental Commission for Military-Technical Cooperation (IRIGC-MTC) took place from September 28-29, 2008 in New Delhi. The Commission meeting was jointly presided over by the Russian Defence Minister Anatoly Serdyukov and the Indian Defence Minister A. K. Antony (Rajan 2008: 142).

The most significant outcome of this meeting was that both Russia and India agreed to extend the tenure of the IRIGC-MTC by another 10 years i.e. from 2010 to 2020. It needs to be recalled that the IRIGC-MTC is the apex body at the Defence Minister level which steers and monitors the entire course of the Russia-India military technical cooperation encompassing arms purchases from Russia and the joint development and joint technological cooperation in the military hardware sector (Rajan 2008: 143).

Similarly, the Russia-India Joint Business Council was set up by an Agreement signed in 1992 in New Delhi. The Purposes of the Partnership were to strengthen and develop the business ties and trade and economic relations among the Russian Federation, India and the countries of the Asian-Pacific Region, and also assist in establishing mutually beneficial contacts between the Russian and Indian business circles.

The Russia-India Trade, Investment and Technology Promotion Council was established in 2007 and the Russia-India Chamber of Commerce, supplements the efforts to build direct business-to-business ties. In June 2011, following the cooperation agreement signed in February 2006, the Russia-India Joint Study Group (JSG) was set up in 2006 to finalize a programme for increasing the bilateral trade between India and Russia and to explore the feasibility of a Comprehensive Economic Cooperation Agreement (CECA) between India and Russia (Mohanty 2010: 176).

Mohanty (2010) says that the JSG finalized its report in July 2007. The report covered various aspects of trade between India and Russia in goods and services as well as in investment cooperation. It also made recommendations to enhance bilateral trade, economic cooperation and the setting up of a Joint Task Force for monitoring the implementation of its recommendations. It also emphasized the issue of signing the CECA between India and Russia. Another significant development was the creation of an Indo-Russia Trade and Investment Forum in 2007.

The First Meeting of the Russia-India Forum on Trade and Investment was held from February 12-13, 2007 in New Delhi under the Co-Chairmanship of Shri Kamal Nath, Minister of Commerce and Industry, from the Indian side, and Mr G. O. Gref, Minister of Economic Development and Trade of the Russian Federation, from

the Russian side. In the second meeting they signed a protocol regarding trade facilitation (Ministry of External Affairs 2016: 2).

Certainly, there is scope and opportunity for increasing bilateral trade by considering the fact that both the countries might sustain a moderate growth despite global problems. Moreover, Putin's focus on India has increased the overall quantum of the bilateral relations between the two countries. It includes all political, economic and military relations. The major development was the "Declaration of Strategic Partnership Treaty" on the political front and on the economic front, the creation of the Russia-India Intergovernmental Commission on Scientific, Trade and Culture, the Russia-India Trade and Investment Forum, a joint study group to oversee the nature of trade, the Russia-India Chamber of Commerce etc. All these forums are helping to increase the trade relations by trying to solve the above-mentioned issues in trade.

But the trade and economic ties do not reflect the commendable political relations enjoyed by the two countries, and constitute the weakest link in their meaningful strategic relationship. In spite of the repeated attempts to double the trade turnover target during the last decade, it has not happened. Thus, consistent efforts would be required to bring the private economic players of both the countries under state supervision for a high boost in trade ties and both the countries must initiate steps regarding the signing of the agreement on Comprehensive Economic Partnership Agreement which was decided in 2007.

The Soviet Break-Up and its Impact on the Defence Trade

As mentioned earlier, the defence trade is a significant component of the Russia-India strategic partnership. During the entire period of the Cold War, the former Soviet Union was the only country which provided arms, weapons and

military hardware to India and gradually these relations consolidated (Bedi 2005: 8-25).

The breakup of the Soviet Union was a heavy blow to the Russia-India relations in many ways. From the defence perspective, it disrupted India's most important source of defence supplies as the disintegration of the Soviet Union resulted in the closing down of many defence plants in Russia and the Commonwealth of Independent States (CIS) countries²². Product support which was just satisfactory during the good times, was now completely curtailed. Spare parts and consumables like tyre and the split pins were in short supply and the Indian military had to drastically cut down operational training to conserve the available stocks for any contingency.

The major worry for India was the servicing, production and upgrading of the extended Soviet weapon systems in its armed forces. In Russia, however, a near chaotic situation emerged and the cash-strapped country arbitrarily raised the cost of shares as much as 500-1000 per cent (Menon 2008). It became an extremely difficult task for India to coordinate supplies from the huge military complex of the former Soviet Union, spread upon 15 newly independent states. It created many logistic problems as well. In spite of this when India conducted its nuclear test in 1998, the USA and other European powers imposed sanctions upon India but Russia did not do so though it condemned the tests. Russia also started implementing the deal to build two Light Water 1000 MW nuclear reactors at Kudankulam, Tamil Nadu. Even, during the Kargil war in 1999, Russia arranged a quick handover of spare parts and equipment into India (Hedrick 2009: 16).

²² The Commonwealth of Independent States (CIS) is a regional organization comprising the countries of the former Soviet Republics. Formed in the aftermath of break-up of the Soviet Union, it seeks to foster cooperation between the member countries in the area of trade, finance, legislation and regional security. It also seeks to handle mutually the cross border crimes.

In 1997, India imported arms worth US\$1129 million, whereas in 1998 and 1999 it was respectively US\$ 427 and 796 million (SIPRI Arms Transfer Database). Thus, from above statistical analyses, it is clear that the importance of the defence trade in the total trade between the two countries has had a different kind of image. Because during this period overall trade was in between \$1.5 to \$2.5 billion. The end of 1990 saw very low level defence relations between the two countries. As a later development, some projects achieved high levels of progress such as the BrahMos missiles and the Fifth Generation Aircraft (Chopra 2008: 181).

Defence Trade in the Putin Era: Economic Perspective

The Putin era marked a significant development in the defence ties. Out of a total of US\$3.5 billion trade between India and Russia, over 40 per cent was accounted for by the defence equipment (Kumar 2008: 144).

As highlighted by the former Defence Minister Shri Antony, there is the need to monitor the timely implementation of the decisions being taken regarding the bilateral relations. In this regard, he suggested that both the sides could work out a mechanism where all the concerned enterprises, government agencies and the users could join together. He said, “We share common concern in the fight against global terrorism and ensuring peace and stability in our respective regions”. Thus, Moscow remains Delhi’s primary supplier of military equipment (Dmitry 2007: 35-61).

In brief, it can be said that the defence trade is one of the vital elements of the trade relations between the two countries. With the new beginning of the relationship from that of a simple buyer seller one to that of joint production, cooperation and technology transfer, it is needless to say that it has enhanced the defence cooperation between the two countries in new ways. A major arms deal like the Admiral

Gorshkov is an outstanding example. Economically, there is a wide array of opportunity to again restore a viable economic relationship. The growing arms purchase by India is the indicator of India's increasing defence trade in general with the other defence partners, and in particular with Russia. However, many challenges remain and the dynamism in relationship is yet to grow.

After concluding the Strategic Partnership Treaty with the United States, India is now an established market for American arms sales as well as those from Israel. This is a sign of the diversification of the Indian arms market. It has been creating a little confusion among the Russian defence suppliers regarding an old defence partner. An inordinate delay in providing the major arms and defence equipment to India is also a cause of concern in the two countries' defence sector. There are also concerns about the irreparability of the number of missiles and the undue delay in their induction. Again, quality is another issue in the defence trade.

Thus, there is an increasing need to develop an institutional mechanism that will link the institutions and thereby spur on the innovation as well as commercialization of the new technologies. Last but not the least, there is a requirement to handle the present situation by resolving all the issues which exist in this field.

Russian Investments in India

The Putin era has seen an increasing Russia investment in India. According to the Union Commerce and Industry Ministry, the cumulative foreign direct investment (FDI) inflows from Russia till August 2008 were around US\$144 million. The top sectors that attracted FDI inflows were medical and surgical appliances, hotel and tourism and food-processing industries (Watson 1996). Thus private players in Russia are showing interest in doing business with India. The Russian company

Silovye Mashiny (power machines) is providing technical assistance and equipment for the construction of the Sipat thermal power plant in Chhattisgarh (three power units of 660 MW each), the Barh TTP in Bihar (3x660 MW) and the Obra (Sonbhadra) TTP in UP (5x200 MW). Russia provided assistance for the completion of the Tehri power plant (4x250 MW). The Russian AFK Systema has been holding a controlling stake (74 per cent) in the Indian telecommunication company Systema Shyam Telelink Ltd., which is building a mobile phone network under this project. The most significant of all, however, are the two 1,000-megawatt nuclear power plants in Kudankulam, Tamil Nadu, being constructed with the help of Russian Atomstroyexport (Rapota 2010: 10).

Signed in November 2007, an intergovernmental agreement on extending the use of funds in the debt cancellation of India to Russia on state loans previously granted by the former USSR and the Russian Federation, allows directing debt funds into investment to the amount of about US\$1.2 billion. The first similar project was the Russian-Indian joint venture of titanium production set up in 2008 in Odisha. The Russian investments in it will be to the tune of about US\$ 126 million. The investment use of debt funds for the partial financing of projects in India is also realized by the AFK Systema and another Russian company KamAZ Foreign Trade Company (Russia-India Forum on Trade and Investment 2010).

Both countries have also agreed to establish a joint venture to produce navigation equipment for the Russian equivalent of the GLONASS. The Russian helicopters companies also invited India to participate in a number of joint projects and investment programmes including the assembly and sale of civilian helicopters. Thus, Russian investment in India is gradually increasing despite the current global financial crisis.

The Putin Era and Indian Investment in Russia

The Indian investments in Russia are estimated to be about US\$6.5 billion, the bulk of which are in the energy sector, while the Russian investments in India total about US\$1 billion, primarily in telecommunications sector.²³

Addressing the Russia-India CEOs' Council meeting at New Delhi in December 2008, the then Indian Commerce Minister, Kamal Nath said both nations had managed to sustain strong business relations. He opined:²⁴

“Russia-India Forum on Trade & Investment has underscored the need for investment cooperation in a large number of sectors. Indian companies are quickly establishing themselves in Russia and the cumulative Indian investments in the Russian economy amounted to \$744.1 million”.

India has already participated in the Sakhalin project by investing \$2.7 billion. The Russian energy sector is also hopeful of attracting the attention of major Indian corporates like Reliance Industries Ltd. and Essar Group to the same kind of large-scale projects. The Tata Motors has organized the assembly of its light-duty trucks at the Ural Auto Motor Plant and its buses at the Volzhanin and Samotlor plants. Tata Tea is implementing projects in the Russian food industry and already has purchased 49% stakes in large Russian tea and coffee companies; Dr. Reddy's Laboratories Ltd. and Lupin Ltd. in the pharmaceutical sector, Berger Paints in paints production, etc, have done the same. Carborundum Universal Limited (CUMI), part of the US\$ 3 billion Chennai-based diversified Murugappa group is planning an investment of Rs 480 crores in India and Russia. The company is planning to expand its capacity by another 10,000 tonnes and has purchased an 84% stake at the Volzhsky Abrasive works in Russia (Rapota, 2010: 13).

²³Report on “Investment Now” by the Embassy of India, Moscow 2008

²⁴ Dikshit, Sandeep (2008), “Mega uranium deal with Russia” *The Hindu*, December 6, 2008.

The GMR Infrastructure has participated in a tender for the reconstruction and maintenance of St. Petersburg's Pulkovo Airport. Other companies that are exploring possibilities for investment in Russia include GAIL, Indian Oil and Coal India, Jindal Group, Aditya Birla Group, Wipro, Infosys, TATA Consultancy Services (TCS) and institutions like the CII and various business associations are becoming one of the integral parts of the trade and economic cooperation between India and Russia. They have proven their efficiency and have contributed significantly to establishing mutually beneficial ties between the private sector companies and for advancing business-to-business relations.²⁵

The Sun Group has invested US\$200 million in beer production in Russia and has a 40 per cent stake in the beer production. Sun Capital has also made major acquisitions in the Russian energy sector. It has acquired a 25 percent share in the Itera Energy Company, and is making bids for acquiring stakes in other Russian companies. It has also signed an agreement with the Russian energy major, Eastern Energy Company (EEC), during the St. Petersburg Economic Forum in 2007 for building power plants in India with Russian technology. Amtel is a tyre company which is working with the Russian tyre industry with an annual turnover of more than US\$ 1 billion. Mahindra and Tata are making serious efforts to manufacture their vehicles in Russia (Mohanty 2010: 175).

The firms Rosy Blue and Ratilal Becharlal & Sons have also signed agreement with Alrosa, Russia's largest diamond company, for the direct supply of rough diamond. The Russian miner forecasted to recover US\$102.3 million carats of diamond before 2012, and India also wanted a major share of the pie. The facility manufactures silicon carbide fusion. Other Indian companies including OVL, GAIL,

²⁵Rapotra, Mikhail (Head Of Russian Trade Mission. New Delhi), "Russia & India: At Crossroads in Development," 15 September 2008. [Online Web] Accessed on 15 June 2015. URL: http://rbth.com/articles/2008/09/16/160908_crossroads.html

IOC Coal and Gas Sector, Coal of India and Infosys are looking into investment possibilities in the Russian economy (Sahgal, 2010).

Both countries also agreed to utilize the balance of debt rupee repayment fund as investment in India. They agreed to use this money in investing in the manufacture of the multirole transport aircraft and the production of titanium dioxide in India for the purpose of import to Russia.

Cooperation in Banking Sector

After the 1998 Russian economic crisis, the Indian banks lost their faith in the Russian banking system thus creating a problem in the area of trade facilitation. The Indian banks simply stopped honouring the letters of credit (LCs) and guarantees issued by the Russian banks. Today, the transfer of funds take a long time but now banking relations are gradually improving. Previously, Moscow and New Delhi focussed on rupee debt settlements and other long-term contracts at the government level.

Several Russian and Indian banks have already opened offices in both the countries. At least 15 banks make correspondence relations, catering to the business communities' interests on an increasing scale; such is the result of a more active mutual business operation in both the national markets. The State Bank of India and Canara Bank are having a joint venture bank. Commercial Bank of Moscow in Russia. SBI has a stake of 60 percent, whereas the Canara Bank has a 40 percent share in the Joint Venture bank. The ICICI bank Ltd is having a banking subsidiary in Russia. The IDBI Bank got permission to open a Representative Office in Moscow (Ministry of Commerce and Industry 2008: 2).

Also the VTB Bank, Russia's second largest bank, started its branch operations from February 2008 to service the client banks. The Indian banks were

close to taking a considered decision to accept the credit guarantees by certain Russian banks. Russian banks are also planning to open their branches in New Delhi for the promotion of bilateral trade and economic relations. Unfortunately, the bilateral stock market operations leave a lot to be desired. Thus, both the countries need to do more for establishing viable banking relations (Sachdeva 2010: 218).

Technical Barriers hampering Trade Relations

Some of the technical obstacles to the bilateral trade relations include the following:

- The nation-specific conformity-rating rules and procedures may impose significant barriers in international trade which are regarded as a special area of trade restrictions, i.e. the so-called “Technical Barriers To Trade (TBT)” or “Sanitary and Phyto sanitary measures (SPS), and are governed by special-purpose WTO agreements, such as the Agreements on Technical Barriers and Trade and Agreements on Sanitary and Phyto sanitary Measures.
- The JSG (2007) notes that the health and safety standards should be based on the relevant international standards, guidelines and recommendations to improve the compatibility of technical regulations and standards between both the countries. The JSG noted that there should be greater technical cooperation and exchange of information between the relevant agencies on both the sides for this purpose.
- The standard tariff in Russia is available in a published form, with an accompanying set of notes. The latter often prove to be a hindrance. For, though reasonably comprehensive, they cannot and do not cover a range of products that are innovative (in textiles and spices for instance, or bioengineered goods; but, ultimately for most goods). The system of appeal is difficult to understand and is confusing-even when the problems are

anticipated and the issues taken up at the Customs' Administration Office in Moscow or St. Petersburg. A 3.71% higher tariff exists in certain categories in Russia in the case of some textiles and machinery, it is 20% or more). For countries like India, which have no advantages of proximity, this increases the inaccessibility of the market (Sachdeva 2010: 67-69).

Sachdeva (2010) argues that in the future, the bilateral economic relations will depend on Russia's importance for India's developmental needs. In the past, the former USSR had a comparative advantage in the sectors like steel, which was central to Indian needs. India needs to assess where Russia holds a comparative advantage. India can also help in Russia's restructuring and modernization through its expertise in information technology, management and financial services. While addressing the gathering of the captains of Indian industry in Mumbai, Putin gave an invitation to the Indian entrepreneurs in these areas.

In the immediate future, two factors will determine the future of the Russia-India economic relations. The first factor is the sustained growth of the Russian economy and second is the competitiveness of the Indian industry, commerce and service. Further efforts are needed to make things much more transparent.

The strong political will in the both the countries to improve the bilateral economic relations can be converted into real economic gains if some bold policy initiatives are taken. The present Russia-India trade is certainly not commensurate with the existing potential. The joint declaration has said that both the countries will jointly explore the possibilities of regional trading arrangements with third countries. If the policymakers were indeed serious and imaginative, they could have proposed a bilateral free-trade agreement. This could have created a feeling of special economic relationship.

The Russia-India Energy Cooperation

Energy cooperation is emerging as an important part of the bilateral economic cooperation. Cooperation with Russia in the energy sector is not a new development. It is rooted in history. The collapse of the Soviet Union, however, delayed the implementation of the agreement signed earlier between Rajiv Gandhi and Gorbachev regarding the construction of a giant atomic power plant with a capacity of 1000MW at Kudankulam. Also, differences over the cost to be paid in foreign exchange arose along with an American objection after the Gulf War in 1992, which had the effect of further delaying the implementation of this agreement (Subramaniam 2001: 83-84).

The Soviet-India Cooperation for Peaceful Use of Atomic Energy began in September 1976 when Soviet heavy water was supplied to the second unit of the Rajasthan power station during the time when Canada had stopped all supplies of heavy water to India in the wake of India's nuclear test in 1974. The agreement with the former Soviet Union took two years to materialise as Moscow was insisting on stringent safeguards to ensure that there was no clandestine diversion towards non-peaceful activity. In spite of this, Moscow supported India after its nuclear explosion in May 1974 (Imam 2001: 89-93).

Russia also provided nuclear fuel for the Tarapur atomic plant. Though the Russian energy policy has heavily focussed on the domestic market, the unfolding of its global dimensions was well recognised by the government, along with the leverage that it could provide. Russia is a stable player in world energy market. Importantly, in the changed context, Russia is not likely to remain a regional supplier to Europe but eventually may become a global player. It is important that even in the post-Cold War geopolitics, there is a distinct synergy of interest between India and Russia. This is reflected in the unfolding of their relationship as discussed in the following sections.

Russia as a Global Energy Superpower

The phrase ‘energy superpower’ has a special place among the phrases that are customarily used to characterise Vladimir Putin’s Russia. It is true that Putin himself has tried to distance himself from such a description of his country. He once said: “As you may have noticed I never said Russia is an energy superpower of any kind”. But then he added, “Yet we have more opportunities than most other countries. Everyone should realise that it is our natural resources”.

Russia is a major exporter of oil and natural gas and its economic growth over the past decade has been driven primarily by energy exports, given the increase in the Russian oil production and relatively high world oil prices during the period. Internally, Russia gets over half of its domestic energy needs fulfilled through natural gas. With a proven reserve of 60 billion barrels, which accounts for 12 per cent of the world’s oil reserves and holding 1680 Trillion Cubic Feet (TCF) of the world’s proven gas reserves which accounts for about a quarter of those total proven reserves, Russia is decidedly going to be a major power in the global hydrocarbon market (Sachdeva 2011: 48).

After the initial drawbacks when production got affected during the transitional phase from state control to market monopoly, the industry got engaged in restructuring itself and has been re-energizing, especially after the increase of oil prices which went up three times between January 1999 and September 2000. The Russian production jumped sharply when the oil prices moved above US\$28 a barrel.

However, the time of steady and steep growth in prices only began in 2004, when a barrel of Brent was sold for US\$38. One record followed another in the next phase. The average annual price rose to US\$54 billion in 2005 and to US\$65 in 2006

and then US\$72 and higher in 2007. In other words, prices have quadrupled over the eight years from 2000-2007, and this trend is not expected to change in the forthcoming future (Denisov and Grivach, 2008: 96-108).

Sadek Boussena and Catherine of the Grenoble University forecasted the Russian output in 2010 to range from 6 mb/d to 12 mb/d, while in 2020 the range could range between 5mb/d and 11 mb/d (Banks 2006). With the rise in production, Russia is emerging as an important exporter of oil. Again, according to the Russian Energy Ministry forecast (2005), the Russian global oil exports was to reach around 5.8 mb/d in 2007 to about 6.2 mb/d by the year 2015. The significance of Russia in the global hydrocarbon market could be better appreciated by factoring in its gas resources. It has the largest world reserves of gas estimated at 1,680 tcm.²⁶ According to the Economic Development and Trade Ministry of Russia, the production of gas was to reach 765 Billion Cubic Meter (BCM) by 2015 and exports could come up to 307 bcm. The estimates are that it would require an investment of US\$ 122.5 billion between 2005 and 2015 without the field's development and \$160 billion if the fields are developed (Singh 2008: 23-33).

Russia's Energy Strategy 2020

The Energy Strategy 2020 determines the objectives and goals of the Russian energy sector's long-term development for the future, its priorities and guidelines. This also deals with the mechanisms of the state energy policy at the phases of implementation of the strategy, ensuring the realization of the stated objectives. The energy sector contributes more than 25 percent of the GDP, one-third of the industrial production and earns 50 percent of the federal budget revenue and export. The strategy basically emphasizes that Russia needs huge investment for the country's

²⁶Trillion Cubic Metres

large resource base which is primarily situated in the remote areas and generally is far away from markets and infrastructure (Energy Strategy Of Russia 2010: 12).

According to Katherine Hardin, Research Director of the Russian and Caspian Energy Division of the Cambridge Energy Research Associates (CERA), some 80 per cent of Russia's energy resources lie beneath the remote and harsh wilderness of Western Siberia and are concentrated in a few large gas fields. However, the real difficulty lies in getting the product to the market. Given Russia's climate and the shortage of deep-sea ports, the energy capacity has not caught up to the level of production. Russia produces approximately seven million barrels of oil per day (bpd), but can only ship around four million bpd via most important pipelines. The rest must be transported by rail or by river. Russia's energy sector thus requires expensive extraction and transport systems. "*Gazprom* has considerable investment needs at the moment to develop the next generation of gas fields as well as infrastructure and pipeline upgrades. Thus it is clear that without foreign investment and joint partnership Russian resources cannot reach to the global market in a significant way (Beehner 2010: 123-27).

The Strategy 2020 which was passed in 2000 was again revised and approved in May 2003. The Energy Strategy up to 2020 outlined several main priorities: an increase in energy efficiency, reducing the impact on the environment, sustainable development, energy development, and technological development, as well as an improved effectiveness and competitiveness. The main targets set by the Energy Strategy up to 2020 can be summarized as follows:

- a) Reduction of the specific energy intensity of GDP with the correspondent growth of the energy effectiveness of the economy;
- b) Moderate growth of expenses for fuel and energy supply of the population in 2001-2020;

- c) Increase of the annual income from the fuel and energy complex activity;
- d) An expected growth of energy exports at 45-64 per cent by 2020.
- e) Providing the energy security and the energy efficiency.
- f) Providing for ecological safety in the energy sector and developing the domestic fuel and energy markets.
- g) Developing the domestic fuel and energy markets while forming an efficient fuel and energy balance.
- h) The key task of the government is to develop the regional and foreign energy policies (Beehner 2010: 123-27).

The Position of India in the Russian Energy Strategy 2020

The Russian Energy Strategy towards the Asia-Pacific Region clearly mentions India as one of the important target countries along with Japan, China, and Korea. According to it, India is rich in terms of the prospective market for gas, oil, energy, atomic technologies, fuel and nuclear production sale. The part of APR-countries in the export of Russian oil is expected to rise from 3% up to 30 % in 2020. As for the natural gas, its part could rise up to 25%. Russia's Energy Strategy envisages that at least one fourth of its exports would go to the Asia-Pacific region in the next 20 years. So, India has to carefully take note of Russia's hydrocarbon vision, particularly towards the Asia-Pacific region, if it wants to have a considerable presence in Russia's strong energy sector that can help ensure India's vital energy security.²⁷

The Energy Relations under Putin

Russia-India energy cooperation acquired new dimensions in the post-Soviet period, particularly in the hydrocarbon and nuclear sectors. After Putin came to

²⁷Energy Strategy of Russia For The Period Up To 2030, Ministry of Energy of the Russian Federation, Approved by Decree N°1715-r of the Government of the Russian Federation dated 13 November 2009.

power, this relationship got intensified. Energy cooperation was identified as another important area according to the Strategic Partnership Treaty of 2000. In the hydrocarbon sector, the relationship is very strong. India has already invested US\$2.7 billion in the Sakhalin-1 energy project, controlling 20% stakes in the venture and has purchased Imperial Energy, London-listed oil major, in the Tomsk region. These are India's large investments abroad.

Russia is also keen to participate in the consortium that would build the Turkmenistan-Afghanistan-Pakistan-India (TAPI) gas pipeline but then there is the complex geopolitics and questions of security involved in the construction of the pipeline. Similarly, India is thinking to participate in the Sakhalin 3, 4, 5 and 6 projects and to participate in the development of the Kovytko field. It is also planning seriously for investing in Eastern Siberian oil and gas fields. There is an agreement between the Russian company Lukoil and the Indian Oil Corporation for a long-term 15 million tonne annual supplies of oil and petroleum products to India. The Russian company Gazprom and GAIL have collaborated in the joint development of a block in the Bay of Bengal. The Reliance Company of India has also shown interest in investing in the Russian energy sector. India is expected to buy 10 million tonnes of the Russian oil annually (Mohanty 2001: 169).

In the hydropower sector, the Russian participation is significant. Hydro project, part of the RusHydro holding company, is one of Russia's oldest engineering institutes specializing in the development and design of hydraulic engineering facilities. It has a successful track record of working in India. In 2006, the Russians assisted India for the building of its largest hydropower complex, the Tehri, in the state of Uttarakhand located in the high seismic zone of the Himalayas. The 260-metre high rock and earth-fill embankment dam houses a first-stage, 1,000MW underground power plant of which four more units at 100 MW each were scheduled

for launch in 2011 with an eventual total capacity planned at 2400 MW. The Russia-India Working Group on Energy has recommended an enhanced cooperation with the Russian companies in the development of hydropower projects in India, especially in the Himalayan region.²⁸

The RusSUN Hydro, a JV between the JSC RusHydro and SUN Group, has shown interest in potential hydropower projects. In the meeting of Russia-India Working Group on Energy (2005), the Indian side was requested to facilitate the company's ventures in India. High-voltage power transmission projects may also be explored as a potential area.

Putin's Visit and the 'Agenda of Energy'

Energy cooperation was an important theme under the Strategic Partnership Treaty 2000. Putin's 2002 Delhi visit also saw the signing of MoUs and contracts as discussed in the previous chapters.

In 2007, Putin's visit reflected the vital role of energy in ensuring economic growth. The two sides attached a particular importance to energy security issues. They endorsed the concept of 'energy security' envisaging an acceptable balance between the forces of demand and the security of supply. In view of their corresponding resources, needs, capabilities and potential, both sides have agreed to further enhance a direct dialogue between their oil and gas companies aimed at concluding concrete and mutually beneficial commercial agreements for joint work in all segments of oil and gas cooperation in India, Russia and third countries.

²⁸Kuzmichev, Vladislav (2011), "Power Panacea for North India, Russia and India Report" [On line: Web] Accessed on 20 December 2014, URL: http://indrus.in/articles/2011/03/09/power_panacea_for_north_india_12262.html.

The arrival of the first shipment of oil to India from Sakhalin-I in early December 2006 as well as the signing on January 25, 2007 of an MoU between the ONGC and Rosneft Oil Company regarding the setting up of joint Working Groups-one each for the upstream and downstream activities-demonstrates the viability of the future Russia-India cooperation in the entire hydrocarbon value chain. Both sides also expressed satisfaction at the progress in the ongoing construction of the two nuclear power plants at Kudankulam and Putin declared that Russia would give support for establishing another four reactors (Kurylev 2008: 136).

Russia also expressed its all-out support to the candidacy of India to the NSG. With Russia's growing political clout, coupled with the US's and Western nations' support, the Russian direct support would be a valuable additive in the NSG processing. Finally, Putin has positioned Russia as the prime contender for India's prospective US\$100 billion nuclear market. However, Russia is also keen to continue supplying nuclear technology and expertise to the energy-starved India as it plans to add a 63,000MW of nuclear power by 2032 to support its economic growth (Gidathubli 2009: 22-24).

India also showed its interest in the Timan-Pechora basin and examined various possibilities including purchasing shares with joint ventures like KomiTEK. However, this could not materialize, primarily due to problems in the logistics of transportation. In the case of Sakhalin, distance was not a problem. Besides Rosneft, the chief Russian stakeholder was looking for a company willing to buy part of its stake in Sakhalin 1 due to its financial limitations. ONGC and BPCL were the two buyers. After that, ONGC agreed to pay US\$225 million immediately. In total, it compensated for Rosneft's earlier expenses in the project totalling another US\$90 million. It also promised to finance the Russian share of the obligation to Sakhalin 1

until the project breaks even. These were perfect terms for the Rosneft (Pant 2008: 186).

In Sakhalin -I, India has already invested US\$2.7 billion. India also intends to invest US\$1.5 billion in the Sakhalin 3 gas field and another US\$1.5 billion in the joint Russian- Kazakh Kurmangzy oil field in the Caspian Sea which has the potential of up to US\$1 billion tonnes of oil. According to the Irkutsk administration, the Indian investment in Kovytko can reach up to US\$6.5 billion. Lukoil has signed a 10-year agreement with IOC supply up to 10 mt. of crude oil a year, beginning in 1999. It was valued as US\$1 billion and US\$ 1.5 billion. The ONGC has shown keenness to work as a partner with Lukoil for drilling oil in the Caspian Sea. It has been offered a 40% participation in the project for which it has to pay US\$51 million (Mohanty 2010: 177).

Traditionally, Russia has also been India's electricity production partner. In fields like solar energy also, Russia is interested in joint ventures and the setting up of manufacturing facilities for the application of solar energy in the field of industry, and the military, civil and space sectors. "In my opinion India has adopted a very right approach in the renewable energy. This is a very interesting and ambitious programme and if implemented fully it would put India among the world leaders for solar energy and its components", said Sergey V. Seredin, Deputy Director General (Economic and Finance), Open Joint Stock Company, Production Enterprise "Kavant" lauding the Jawaharlal Nehru Solar Mission in New Delhi.

Major Issues

Since the inception of their relations, both countries have signed a number of agreements to increase the economic and trade relations which could also facilitate the investment relations. Also agreements on mutual investment protection and

avoidance of double taxation were signed by the two countries for promoting trade ties. But these are not enough due to certain complexities. There are a number of infrastructural bottlenecks that have to be removed in order to improve the trade ties.

Some of these are:

- The issue of visa is a major area which needs more improvement. Getting a business visa is a monthly affair, whereas China and other countries give it within a couple of days. Also, sometimes, valid Indian visa-holders are also harassed at the airport. That is why urgent steps must be taken for the smoothness in trade relations.
- The Product Registration Process (PRP) is a very complicated and a long-term affair. Somehow these are to be made simple in order to benefit to manufacturers to register their products. The PRP is very expensive in Russia. The Russian pharmaceutical authorities have to take note of this and try to do something concrete about it. The reduction in the registration fee could also encourage manufacturers to register a larger number of products.
- Additionally, language is one of the biggest barriers in dealing with the Russian market. The lack of business information among the business communities is also a major setback. The Indian businessmen are not well-versed in the Russian language so difficulties arise when a business deal takes place. So, for a viable trade this problem must be sorted out.
- The lack of a feasible trade route is another major obstacle in having a high trade turnover. The Indian goods take 50 days for reaching the Russian market, whereas the Chinese goods reach Russia within five days. So, the proposed route of the North- South Transport Corridor must be worked on to facilitate the Indian goods through the new route (Mumbai-Bandar Abbas-Astrakhan route would comprise both sea and land links across India, Iran and Russia). The route primarily involves moving goods from India via ship to

Iran. From Iran, the freight moves by ship across the Caspian Sea or by truck or rail to southern Russia. From there, the goods are transported by truck or rail along the Volga River through Moscow to Northern Europe. In 2001, Russia, Iran and India signed an agreement to further develop the route. The establishing of the North-South ITC to a great extent depends on the concerted efforts of the Caspian-based regions of the Russian Federation to implement the project and on the coordination of efforts by Russia, India, Iran and other stakeholders in setting up required structures, in particular, in putting together a task force and coordinating the transit procedures. The North-South ITC is based on container shipments, which are sent via the Caspian Sea, Iran and the Arabian Sea (Kurylev 2008: 132).

But Iran's lack of efforts has delayed the creation of the North-South corridor that has the potential to emerge as one of the region's biggest and most significant transport routes, according to a senior Russian official. Russia's Deputy Transport Minister, Valery Okulov, told the APA news agency during a visit to Baku that though Russia and Azerbaijan "have solved all organizational issues" regarding the construction of a railway line under the North-South project, Iran "is not being active enough".²⁹

Another issue is lack of good quality of Indian goods which is affecting the trade turnover. According to the Rupee-Rouble Agreement India, provided goods by replacing currency. So, the Indian traders provided low-quality goods to the Russian market. So, India has to stop this counter-productive practice for an increasing trade

²⁹"North-South Corridor from Russia to India to compete with Suez Canal" *Russia beyond the headlines*, http://rbth.com/business/2016/04/12/north-south-corridor-from-russia-to-india-to-compete-with-suez-canal_584017 Accessed on 3rd May 2016

relation between the two countries. This will enable the Indian goods to reach the Russian market within a week.

The next significant issue is that of the narrow trade basket of both the countries. Export and import is going on now with a very less number of products. The Indian exports to Russia are limited to pharmaceutical products, tea and coffee, tobacco and its substitutes while it imports mainly iron and steel, fertilizers, gems and jewellery and news print products. So, for a viable trade relationship, the trade basket must be diversified to new products and services.

Issues and Concerns in Energy Cooperation

Although there is no immediate big threat to the Russia-India energy cooperation, there are some differences on some issues between Moscow and New Delhi on nuclear proliferation and arms control issues. India's call for universal disarmament was not supported by Russia. Russia is in favour of arms control but does not support the Indian call for a complete elimination of nuclear weapons.

After India conducted its first nuclear explosion in 1974, the former Soviet Union criticized India's action. The response of the former Soviet Union though vocally not as critical as that of the US, did express reservations about India acquiring the nuclear capacities of that level. The reaction of Russia to the second Indian Nuclear Test in 1998 was swift. On 12th May, President Yelstin publicly expressed his anguish and declared that "India has of course let us down over their nuclear explosions". Again, Russia wanted India to join the Non-Proliferation Treaty (NPT) and the Comprehensive Test Ban Treaty (CTBT). But India is against it citing the discriminatory nature of both these treaties. The others are international sanctions and restrictions, fear of proliferation, etc. Another disagreement was regarding the

applying of the Nuclear Liabilities Law by the Indian Parliament (Imam 2001: 89-92).

Balachandran (2015) suggests that there was some disagreement between the two parties. The Indians wanted to apply the 2010 agreement, whereas the Russians favoured the document signed in 2008. In other words, the problem still remains unresolved as both sides are yet to come to a decision.³⁰ The response in Russia to the Indo-US Civilian Nuclear Deal in July 2005 was also muted. Some strategic pundits in both the countries were worried that it might affect the Indo-Russia relations in particular. But in an interview with the *Hard News Magazine*, Mr Vyacheslav I. Trubnikov, former Russian Ambassador to India, argued, “Why should we fear close relations between New Delhi and Washington?” He further pointed out:

“Russia too had “considerably intensified” its cooperation with the U.S. in recent years even though their positions “do not coincide in all respects. This move should no doubt make India feel better and secure in terms of expanding relations with both countries. The Russian response reflects the basic understanding that it shares with India, as it knows it is in the interest of India that it expands its relations with other major powers of the world”.³¹

Cooperation in non-conventional energy sectors could also emerge as a potential source of mutual cooperation. Thus, both the countries need to work for joint investment in the field of these precious untapped natural resources. Also, India’s geographical location and growing market potential can provide a good opportunity to the economies of the supplier nations like Russia. At the governmental

³⁰“Russian nuclear engineers are working as shock troops in India” *Russia-India Report*, http://in.rbth.com/articles/2011/08/12/russian_nuclear_engineers_are_working_as_shock_troops_in_india_12860 Accessed on 3rd May 2015.

³¹“Growing India-US Ties will not Impact Russia: Envoy”, available at <http://www.indiaenews.com/pdf/75271.pdf> Accessed on 12 may 2015.

level, both the countries must encourage the private companies to move and invest on a partnership basis. Efforts also need to be made for removing the infrastructural bottlenecks.

It is appropriate here to cite the words of former PM Dr. Manmohan Singh that, “energy security” is to be “the most important of the emerging dimensions of anRussia-India strategic partnership”, adding that, “Russia’s position as a global leader on energy issues is widely recognized. We look forward to long-term partnership with Russia in this vital field”.

CHAPTER 6

CONCLUSION

India and Russia have always enjoyed a very special bond of friendship, love and mutual understanding. Both the countries have tremendous admiration for each other's multi-cultural heritage. During the phase of anti-colonial Indian National Movement, Russia was one of the most vocal supporters of the Indian independence, especially after the formation of the USSR. Our first Prime Minister Jawaharlal Nehru greatly admired the great progress made by the newly emerged socialist country. In fact, the India adopted a planned economy on the pattern of Soviet Economy. Our industrial and agricultural growth was very much impacted by the support of Soviet Russia. For many decades it was Russia only on whom we depended heavily for our military hardware needs. Even after the breakup of the USSR, the relation between the countries has only grown.

Russia has always been an all-weather friend of India and India had always looked up to it in times of need. The turn of the century, there has, however, been some modification in the Russia-India relationship. This new relationship seems to be a clean break from the old Soviet-India relation which despite its state centric approach had advocated a third world ideology with anti-colonialism, a mixed economy and other alternatives to neo-liberal style capitalist systems. The present regime in India does have aspirations for regional assertiveness and hegemony, based on militarism in both its domestic and external dealings. As an obvious outcome of that, the dominant content of the Russia-India relationship is now based on defence contracts. The increasing cost on defence related expenditure has very little consequence of the governing regime, which, perhaps, privileges threat perception to real development of people.

Russia and India have been facing problems of similar nature. Rising poverty and inequality are the most important issues that both the countries need to deal with in a comprehensive and holistic way. Any delay in tackling these issues is likely to give birth to more social tensions which in turn pose a serious threat to internal and external security of the nations. Any discontent among the people is likely to benefit the radical groups within and outside the countries. Additionally, both the countries still suffer from the problem of weak political institutions, which is further pressurized by the growing aspirations of people in their fragile democracies. Both are countries also face the problem of aggressive nationalism, religious fundamentalism, regional separatism and sectarianism.

Furthermore, there is also the problem rise of business Mafia, cross border terrorism and illicit trade in narcotics. To survive, it is clear that both countries must be more responsive to the aspirations of their people and shift their focus from elitist state centred discourse to a realist discourse. The reality is that a transforming power like Russia and a reforming developing country like India have tremendous possibilities of mutual cooperation, collaboration and understanding. The point is to grasp them well.

As said previously, India and Russia have been partners since long time. They have shared objectives, and responsibilities in global affairs. From the Cold War days to present, their political and strategic partnership has always stood the test of time. However, their overall economic relationship has not gone beyond the usual defence cooperation. The main objective of this work was to understand this anomaly and find out reasons by understanding various dynamics of Russian-Indian political and cultural interaction.

The study finds that Russia and India have shared the cultural exchange for many centuries since the days of Russian traveller Afanasy Nikitin. The freedom

struggle movement was heavily influenced by the Soviet-Russia's ideology. The young members of the Indian National Congress such as Jawaharlal Nehru and Subhash Chandra Bose introduced the socialistic orientation in the freedom movement. The Constitution of India has incorporated the socialistic goals in the Directive Principles of the State Policy. Later, the Fundamental Duties were added to the Indian Constitution by the 42th Amendment Act of 1976. These sections of the Constitution are directly inspired by the Soviet-Russia.

But, the bilateral relations between both nations entered into the muddled water during the Cold War phase. The study finds that many external reasons may be accorded for this development, the major one being the changed global political scenario and emergence of two powerful blocs, one led by the US and another by the USSR. Despite its socialistic orientation, since India declined to join the Soviet camp, the intensity of partnership between the two nations during this phase somehow diminished. Attempts were not made to solve the challenges faced by both countries which tend to create obstacles on the way for viable and strong relations. Several issues of policy such as the issue of visa, reduced people to people contact and the language barrier seriously dented the Soviet-India relations.

The Soviet-India Treaty of 1971 brought a major shift the relation between the two nations. It did not merely involve a commitment to peace, friendship and cooperation, but to a limited yet significant extent, it was also a treaty of military cooperation. But the nuclear test at Pokhran somewhat resulted into another slowing down of mutual cooperation. Brezhnev's Soviet Union began to deal with China cautiously. Secondly, the Soviets decided to support India in future exigencies like war.

The disintegration of the Soviet Union in December 1991 along with the collapse of the communist regimes brought Russia into the intricacies of political uncertainty and the uncertainties of economic transition.

Boris Yeltsin visit to India in January 1993 was an attempt to convey a message that Russia was putting an important value to the Russia-India relations, although the Russian Federation was not ready to build the special relations that had existed during the former Soviet regime.

As the present study indicates, the relations under the presidency of Vladimir Putin brought paradigm shift in Russia-India relations unlike that of the presidency of Boris Yeltsin. Putin era will be noted as a transformational one for Russia as well as for the Russia-India relations. The Russia-India relations during the Putin presidency 2000-2008 was very fruitful for both of the nations and moved towards a new direction of relations between the two countries which have impacted the regional and international politics in many ways.

Putin's focus on India has increased the overall quantum of bilateral relation between two countries. It includes political, economic and military relations. As the study indicates, there is tremendous scope and opportunities for increasing bilateral trade by considering the fact that both the countries are set sustain moderate growth despite global problems.

To convert these opportunities into the reality, the "Declaration of Strategic Partnership Treaty" was signed to seek a balance on both- the political front and on the economic front. The creation of Russia-India Intergovernmental Commission on Scientific, Trade, Culture, Indo-Russia trade and Investment forum and the joint study group to see the nature of trade and Russia-India chamber of commerce etc., all these have set the right tone to move forward to enhance the mutual cooperation. All these

forums are helping to increase the trade relations by trying to solve the multi issues in trade.

But despite long historic political and cultural ties and the recent initiatives under the Presidency of Putin, the fact remains that the trade and economic ties do not reflect the commendable political relations enjoyed by the two countries, and indeed, constitute the weakest link in their meaningful strategic relationship. In spite of the repeated attempts to double the trade turnover target during the last decade, the success is still far from the desirable results. The economic and technological cooperation have not moved beyond the buyer-seller relationship in the area of defence equipment.

The present scenario in the area of commerce, especially, in the mutual investment and banking sectors is full of possibilities of future cooperation. The study finds that Indian investment in Russia has increased significantly in recent years but Russian investment in India still stands at comparatively lesser magnitude. Several major infrastructural bottle-necks have been identified. One of prominent one is the lack of effective banking cooperation that has affected the economic partnership to a significant extent. As part of the exploratory exercise, the study finds that certain areas that have been neglected, and therefore has suggested a few investment options for both the countries. There is also urgent need to lead a consistent effort that would bring the private economic players of both the countries under the state supervision for boosting the trade ties. The time has come for both the countries to initiate the steps regarding signing of the agreement on Comprehensive Economic Partnership Agreement which was decided in 2007.

It would be worth noting that Russia was not a WTO member during the period of study (it has joined in 2012), otherwise it would have been a different

picture as WTO mandate would have required Russia to trade with India at a higher integrated level and an FTA could have been a possibility.

One of the most promising area of the cooperation between the two nations is the energy sector. Russia being one of the leading giants in energy can lead single-handedly the existing and potentiality of Indo-Russia economic and energy cooperation to the whole new level. Russia has already been playing a significantly important role in development nuclear energy sector in India. The Cold War era cooperation started in 1988 has been steadfast as evident in the recent Russian cooperation extended to Kudankulam project. India is fast emerging as an energy deficit country and will need nuclear energy to compensate its conventional energy resources. Russia can play a crucial role in this regard. Non-conventional energy sectors that include wind, solar, tide and bio-mass etc. have greater scope for Russian participation and cooperation in India.

India's energy consumption is growing at a very fast rate. Now energy security is an indispensable part of the National Security Policy. Expanding the energy sector to meet India's future needs will also be expensive. So it is very difficult task ahead for India. For this the most efficient path to meet the increasing demand is to restructure the energy sector. Not giving much emphasis on the requirement for modernization and technical support to the industry, talk on reform finds itself revolving around three important aspects: firstly, making the prices close to international market levels; secondly, bringing the energy enterprises, more significantly the State Electricity Boards, towards solid fiscal base; and thirdly, providing more space to the private sector in this sector and increase the renewable energy share to the maximum realisation level.

India will require diversifying its energy resources, as dependence on the Persian Gulf sources may become critical. So far Russia is concerned India's relation

in energy cooperation is good and basically nuclear energy cooperation which is a success story in this relationship. Providing the technology and credit for Kudankulam nuclear project is a proof that cooperation with Russia has been productive. Also giving support in NSG fora was another success for Indians for earning Russian trust over the Indian nuclear credibility. For smoothness of the energy business also a new boost has been given by forming Russia-India Energy Forum. But in spite this, for further stronger energy cooperation a lot has to be done by both the countries especially in the areas where cooperation has been less. Cooperation in non-conventional energy sectors will be source of major energy supply in future.

Thus both countries must work for joint investment in these precious untapped natural resources. Also India's geographical location and growing market potential can provide a good opportunity to the economies of supplier nation like Russia. At the governmental levels, both the countries must encourage the private companies to move and invest on a partnership Basis. In this sector also effort must be started for dealing with the major infrastructural issues.

It is appropriate here to cite PM Manmohan Singh who said once that the "energy security" would be "the most important of the emerging dimensions of a Russia-India strategic partnership," adding that, "Russia's position as a global leader on energy issues is widely recognized. We look forward to long-term partnership with Russia in this vital field."

Notwithstanding the reasons for relatively less impressive performance of trade with Russia and problem facing bilateral trade, there are wide potentialities of promoting trade and economic relations between the two countries. Indian exporters and traders can look forward to expanding market opportunities in Russia, which is a huge market. President Putin has stated that "Indian entrepreneurs should make use of

wide opportunities available in Russia.” More importantly cordial relations prevailing between India and Russia and political goodwill built and sustained over last several decades should be able to expand trade and economic relations in the years to come.

Both the countries have been pursuing the policy of economic liberalization which opens up wide potentialities to enhance trade and economic relations between the two countries. But it is equally important that both countries should focus high quality and competitiveness in trading practices which are strong economic prerequisites for a strong economic relationship. Secondly Russian import market is likely to increase with the improvement in the economy during the last few years.

Overall, Russia has been benefitted by the inflow of petro dollar as a result of rise in international oil and natural gas prices which are exported by large quantities by Russia. Hence, Indian exporters can look forward for expanding market opportunities in Russia.

Defence trade, as in the past, is one of the vital elements of the trade relations between the two countries. With the new beginning of the relationships from simple buyer seller relationship to joint production, cooperation and technology transfer, it is needless to say that it has enhanced the defence cooperation between the two countries in a new definition. A major arms deal like Admiral Gorshkov dealing during his regime is a dazzling example of that. Economically, it is giving a wide array of opportunity to again restore a viable economic relationship. Growing arms purchase by India is the indicator of India’s increasing defence trade in general with the other defence partner, and in particular with Russia. In spite of this development which is considered as indicator of strongest ties between the two countries, still remain in difficulties.

After concluding the Strategic Partnership Treaty with the United States of America, India is now a proper market for American arms sale as well as growing defence purchases from Israel is a sign of diversifying of Indian arms market. It has been creating a little confusion in Russian defence supplies regarding an old defence partner. Inordinate delay of providing the major arms and defence equipment to India is also a cause of concerning the countries' defence sector. There are also recurrent concerns about the irreparability of a number of missiles and undue delay in their induction. Again quality is another important issue in defence trades. According to SIPRI year book 2005 only 1% Russian arms producers meet the international quality standard ISO 9000, a common standard adopted by the western producers.

Thus there is a need to develop an institutional mechanism that will link institutions and thereby spur innovation as well as commercialization of new technologies. Last but not the least, there is a requirement to handle the present situation by resolving all the nuances which exist in this field.

We can say that the advent of the new millennium and leadership in Russia under Putin heralded in a new epoch, when Russia looked forward to play its new role in the new context of globalization. The whole gamut of bilateral relationship received a great fillip in the strategic partnership. The partnership treaty is an official approval accorded to the time-tested friendship between the two countries. Secondly, it is an essential ingredient to checkmate the growing presence of United States around the two countries, in Central Asia and West Asia. Thirdly, it has charted out a broad outline of future relations and identified several areas where mutual cooperation is feasible. Fourthly, it has chosen such key areas of cooperation as information technology, space and environmental security, biosciences, biotechnology, and so on. Precisely the treaty has reiterated the essence of

commonness where imperatives of cooperatives of cooperation prevail or could be initiated.

The whole gamut of military cooperation including procurement of advanced Sukhoi fighters, joint production of BrahMos missile and upgrading MiG series fighters is inclusive of the strategic partnership. It is not a military alliance, not a strategic block; it not a political union nor an economic grouping, yet it is all encompassing ever unfolding and opening up new vistas of synergy in the new global context of growing US involvement in south Asia.

The strategic partnership has had the effect of rejuvenating a better relationship by encouraging Public-Private Participation (PPP) in joint ventures. If Russia-Indian relations of yesteryears were state-to-state affairs, they are now marked not only by private participation, but also multi-level contacts, including students, media, artists, cultural activists and most importantly, citizens.

The strategic partnership has put behind years of worries over procuring spurious defence spares from a third source. It has elevated political relations to a higher level than ever before, enhancing the possibilities of tapping the huge potentials that do exist in both countries; but go unexploited. Russia has rectified its past mistakes and looks forward to having friends with whom its economic interaction will be fruitful.

However, there are two major asymmetries: 86 percent of the Russian GDP comes from sale of oil, gas and metals that shows signs of economic fragility. Secondly, up to 2006, all Russian exports to India were being paid in hard currency, while Indian export to Russia was largely being adjusted against the debt resettlement account. Growing engagement in various economic activities may fundamentally alter

equations in relations in the context of strategic relations simply because partnership must not be based on unequal terms.

Multilateral organisations such as the Shanghai Cooperation Organisation (SCO), BRICS and United Nations (UN) etc. also provide abundant opportunities to both the countries to stand together to further their mutual interests. India has recently acquired the status of a member state in SCO. Thus, the scope of Russia-India cooperation in security areas (terrorism, separatism, extremism) military activities like counter-terrorism, joint exercises and economic cooperation have increased further. Similarly, the forum of BRICS also provides an opportunity to both the countries to work together on shared interests and areas of concern.

As far as United Nations is concerned, Russia has always been a firm supporter of India in its demand to acquire a permanent seat in the United Nations Security Council. In the past too Russia had always vetoed any proposal that it viewed as anti-India. With optimism abound in bilateral relations; time is ripe now for an astute analysis of the ongoing processes in the emerging ties between India and Russia with a view to assessing their strategic importance for the future.

APPENDIX I

Declaration on Strategic Partnership between the Republic of India and the Russian Federation

The Republic of India and the Russian Federation, hereinafter referred to as the Sides,

PROCEEDING from a desire to further consolidate their traditionally close and friendly ties to mutual benefit,

DRAWING upon their rich and fruitful tradition of cooperation in various fields accumulated over half a century since their establishment of diplomatic relations,

EMPHASIZING the fundamental and lasting importance of the Treaty of Friendship and Cooperation between the Republic of India and the Russian Federation of 28 January 1993 which was a continuation of the bilateral Treaty of Peace, Friendship and Cooperation of 9 August 1971, of the Declaration on the Further Development and Intensification of Cooperation between the Republic of India and the Russian Federation of 30 June 1994, and of the Moscow Declaration on the Protection of the Interests of Pluralistic States of 30 June 1994,

CONVINCED that the further comprehensive development of their bilateral ties would promote progress and prosperity in both states and the consolidation of positive trends in the world as a whole,

SEEKING to impart a qualitatively new character and long term perspective to their multifaceted bilateral relations and to actively develop them in political, economic,

trade, scientific, technological, cultural and other fields, in the years ahead and into the 21' century,

PROCEEDING from the conviction that it is necessary to build a multipolar global structure based on sovereign equality of all states and peoples, democratic values and justice,

CONFIRMING their adherence to the common ideals of peace, democracy, rule of law, human rights and fundamental freedoms, nonviolence and secularism,

RECOGNISING their special responsibility by virtue of being among the largest multi-ethnic, multilingual and multi-religious States,

INSPIRED by a desire to jointly contribute to the strengthening of international peace and security, the democratisation of international relations, as well as to the promotion of the establishment of a new, just and stable world order, .

REAFFIRMING their commitment to the purposes and principles of the United Nations Charter,

DECLARE as follows:

1. The Sides hereby proclaim the establishment of relations of strategic partnership between them. Based on mutual understanding and long term confidence in each other, this envisages the elevation of their multifaceted ties to an even higher and qualitatively new level, while imparting them with a specially close and dynamic character, both in the bilateral field and in the international arena.

2. This strategic partnership between the Sides is based upon the principles of sovereignty, equality and territorial integrity of States, non-interference in their internal affairs, mutual respect and mutual benefit.

3. Such a strategic partnership would include enhanced cooperation in the following fields:

(A) Political

Convening of annual Summit level meetings;

Regular bilateral political and foreign office consultations on issues of mutual concern;

Closer cooperation at the United Nations, including its specialized agencies and institutions, at other international and regional fora;

Further intensifying their efforts aimed at strengthening international peace and security, general and complete disarmament, systematic and progressive efforts to reduce nuclear weapons globally, with the ultimate goal of eliminating these weapons, nuclear non-proliferation and the peaceful settlement of disputes;

Joint initiatives on key international and regional issues;

Informing each other of planned foreign policy initiatives in the international arena;

Non-participation in any military -political or other alliances or associations or armed conflict directed against the other Side, or in any treaties, agreements or understandings infringing upon the independence, sovereignty, territorial integrity or national security interests of the other Side.

(B) Trade and Economy

strengthening close cooperation within the framework of the Indo-Russian Inter - Governmental Commission on Trade, Economic, Scientific, Technological and

Cultural Cooperation, as well as other joint bodies of business and industry representatives, with a view to expand trade and economic relations.

Deepening and diversifying cooperation in sectors such as metallurgy, fuel and energy, information technology, communications and transport, including merchant shipping and civil aviation;

Further development of cooperation in banking and finance, and improving credit and insurance facilities so as to promote bilateral trade:

Creating a favourable environment for mutual investments and guaranteeing their protection;

Simplifying customs and other procedures and promoting the removal of non -tariff barriers and gradual lowering of tariff barriers;

Establishing effective mechanisms for interaction between Indian and Russian entities with a view to achieve sustained expansion of bilateral trade in a long term perspective;

Encouraging contacts between regions in both countries with a view to promoting trade and economic cooperation.

Simplifying rules and procedures for travel by entrepreneurs and businessmen of both countries;

Further enhancing the quality and international competitiveness of their goods by, inter alia, promoting the joint development and sharing of the latest technologies;

Exploiting to mutual benefit the new opportunities arising out of the integration processes underway in the world economy;

Enhancing cooperation and coordination at international trade, economic and financial bodies;

Jointly exploring the possibilities of regional trading arrangements with third countries;

(C) Defence

- Consolidating defence and military -technical cooperation in a long-term perspective;
- Deepening service -to -service cooperation.

(D) Science and Technology

Promoting existing and new forms of cooperation in fundamental and applied scientific research, expanding the exchange of scientists and scientific information, establishing direct ties between scientific research/higher educational institutions;

cooperating in areas such as oceanology, agricultural sciences; medical sciences and biotechnology, environmentally clean technologies, meteorology, standardisation; metrology and certification of each other's products.

jointly exploring the possibilities of commercial application of the results of scientific and technological research and development.

Cooperating in the peaceful use of nuclear energy and the peaceful use of outer space.

(E) Culture

Further promoting cultural cooperation and a wider exposure to each others' cultural heritage and achievements;

activating contacts between peoples and organisations including in the fields of culture, education, mass media, youth and sports.

Promoting tourist exchanges and cooperation between tourist organisations in both countries.

(F) Other fields

Cooperating in the fight against international terrorism, separatism, organised crime, and illegal trafficking in narcotics;

Cooperating in rendering mutual legal assistance in civil and criminal matters and in matters relating to extradition, as well as in other related areas;

4. The strategic partnership between the Sides is not directed against any other State or group of States, and does not seek to create a military –political alliance.

5. Signed on 3rd October 2000 at New Delhi in two originals, each in Hindi, Russian and English languages.

APPENDIX II

Trade and Economic Relations Between Russia and India

**Table I: Trend-Indicator Value (TIV)³² of arms exports to India,
2000-2008**

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | Total |
|--------------------------|------|------|------|------|------|------|------|------|------|--------------|
| Australia | | | 17 | | | | 8 | 17 | 17 | 58 |
| France | 41 | 18 | 11 | 15 | 148 | 100 | 5 | 9 | 13 | 359 |
| Germany (FRG) | 168 | 24 | 18 | 12 | 5 | 5 | 15 | 18 | 18 | 284 |
| Israel | 43 | 83 | 95 | 148 | 196 | 247 | 206 | 95 | 36 | 1148 |
| Italy | 12 | 9 | 9 | 9 | 18 | 15 | 4 | 5 | | 81 |
| Kazakhstan | 3 | 3 | | | | | | | | 7 |
| Kyrgyzstan | | | | 76 | | | 18 | 18 | | 112 |
| Netherlands | 35 | 21 | | | 37 | 25 | | | | 117 |
| Poland | 16 | 49 | 20 | 56 | 36 | | 218 | 101 | | 497 |
| Russia | 655 | 1044 | 1679 | 2233 | 1436 | 653 | 923 | 1785 | 1555 | 11962 |
| Slovakia | | 26 | 26 | | | | | | | 52 |

³² The SIPRI trend-indicator value (TIV) is a measure of the volume of international transfers of major weapons. The method used to calculate the SIPRI TIV is described on the SIPRI website. <http://www.sipri.org/databases/armstransfers/background>. Figures are SIPRI Trend Indicator Values (TIVs) expressed in US\$ m. at constant (1990) prices. Figures may not add up due to the conventions of rounding. '0' indicates that the value of deliveries is less than US\$0.5m.

| | | | | | | | | | | |
|-----------------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| South Africa | | 15 | | | | | | | | 15 |
| Ukraine | 20 | 20 | 14 | 77 | 74 | | | | | 204 |
| United Kingdom | | | 18 | | 104 | 117 | | 164 | 224 | 627 |
| United States | 1 | 8 | 5 | | | | 84 | 89 | 5 | 191 |
| Uzbekistan | | | | 252 | 126 | | | | | 378 |
| Total | 995 | 1321 | 1911 | 2878 | 2180 | 1161 | 1480 | 2299 | 1867 | 16091 |

Table II: TIV of arms exports from India, 2000-2008³³

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | Total |
|------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| Bhutan | | | | | 0 | | | | | 0 |
| Maldives | | | | | | | 15 | | | 15 |
| Mauritius | | | | | 3 | | | | | 3 |
| Myanmar | 5 | | | | | | 9 | 3 | 4 | 21 |
| Nepal | | 2 | 0 | 4 | 24 | 5 | | | | 34 |

³³ Source: SIPRI Arms Transfers Database,
 Figures are SIPRI Trend Indicator Values (TIVs) expressed in US\$ m. at constant (1990) prices. Figures may not add up due to the conventions of rounding.
 A '0' indicates that the value of deliveries is less than US\$0.5m
 For more information, see <http://www.sipri.org/databases/armstransfers/background>.

| | | | | | | | | | | |
|-------------------|-----------|----------|----------|----------|-----------|-----------|-----------|-----------|-----------|------------|
| Seychelles | | | | | | 15 | | | | 15 |
| Sri Lanka | 16 | 0 | 0 | 0 | 0 | 0 | 10 | 21 | 11 | 58 |
| Total | 21 | 2 | 0 | 4 | 27 | 19 | 33 | 23 | 15 | 146 |

Table III: TIV of arms exports from Russia, 2000-2008

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | Total |
|---------------------|------|------|------|------|------|------|------|------|------|--------------|
| Afghanistan | | | 34 | | | 16 | | | | 50 |
| Algeria | 245 | 380 | 99 | 145 | 237 | 92 | 202 | 506 | 1510 | 3415 |
| Angola | 56 | 76 | 18 | | | | | | | 150 |
| Armenia | | | | | 68 | | | | | 68 |
| Azerbaijan | | | | | | | | 68 | 18 | 86 |
| Bangladesh | 121 | 39 | 14 | | | | 21 | 20 | | 215 |
| Belarus | | | | | | | 116 | | | 116 |
| Burkina Faso | | | | | | 12 | | | | 12 |
| Chad | | | | | | | 14 | | | 14 |
| China | 2231 | 2484 | 2526 | 2076 | 2888 | 3107 | 2472 | 1324 | 1529 | 20635 |
| Colombia | | | 41 | | | | 0 | 29 | | 70 |
| Croatia | | | | | | | | 14 | 54 | 68 |

| | | | | | | | | | | |
|-----------------------|-----|------|------|------|------|-----|-----|------|------|--------------|
| Cyprus | | 109 | | | | | 20 | | | 129 |
| Czech Republic | | | | 60 | | 168 | 26 | | | 253 |
| Djibouti | | | 3 | | | | | | | 3 |
| Ecuador | | | | | | | | | 2 | 2 |
| Egypt | | | 60 | 60 | 60 | 135 | 60 | 60 | | 435 |
| Eritrea | | 57 | | | 70 | 3 | | | | 130 |
| Ethiopia | 88 | | | 174 | 230 | | | | | 492 |
| Ghana | | | | | 27 | | | | | 27 |
| Greece | 299 | 136 | 47 | 20 | 22 | 63 | | | | 587 |
| Hungary | | | | | 51 | | | | | 51 |
| India | 655 | 1044 | 1679 | 2233 | 1436 | 653 | 923 | 1785 | 1555 | 11962 |
| Indonesia | | | 11 | 229 | 27 | | | | 41 | 307 |
| Iran | 341 | 298 | 92 | 85 | 15 | 15 | 368 | 283 | 15 | 1510 |
| Iraq | | | | | | | 68 | 27 | 95 | 189 |
| Jordan | | 8 | | | | | | | | 8 |
| Kazakhstan | 121 | 136 | 20 | | 29 | 38 | 27 | 71 | 8 | 449 |
| Kyrgyzstan | | | | 9 | | 3 | | | | 12 |
| Laos | 7 | 36 | | 0 | | 4 | | | | 47 |
| Latvia | | | | | 4 | 4 | | | | 9 |

| | | | | | | | | | | |
|---|----|-----|-----|----|-----|-----|-----|-----|-----|------------|
| Libya | | | | | | 1 | 13 | 13 | 13 | 39 |
| Malaysia | | 1 | 46 | 16 | | | | 407 | 408 | 877 |
| Mexico | 69 | | 2 | | | | 34 | | | 105 |
| Mongolia | | | | | | | | | 14 | 14 |
| Morocco | | 6 | | | | 69 | 27 | 27 | 27 | 156 |
| Myanmar | | 87 | 134 | | 120 | 137 | 151 | 127 | 14 | 769 |
| NATO** | | | | | | | 58 | | | 58 |
| Nepal | | | | | 7 | | | | | 7 |
| Niger | | | | | | | | | 7 | 7 |
| Nigeria | 36 | 1 | 2 | 27 | | | | | | 65 |
| Northern Alliance (Afghanistan)* | 19 | 207 | | | | | | | | 226 |
| North Korea | 18 | 28 | 9 | 8 | 8 | 5 | 15 | 5 | 5 | 98 |
| Pakistan | | | 99 | | 81 | | | 9 | 18 | 206 |
| Palestine | | | | | | | | 2 | | 2 |
| Peru | | 1 | | | | | | | | 1 |
| Poland | 23 | 26 | 11 | 6 | 6 | | | | 19 | 89 |
| Romania | 1 | | | | | | | | | 1 |
| Rwanda | 14 | | | | | | | | | 14 |
| Senegal | | | | | | 14 | | 18 | | 32 |

| | | | | | | | | | | |
|-------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| Serbia | 1 | | | | | | | | | 1 |
| Slovakia | | | 27 | | | | | | | 27 |
| Slovenia | | | | 0 | | | | | | 0 |
| South Korea | 29 | | | 10 | 32 | 86 | 102 | | | 259 |
| Sri Lanka | | 63 | | | | | | | | 63 |
| Sudan | | 91 | 31 | 86 | 277 | 92 | 22 | 20 | 22 | 640 |
| Syria | 9 | 8 | 25 | 25 | 5 | 15 | 26 | | 44 | 157 |
| Tajikistan | | | | | | | 13 | 7 | | 20 |
| UAE | 44 | | | | | | | | 1 | 45 |
| Uganda | | | | | 18 | | | | | 18 |
| United Kingdom | | | | | | 1 | 1 | | | 2 |
| United Nations** | 24 | | | | | | | | | 24 |
| Uruguay | | | | | | | 7 | | | 7 |
| Uzbekistan | | 8 | 9 | | | | | | | 18 |
| Venezuela | | | | | | | 356 | 747 | 697 | 1799 |
| Viet Nam | 2 | 77 | 62 | 8 | 304 | 233 | 15 | 2 | 153 | 854 |
| Yemen | 53 | 14 | 524 | 22 | 231 | 247 | | | | 1090 |
| | | | | | | | | | | |
| Total | 4503 | 5419 | 5622 | 5297 | 6250 | 5210 | 5154 | 5568 | 6265 | 49288 |

Source: SIPRI Arms Transfers Database

Figures are SIPRI Trend Indicator Values (TIVs) expressed in US\$ m. at constant (1990) prices.

Figures may not add up due to the conventions of rounding.

A '0' indicates that the value of deliveries is less than US\$0.5m

For more information, see <http://www.sipri.org/databases/armstransfers/background>.

Russian-Indian BrahMos supersonic cruise missile

The BrahMos anti-ship missile was jointly developed by Russia's Engineering Research and Production Association (NPO) and the Indian Defense Ministry's Defense Research and Development Organization (DRDO)



Specifications

Lift-off weight: **3,000 kg** (sea-launched version), **2,500 kg** (air-launched version)
 Warhead: **Up to 300 kg**
 Flight altitude: **From 5 to 14,000 meters**
 Maximum speed: **Mach 2.8**
 Diameter: **70 cm**
 Wingspan: **1.7 meters**
 Range: **290 km**

The missile rapidly loses altitude while approaching its target and thus evades ship-based air-defense systems

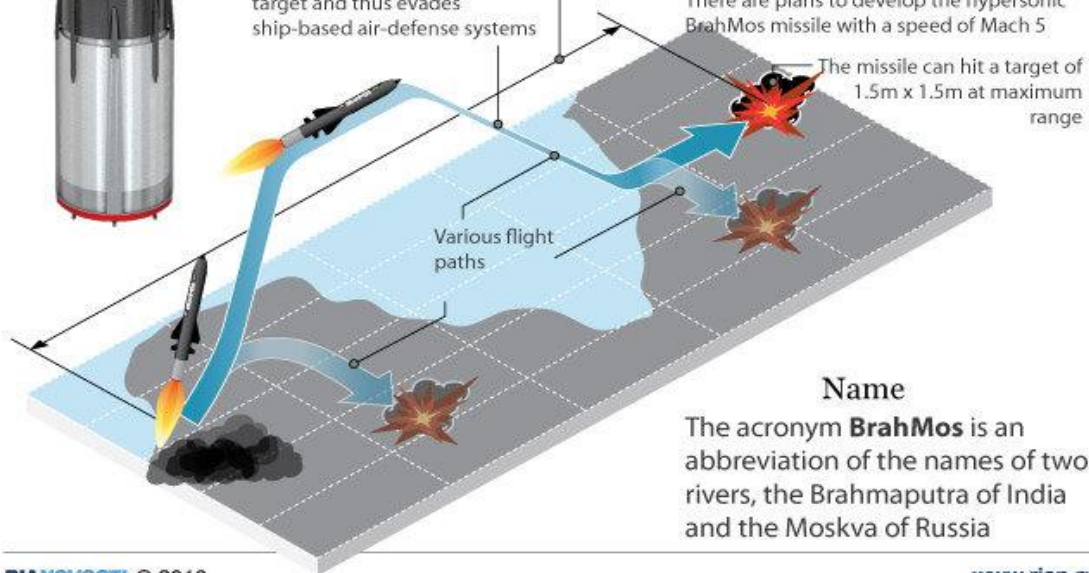
Designation

The missile is designed to hit all classes of warships
 The missile is fired from mobile self-contained launchers installed onboard submarines, warships and fixed-wing aircraft

History and prospects

The BrahMos Aerospace Private Limited joint venture was established in 1998 and started working on the project
 Twenty successful tests were conducted
 The Indian Air Force has already adopted the missile
 BrahMos Aerospace is ready to enter the international market. Prospective clients include 14 countries
 The Indian Air Force requires 1,000 BrahMos missiles
 In all, 2,000 Brahmos missiles can be exported
 There are plans to develop the hypersonic BrahMos missile with a speed of Mach 5


The missile can hit a target of 1.5m x 1.5m at maximum range



Name

The acronym **BrahMos** is an abbreviation of the names of two rivers, the Brahmaputra of India and the Moskva of Russia

Fifth Generation fighter Plane



FIFTH GENERATION FIGHTER

New level of technology that makes the aircraft one-and-a-half times better than the Su-30MKI

WHAT RUSSIA GAINS

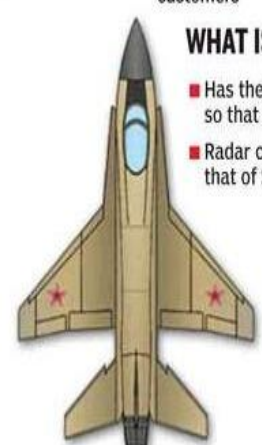
- A committed partner to put up a substantial amount of money for design and development—anywhere up to \$3 billion
- A proven customer who will buy adequate number of the aircraft to make it financially viable and attractive for other customers
- A country with sophisticated software and electronics skills that can boost the capabilities of the Russian product.

WHAT IS A 5th GENERATION FIGHTER?

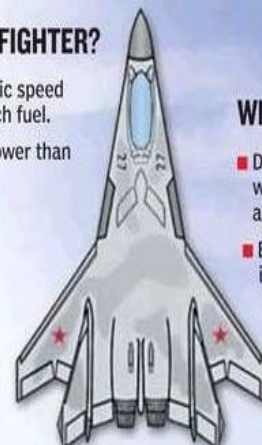
- Has the ability to cruise at supersonic speed so that it does not consume too much fuel.
- Radar cross section 15 to 20 times lower than that of Su-30MKI
- Super manoeuvrability
- Missiles that can fly backward
- Ability to detect and neutralise threats at extra-long ranges

WHAT INDIA SHOULD GAIN

- Design and development experience, along with a strong cadre of designers, engineers and technicians
- Expansion of its aircraft manufacturing infrastructure
- Creation of specialist vendors who can give a fillip to the Indian aviation industry
- Ability to expand the design of the aircraft in future on its own



MIG 12000



SOKHOI PAK-FA

IAS Preparation Online

[Image Source: <http://redpilltimes.com/wp-content/uploads/2015/03/fifth-generation.jpg>]

The Sukhoi/HAL Fifth Generation Fighter Aircraft (FGFA) is a fifth-generation fighter being developed by Russia and India. It is a derivative project from the PAK FA (Prospective Airborne Complex of Frontline Aviation or T-50) being developed for the Indian Air Force (FGFA is the official designation for the Indian version).

Multi-role Transport Aircraft



[Image Source: <http://aermech.in/3-most-advanced-indigenously-made-transportpassenger-aircraft-hal-hindustan-aeronauticsindia/>]

The UAC/HAL II-214 Multi-role Transport Aircraft (MTA) is a medium-airlift military Transport aircraft which is being developed as a joint venture of the United Aircraft Corporation (UAC) of Russia and Hindustan Aeronautics (HAL) of India. The companies are investing US\$300 million each in the project. The MTA is expected to replace the Indian Air Force 110 Antonov An-32 fleet of transport aircraft. The main objective to design the aircraft is to perform regular transport duties and also to deploy paratroopers. The aircraft is also used for parachuting of military personnel, equipment and cargo onto platforms and low altitude free-drop delivery of cargo. The aircraft is expected to take its first flight by 2017 and enter the IAF by 2018.

MiG-29



Image Source:

[http://indianairforce.nic.in/photo_gallery/show_photo.php?photo_id=%20352]

India was the first international customer of the MiG-29. The Indian Air Force (IAF) placed an order for more than 50 MiG-29s in 1980 while the aircraft was still in its initial development phase. Since its induction into the IAF in 1985, the aircraft has undergone a series of modifications with the addition of new avionics, sub-systems, turbofan engines and radars. The MiG-29's good operational record prompted India to sign a deal with Russia in 2005—2006 to upgrade all of its MiG-29s for US\$888 million. Indian MiG-29s were used extensively during the 1999 Kargil War in Kashmir by the Indian Air Force to provide fighter escort for Mirage 2000s, which were attacking targets with laser-guided bombs.

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