

Russia-India Engagements at Bilateral and Regional Levels, 2000-2015

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DECLARATION

I declare that the thesis entitled “Russia-India Engagements at Bilateral and Regional Levels, 2000-2015” 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.

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*Dedicated
to My
Parents*

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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
IDSA	Institute for Defence Studies and Analyses
ICWA	Indian Council of World Affairs
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
NMML	Nehru Memorial Museum Library
NSG	Nuclear Supplier Group
NWFP	North-West Frontier Province
NWS	Nuclear Weapon States
OJSC	Open Joint-Stock Company
ONGC	Oil Natural Gas Commission
SCO	Shanghai Cooperation Organisation
TAPI	Turkmenistan-Afghanistan-Pakistan-India
UN	United Nation
USI	United Service Institution of the India
UNSC	United Nations Security Council
USA	United States of America
USSR	Union of Soviet Socialist Republic
WB	World Bank

CHAPTER 1:
*Introduction and
Historical Background*

Chapter 1

Introduction and Historical Background

The former Soviet Union and India had a strong relationship, which was strengthened by the Indo-Soviet Friendship Treaty of 1971. The conventional ties were nurtured on the basis of long term political, strategic and economic interests of both the countries. The Indo-Russian relations suffered a setback after the collapse of the Soviet Union and witnessed a change at the turn of the 20th century. India was also in a dilemma as to how to preserve its non-alignment policy without it compromising its relations with the USSR. The First Secretary of the Soviet Communist Party, Nikita Khrushchev and Nikolai Bulganin visited India in December, 1955. The Soviet Union gave much importance to India and Khrushchev strongly supported India's policy and position on Kashmir and Goa in the UN. The leaders of the two countries agreed to work for international peace and co-operation.

In the Post-Soviet period, bilateral relations between the two countries went through a period of suspicion, when Russia was behest with domestic, economic, trade, energy and social problems and was giving more importance to political relations with the USA and Europe. India had to deal with a new Russia, which was Eurocentric and economically dependent on the West. Engagement with Russia has always been a pillar of India's foreign policy and Russia has proved itself to be a longstanding and time-tested partner of India. Since the signing of "Declaration on the India Russia Strategic Partnership" in October 2000, during the visit of President Vladimir Putin to India, the bilateral ties have acquired a new dimension and enhanced the levels of understanding and co-operation in nearly all fields such as politics, security, trade, economy, defence, science & technology and culture. Many institutionalized interchange mechanisms are at work at both political and regional levels to make sure that there is regular communication and co-operation in various mutual fields of interests.

The end of the cold war has brought drastic change in the international political system with the emergence of international institutional bodies such as United Nations, United Nations General Assembly and United National Security Council. These international institutions have framed international norms, where every nation state affirms to respect the laws and principles framed by the

international bodies. This has resulted for the declining impact of traditional security threats. Even though the international organizations are taking effective mechanism to address the global security issues the security dilemmas continue to persist among the nation states. The nation states formulate different strategies and foreign policies to deal with the threat perception that endanger national as well as global security.

Russia-India Relations: 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.

In the Post-Soviet Russian foreign policy, 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 as.

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.

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.

Russia-India Political 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 (Gidadhubli 2002: 5090).

Russia-India Defense Cooperation

The term security as a concept can be defined as an instrument of state that functions to provide security to its citizens. In the 21st century, security as a concept is defined in terms of human security and global security giving priority to protect individual and social security. Stephen Walt writes security involves the study of threat, use and control of military force. Chip man says security means acknowledging and enhancing security of the people and the nation states (Buzan et al 1998: 3). Gray forwards a traditionalist view on security and support for reasserting the primacy of military security (Buzan et al 1998: 3). The Human Development Report 1994 defines security by focusing to the new dimensions of human security, which equate to emphasis security of the people and development giving priority to national and global security issues (Human Development Report 1994).

With the disintegration of the Soviet Union and the end of the ideological conflict between the East and West, the threat perception emanating from traditional source has reduced the risk of nuclear war between the nation states. In the post-cold war era, all the nation states have affirmed to abide the laws and principles framed by the international bodies such as the United Nations, the United Nations Organisation and the United Nations Security Council (UNSC). These international organizations support for the democratic principles, peaceful co-existence of nation states and peaceful settlement of international disputes. If the nation states use aggressive means and violate the international conventions, then such nations have to face economic sanctions. To avoid sanction, the nation states prefer to use peaceful means to settle disputes and try to avoid military means. Therefore, the nation states have adopted different methods like collective security, comprehensive security, security alliances and co-operative measures to deal with security dilemmas.

Although, the end of cold war has reduced the risk of nuclear war but the security threat such as threat emerging from radical regime, illicit weapons trafficking, illegal drug trafficking and emerging threat from rogue states have threatened the national security of India and Russia. Both the nations share a common view on security issues being the victims of terrorism and religious fundamentalism. Moscow and New Delhi through bilateral means are making every effort to contain the growing menace of non-traditional security threat Focusing on the notion of security threats Beri (2007) highlights the security threats and have categorized the notion of security threats into two types. The first category of security threat is known

as traditional security threat and the second category of security is known as non-traditional security threat. The traditional pattern of security threats deals with military attack, declaring war, invading territories, territorial expansion and nuclear war. In the 21st century, there is limited prospect for nuclear and conventional warfare. The nation states in the globalised world resort to solve the territorial, security, political and economic disputes through the means of peaceful settlement and through constructive dialogues. Even at the international level the international security regimes have taken effective measures and have drafted several international conventions to reduce illicit weapon proliferation.

Kaushik (2003: 93) says Indo-Russian security cooperation began to strengthen during Putin's regime. A new era ushered in their bilateral relations when Putin became the President of Russia, but during the Yeltsin period, the Indo-Russian relations faced several challenges. The factors like economic crisis and the pro-western tendency developed during Andrei Kozyrev are the major causes that motivated Russia to develop relations with the West. When Putin came to power in 2000, he felt the immediate need to develop strategic relations with India because Russia considers India as an important strategic partner to check the growing menace of terrorism in the southern part of Eurasian landmass. Therefore, he paid his visit to India and signed the Declaration on Strategic Partnership in December 2000. Thus, the signing of Declaration on Strategic Partnership has not only enhanced bilateral security cooperation but also extended cooperation in the defense, space and economic sector.

The Indo-Russian relations further strengthened when the Russian President Medvedev attended the Annual Summit meeting held in India. In the meeting, both the nations focused to strengthen regional and international security cooperation. It was during the Medvedev's Presidency Russia and India had signed several agreements to enhance cooperation in the military and space sector. The Russian President Medvedev gave priority to establish joint ventures, technology transfer to India, conducted joint research and development in the air force, naval, missile and space sector.

India and Russia are pluralist societies and both the nation states have become the victims of threat emanating from non-traditional security issues. The security threats such as religious extremism, drug and weapon trafficking have aggravated security threats by destabilizing territorial integrity and stability of Moscow and New

Delhi (Lieven 2002). explains that the emergence of Islamic militancy in the Central Asian Republics, Afghanistan and in the Middle East region have threatened regional security in Kashmir and as well as in the Northern Caucasus region. Even the Jihad force operating in Afghanistan spills over in the borders of Chechnya, Dagestan, Tajikistan and then enters in various republics of the Russian Federation. The Jihad group also infiltrates in the Indian territories, especially in Kashmir through the India-Pakistan border. Thus, cross-border terrorism and militant infiltration have destabilized stability and integrity in India and Russia.

Russia-India Official Report (2001) the source obtained from the embassy of the Russian Federation indicates that Russia and India have signed joint statement to enhance security cooperation on the strategic issues. Both the nations affirm to develop security cooperation through the bilateral and multilateral means to deal with the strategic and global security issues. Emphasizing on the global security issues Russia and India have discussed to eradicate terrorism and extremism by extending bilateral and multilateral mechanisms.

Russia-India Official Report (2001) the source obtained from the Ministry of External affairs says “Moscow Declaration between India and the Russian Federation on International Terrorism” was signed in 2001 to curb the growing menace of international terrorism. Both Russia and India have urged the nation states to extend cooperation to eradicate the global terrorism. Moreover, focusing on the security situation in Afghanistan, Russia and India have signed “Indo-Russian joint working group on Afghanistan” to contain the proliferation of terrorism in Afghanistan. At the international level, Russia and India have urged for finalizing the draft based on “Comprehensive Convention on International Terrorism under the United Nations Charter”. Russia-India Official Report (2002) source derived from the Ministry of External affairs indicates that Russia and India have taken several bilateral measures to deal with the global security threats. In the Moscow Declaration held on June 30, 1994, both the countries signed agreement to maintain global peace and stability. Russia and India have signed several bilateral treaties to enhance cooperation between them. Emphasizing on the Strategic Partnership Treaty and the Treaty of Friendship, Peace and Cooperation, to further enhance bilateral security relations, Russia and India in 2000 have signed “Delhi Declaration on Further Consolidation of Strategic Partnership between the Republic of India and the Russian Federation”.

Russia-India Official Report (2003) the official report derived from the embassy of the Russian Federation indicates that Russia and India have signed joint Declaration to establish global stability in 2003. Both the nations have signed Declaration on global Challenges and Threats to World Security and Stability. Russia and India have urged the international community to cooperate with the United Nations to eradicate global security threats. Both the countries have taken initiatives in the Indo-Russian Joint Working Group on Afghanistan to counter terrorism. Moscow and New Delhi on November 2003 signed Declaration on Global Challenges to promote peace and stability through dialogue, consultation and cooperation.

Among the various Indo-Russian bilateral engagements, India has benefited from Russian knowledge of science and technology in fields such as defence and space programme. India is still dependent on Russian defence supplies and co-operation in the field of hydrocarbon and nuclear energy. Moscow lobbied for a waiver from the Nuclear Suppliers Group of countries in a civilian nuclear deal and supported India for the permanent membership in the UN Security Council. Russia's total supply of its cutting edge defence equipment and technology, including the Sukhoi 30 MKI to India are of paramount importance. The nuclear power station at Kalpakkam was set up by the Russians. These initiatives mark the strong bilateral relations between the two countries.

The guiding spirit of Indo-Russia relations is to build strong strategic, diplomatic and political relations. Russia is still a powerful country with huge stockpiles of strategic weapons, a veto power in the Security Council and acts as a useful counterweight against hostile powers inimical resolutions. Russia's diplomatic support to India on Kashmir issue, further cemented cordial relationship between the two states. Needless to say from an Indian perspective, Russia will be critical for creating a multi-polar world and a multi-polar Asia in the 21st century. No wonder in the recent Crimean issue, India tacitly backed Moscow. Putin's repeatedly stressed Russia's long-standing friendship with India. Putin's statement the two sides made particular mention of religious and international terrorism radiating out of Afghanistan and its impact on regional stability. India and Russia set up a joint working group on Afghanistan.

The first major political initiative between India and Russia since, the collapse of the Soviet Union began with the Strategic Partnership signed between the two countries in October 2000. As a result there are regular high-level interactions

between the two countries. Two Inter-Governmental Commissions have been set up. One on Trade, Economic, Scientific, Technological and Cultural Cooperation (IRIGC-TEC), co-chaired by the External Affairs Minister (EAM) and the Russian Deputy Prime Minister (DPM) and the second on Military Technical Cooperation (IRIGC- MTC) co-chaired by Russian and Indian Defence Ministers. Both these commissions meet annually. The military ties between India and Russia have a very long history mutually beneficial partnership. Russia is the major supplier of arms to India with historic military and defence ties between the two countries continuing to be one of the foundation-stone of the Indo-Russia relationship. The Soviet Union was a major supplier of defence equipment, to India, for several decades.

The two nations also hold exchange and training programmes between their armed forces annually. The Inter-Governmental Commission and its Working Groups and Sub-Groups review defence co-operation between both the countries from time to time. Russia is the dominant seller of weapons to India. According to the Stockholm International Peace Research Institute, India was the biggest importer of arms in the world, with a 9% share of all weapons imported globally, over the five-year period (2006-2010). During the same time Russia, which together with the United States is a leading global supplier of conventional weapons accounted for 82% of Indian arms imports?

The Role of Russia and India in the Regional Organizations

Russia and India have enhanced security cooperation in the regional organizations such as the SAARC, Eurasian Economic Community (EAEC or EurAsEC), ASEAN, BRICS and the SCO by participating in the summit meetings. This would promote Russia and India's engagement with the Central Asian States in the security building measures. The foreign policy of the Central Asian states follows the multi-vector policy, which not only promotes to develop bilateral relations with Russia, China and the US but has showed interest to develop relation with India in the Asian subcontinent. India by developing relations with the Central Asian nations can secure its energy security through the Turkmenistan-Afghanistan-Pakistan-India gas pipeline project. India supports the capacity building and development process in Central Asia. To explore the energy potential in Central Asia, Russia, India and the US are intensifying interactions with the Central Asian nations. However, the Central Asian states being landlocked nations also want to develop stability in Afghanistan to enhance its economic security by cooperating with the Asian and Eurasian nations.

The Washington Post (2012) though India has no direct border link with Central Asian states, India's trade with Central Asia stands nearly at US \$200 million. The strategic location of Central Asia has the potential to link for India to connect with Europe, Persian Gulf, Middle East and Eurasian land mass. The central Asian nations have huge deposit of Uranium, oil and gas. India strives to expand its energy trade with these nations. Even India can connect with the Central Asia through the Persian Gulf region via Iran. India to expand its market has made several investments in the oil fields of Central Asia. India made investment in the Kurmangazy oil field, which is a joint Russian-Kazakh venture and signed TAPI gas project with Turkmenistan.

Bhadrakumar (2006) also thinks the presence of abundant natural resources in Central Asian states has attracted the international community to converge their security interest in the region. The superpowers compete among themselves to secure energy security. The struggle for power among the superpowers in Central Asia would lead to the revival of Great Game in Central Asia. India developing strategic interest with the Central Asian nations would enhance India's energy cooperation with the Central Asian nations. The United States is following the policy of cooperative partnership for development of Central Asia. Through this process the United States has plan to integrate economically Central Asian nations with Afghanistan and South Asian region. In the Greater Central Policy, United States tries to expand its influence in Afghanistan and South Asian nations. Russia under the regional organizations such as, Eurasian Economic Community (EEC), the Collective Security Treaty Organization (CSTO) and the Commonwealth of Independent States (CIS) is making every effort to secure its energy market in Central Asian States.

Russia considers the Shanghai Cooperation Organization (SCO) as an important mechanism to enhance cooperation with Iran, India, Pakistan and Mongolia. Therefore, Russia proposed for the inclusion of India, Pakistan and Mongolia as members in the Shanghai Cooperation Organization (SCO). Russia has also proposed for the permanent membership in the Shanghai Cooperation Organization (SCO) forum (Weitz 2011). Both Russia and India maintain friendly links with the Central Asian nations. They expressed main concern over the development of extremism and terrorism. This emerging non-traditional security threats have threatened peace and challenged the stability in Central Asia. To contain the emerging tide of extremism and terrorism, India supports the stationing of the CIS

peacekeeping force in the border of Tajikistan-Afghanistan. India has not only strives to develop its security interest in South Asia but also declared to cooperate with Russia to contain terrorism, which would help to ensure peace and stability in Central Asia.

Russia-India Engagement on Regional and Multilateral Security Issues

The security relations between Russia and India are not confined within the political and military dimensions, but at the same time Russia and India have given much priority to other threats emanating from drugs trafficking, illegal weapon trafficking, terrorism and organized criminal groups. All the threats originating from non-traditional sources have destabilized regional as well as international peace and security. The evils of terrorism, corruption, crime, illicit drug and weapon trafficking have sprouted in the developed and developing nations. The impeding non-traditional security threats could possibly be countered through enhancing regional and multilateral cooperation. Therefore, Russia and India have resorted to comprehensive and cooperative approach in dealing with the problems of international security environment.

Beri (2007) explains about the changing pattern of security notion. Beri explains traditional security gives priority to protect territorial integrity and sovereignty through the expansion of military power. However, international terrorism, cross-border terrorism, illegal money laundering, environmental degradation, conflict over resources (water, land, gas and oil), illicit drug trafficking and human trafficking are considered as non-traditional security threats.

In recent years, the threats emanating from traditional sources pose limited threat to national security of India but the threats emanating from non-traditional sources such as immigration, cyber-crime, international terrorism, cross-border terrorism, illegal money laundering, ethnic tensions, environmental degradation, illicit drug trafficking and human trafficking are considered to be the biggest threat to India's national security. The involvement of the non-state actors in motivating illicit arms trafficking, financing terrorist organizations, illicit drug trafficking and human trafficking have not only endangered national security of India and Russia but have destabilized global security architecture. The security interests of Russia and India converge in Afghanistan, Middle East and Central Asia because the resurgence of the Taliban in Afghanistan, the Israeli intransigence in Palestine and in Gaza, Hamas in Palestine, Hezbollah in Lebanon have destabilized global security and have

challenged international security system. In West Asia in the Afghanistan-Pakistan region, the terrorist organizations receive funds to train the terrorists. The Islamic extremists use the land of Afghanistan to train the terrorists and provide every kind of assistance to Harkatul-Mujahideen (HUM). These terrorist organizations have caused security threat in North America, European countries and in the Asian subcontinent. Therefore, Singh (2008) says about the security threats faced in Middle East and Afghanistan. The Taliban and the regional fundamentalist network operating in the Middle East have destabilized peace and security system in India and in the Russian Federation. Therefore, both the nations should take initiatives to contain the growth of Taliban and strive to maintain peace and security in Afghanistan. Russia and India have converged their security interests in Afghanistan due to its geo strategic relevance. It is very important for Russia and India to maintain stability in Central Asia and in Afghanistan. The restoration of political stability in Afghanistan and in Central Asia would enhance trade linkages between Russia and India through Central Asia. Joshi (2001) draws attention to the convergence of Russia-India security interests in the Central Asian States. The close geographical proximity of Central Asia with Afghanistan and Pakistan makes it vulnerable to the national security threats.

Therefore, to maintain peace and stability in Central Asian region, Russia and India have given priority to develop security architecture in Central Asia. The Central Asian states are more vulnerable to threats generated from its neighboring nations. Social and political instabilities have posed threat to the legitimacy of the government. Underdevelopment and low infrastructural investments has become a major problem in Central Asia. This situation hampers the economic development and prevents economic growth in some of the Central Asian states. The presence of natural resource such as abundant hydrocarbon deposits in Kazakhstan, Turkmenistan and Uzbekistan has attracted the extra-regional actors such as the European Union (EU), China, the USA and Turkey to increase their economic and political influence in the region. Russia still effectively remains the pivot of post-Soviet economic relations in Central Asia. Therefore, the primary objectives of the Central Asian states are to consolidate political and economic stability in the region through regional integration.

Kumar (2008) speaks on efforts taken by Russia and India for the establishment of a Multipolar World. So, Both Russia and India support for the UN reform and also strive for the establishment of a multipolar world which is based on

the principles of the rule of law, sovereign equality, territorial integrity and non-interference in the internal affairs of nation states. Ganguli (2008) argues the U.S. Policy in the post-Soviet space reflects the hegemonic intention of U.S. causing security threat to Russia's territorial unity and integrity.

Moreover, many developed and developing nations support for the establishment of a multipolar world, because the hegemonic endeavor and unilateralism of United States could destabilize international security environment. India as a strategic partner of Russia also strives to establish a multipolar world. Ramachandran (2001) points out the security framework under the European security system. The growing influence of west in the European security framework has influenced the United States to perform hegemonic role. Russia and India support for the democratization of UN Security Council and for the reshaping of the members of UNO in order to check and balance the hegemonic tendency of superpower. This would lead the world towards multi-polarity. Russia and India also support the UN in the peace building and peacekeeping measures. Therefore, both the countries advocate for the peaceful resolution of international disputes under the UN resolution.

Russia-India and BRICS

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 multidimensional 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

There is considerable literature on the subject. Some of the relevant publications can be classified under following headings.

Russia-India relations in Historical Perspective

Existing literature in Russia and India with regard to political, economic, energy, trade, science & technology relations show that Russia and India attach a lot of significance to a strong and close partnership in all these spheres. The existing literature throws light on the nature of bilateral and regional ties between the two countries, which have evolved with time. Naik (1997) notes that India has been the central point of the Soviet foreign policy in Asia. Both Moscow and New Delhi articulated significant mutual understanding on nearly all international issues, even with their different socio-political systems.

This pleasant and warm relationship based on convergence of national interests of both the countries continues till date even after the breakup of the Soviet Union. The historical legacy of mutual relation reflects in the economic ties between both countries. Thakur (1993) holds that the collapse of Soviet Union has been responsible for some change in the military ties with India. According to him the first and the foremost reason for the problems due to disintegration of Soviet Russia was the disturbing fall in military production and decline in exports, which was not limited to a particular country but to a number of Third world countries. The military production centers, which were distributed among various Republics, became the property of independent states. The Soviet Union's decision to open up its economy

and fall in the value of rouble lead to multiple problems of currency convertibility and affected its relations with India. Kotz (2007) also examines the demise of the Soviet Union and the severe economic and political problems of Russia and its repercussions on its ties with the other countries.

Discussing the comprehensive factors and agencies which formed bilateral relationship between the two countries over the last six decades, Pant (2013) theories that Indo-Russian bilateral relations could be understood in terms of a realistic idea as it better explains the progress and sustenance of strong bilateral ties between the two countries. Dash (2008) has discussed the evolving Indo-Russian relations in the past fifteen years. Regular bilateral summits have become a significant feature of mutual ties since 2000. According to Sangani and Schaffer (2003) this relation at various stages grew to curb religious extremism when it became a factor in Central Asia.

Russia-India Relations, 1991-1999

Discussing the soviet disintegration Mohanty (2000) argues that the Indians were concerned and appalled by this unexpected occurrence for more than one reason. First of all India was a multi-ethnic, multi-religious, multilingual and multi-national country like the Soviet Union. The Indians were afraid the Soviet disintegration, may encourage separatist forces within India. Secondly, Indians felt a strong kinship for the Soviet people who had supported India during crucial times, whether it was in the United Nations on Kashmir issue or during the liberation of Goa, Daman and Diu from Portuguese colonial oppression or during the liberation of Bangladesh from Pakistan. Thirdly, India highly appreciated the Soviet support in building India's industrial infrastructure at a time when the entire western world was unwilling to extend similar help. India also highly acknowledged the Soviet contribution in building its industrial potential and support for its economic and political self-reliance. Chopra (2001) argues that the co-operation between Indo-Russia in different spheres has been a milestone in enhancing their future development. Ghosh (2009) maintains that the political, economic, and defence partnership that developed during the time of the Cold war is as important in shaping India's foreign policy as the economy changes.

There have been some hurdles in Indo-Russia ties in the post the Cold war era. Kundu (2010) however argues that both countries have still been successful in building strategic partnerships in different areas like defence, nuclear energy, hydrocarbons, space research, science and technology and will probably strengthen

their future relationship. Dixit (2001) elaborates how the Indian foreign policy moved more towards Soviet Union/Russia from the time of Indian independence. India was trying to maintain close relations with the former Soviet Union, much to the discomfort and displeasure of all the major powers at that time, because the former Soviet Union provided immense military assistance to India. The two powers were united by convergent interests and tried not to give up their old friendship for their rapprochement with the US. After the end of the cold war, both countries “focused their energy and attention on the west, which was seen as the source of technology, capital and management”.

Sikri (2009) explains why and how they started to drift apart. However, when Putin became Russia’s president in 2000, he helped to revive the staggering political relationship and to turn it in the right direction in the new millennium. As rising powers that are likely to play a gradually larger and significant role in the world, in the coming decades and in their bid to create a multi-polar world both countries are likely to avoid any serious clash of interests, and work towards the common goal of creating a multi polar world. This revival of the Indo-Russian relations and its strategic importance in the international system has triggered a wave of publications about the revitalized ties: A detailed overview of the “revival of a traditional partnership” is provided. He examines “the significance of the Indo-Russia relations in the 21st century”.

The relations between the Soviet Union and India have often been described as exceptional. India was the only non-Communist country with which the Soviet Union was able to keep up a steady friendly relationship for an enduring period of over three decades says Duncan (1989). It might come out unexpected that it was India, which should have such ties with a communist country, despite the fact that its society suffered from a rigid caste system. Moreover, while India takes pride in being a secular state. It is the one in which religion is of prime importance in the social fabric of life of most of the population. Both atheism and communism as philosophical ideas are rejected by the overwhelming majority of Indians. The country is a multi-party democracy with free trade unions and a free press. It is culturally and economically closer to the West than to the USSR. All these factors might make Indians generally and Indian decision-makers in particular to be apprehensive of close links with the Soviet Union, which might have made Soviet decision makers careful in their dealing with India. However the reality was to the contrary.

Russia-India Relations under Putin Presidency

In a changing global geopolitical order, Putin has re-defined Russia's "strategic priorities" to regain its assertive role in global and regional affairs. For this, India regained Geo-strategic importance in Putin's strategic choice. Singh (2008) holds that the Declaration of the Strategic Partnership issued during his visit to Delhi in October 2001 underlined the point that the ties were time tested and marked by continuing trust and mutual understanding. Indo-Russian cooperation during the Putin period has continued to strengthen despite the change of regime in New Delhi and the improving ties with USA and Japan.

The foreign policy idea of the Russian Federation approved by the President in June 2000 emphasized strengthening the traditional partnership with India as well as in the international affairs (Kurylev 2008). Ollapally (2002) maintains that China's presence in Asia as an emerging player plays a major role in Indo-Russian bilateral relations. Sachdeva (2011) holds a similar view that in terms of arms deal India has surpassed China since 2007 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 likely chance to choose India over China. Thornton (2012) supplements this vision through his opinion that the defence relation between India and Russia has a wide span ranging from arms transfer and joint research to production of weapons systems. This has led to evolving special strategic and political relations. At present Russia is keen to see the relationship grow. He further argues that the relationship has significant advantages for both sides.

Russia is also wary of the regional problems in the continent having regional or international, direct or indirect, bearing on Russia. Chufrin (1999) analyses Russia's security issues and the emerging geopolitical balance in Central Asia, South-West Asia, and Asia Pacific. He examines the domestic political background of Russia's security policies and determines the importance of Asia in its domestic and foreign policies. Muni (2013) observes a number of bilateral issues that have harmfully affected the momentum of Indo-Russian relations, but both countries understand that they have much to gain from maintaining a strong bilateral engagement and a balanced global partnership.

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 focused 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. 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 political and strategic understanding in the mid-1990s to the mutually "productive" and "enduring" partnership between New Delhi and Moscow during Putin administration.

Russia-India Engagement at Regional Level

In the post-cold war era threat perception is not only confined to political and military dimension. Russia and India give equal importance to other threats emanating from illegal weapon trafficking, terrorism, drug trafficking and organized crime. All the above mentioned threats originate from non-traditional source; have weakened regional as well as international peace and security. Therefore, Russia and India have adopted a broad approach in dealing with international security.

The security interests of Russia and India converge in Afghanistan, Middle East and Central Asia because of the revival of the Taliban in Afghanistan. The Israeli intransigence in Palestine and in Gaza, Hamas in Palestine, and Hezbollah in Lebanon have destabilized global security and have challenged the international security system. The Taliban and Regional Fundamentalist networks in the Middle East and Afghanistan have destabilized peace and security in India and Russia. So both the nations should take initiatives to curtail the growth of Taliban and endeavor to

maintain peace and security in Afghanistan, whereas Central Asia is important from the Geo strategic point of view. If political stability is secured in Afghanistan and in Central Asia then trade link could be established between Russia and India through Central Asia. Joshi (2001) draws attention to the convergence of the Russia-India security interests in Central Asia. The close geographical proximity of Central Asia with Afghanistan and Pakistan make it vulnerable to the national security threats. Therefore, to maintain peace and stability in Central Asia, Russia and India have given priority to the security architecture in Central Asia.

Kumar (2008) speaks about the efforts taken by Russia and India for the establishment of a multi-polar world. Both Russia and India support reform of the UN and also support the establishment of a multi-polar world which should be based on the principle of the rule of law, sovereign equality territorial reliability and non-interference in the internal affairs of nation states. Ganguli (2001) argues that the US Policy in the post-Soviet space reflects the hegemonic intention of US causing security threat to Russia's territorial unity and integrity. Moreover, many developed and developing nations support the establishment of a multi-polar world because they believe that the hegemonic endeavor and unilateralism of the United States could destabilize the international security environment. India as a strategic partner of Russia also strives to set up a multi-polar world. In recent years, Russia and India have aggressively participated in the regional organizations like the SCO and RIC. The regional groupings not only serve the economic interest of the two countries, but are an important mechanism in establishing peace and stability in South Asia, South East Asia, Middle East, Afghanistan, Central Asia and Asia Pacific area. Russia and India, by participation in the regional and international groups, help to counter terrorism in the neighborhood.

Definition, Rationale and Scope of the Study

The above discussion clearly shows that a lot has been written on the subject of Russia-India relations. The present study would mainly focus on two aspects, military ties at the bilateral level and the co-operation at regional issues/levels. The underlying basis is the common security concerns of the two countries and how these have created the ties at the bilateral and regional levels. The proposed study would address the political, economic and regional cooperation level dilemmas that exist between Russia and India. In historical terms, this study will explore the historical evolution of the bilateral relations. The political, strategic and economic dynamics of

the Russia-India relations have been analyzed in the current scenario of international politics. The study proposes to do a comprehensive research of these factors and their impact on bilateral cooperation in the geopolitical context. While analysing the bilateral relations between the two nations, the major focus would be on studying the military co-operation. The changing dynamics of international relation and India's closeness to US especially, in terms of defence supply is creating challenges to bilateral relation between Russia and India.

The study will also focus on how the common threats emanating at the global level would be dealt through regional cooperation between Russia and India. It will find out whether Indo-Russia regional cooperation would affect world politics. The political factors would include cooperation in regional organizations with international importance of the SCO and RIC. The study attempts to analyze Russia's foreign policy towards India in the background of enormous changes in global politics and look into the ways in which Russia adopted its policies in the changed circumstances. The timeframe of the study is 2000 to 2015. The beginning year witnessed the signing of the Strategic Partnership and start of a new era in the relationship. The ending year marks 15 years of the partnership and the possibility of India becoming SCO member, thereby starting a new chapter in an already burgeoning regional level cooperation. Fifteen years is a reasonable time frame to assess the relationship.

Objectives:

1. To trace the historical evolution of Russia–India relations.
2. To analyse the changes that occurred in Russia-India relations after Soviet collapse.
3. To examine Russian policy towards India since Putin's assumption of the presidency.
4. To analyse Russia-India relation in political, regional and economic fields, with special focus on the military cooperation.
5. To examine Russia and India Relations and cooperation to counter common threats.
6. To examine Russia-India engagements at the regional level, especially in SCO and RIC.

Research Questions:

1. What significant changes occurred in the Russia–India relations after the collapse of the Soviet Union?
2. What are the long term motives and implications of Russia-India relations since 2000?
3. What are the major areas of Russia-India bilateral cooperation?
4. What are the changes and continuity in Russia-India relations in terms of defence cooperation?
5. What is the regional level cooperation between Russia and India to combat common threats to the stability and integrity of the two countries?

Hypotheses

1. The need to engage China and deal with the threat emanating from the destabilization of Afghanistan are the main concerns of Russia-India Cooperation at the regional level.
2. The growing probability between India and US poses a serious challenge to the Indo-Russian bilateral relations, particularly in the defence arena.

Research Methodology

The proposed research will apply historical, descriptive and analytical methods. The study would be historical in terms that it will focus on the evolution of the Russia India relation. It will also discuss how the historical legacy impacted the relations between Russia and India in Post-Soviet era. The study would be descriptive as it will describe the major determinants and events in the bilateral relation. It will also describe the changes in bilateral relation that occurred in the Post-Soviet period. It would evaluate the bilateral relation in all aspects such as political, economic and cultural etc. The proposed work is analytical as it will analyse the role of regional Organizations such as SCO and RIC in combating common threats. It will analyse the bilateral relation with special reference to defence cooperation.

This study would use both primary and secondary sources. The primary sources include government documents, including Diplomatic Bluebook of Russia and white paper on international trade, bilateral treaties and agreements. The study will also rely upon 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 the ministry of external affairs, Eurasian Foundation, various think tanks, foundations and newspaper articles will also be consulted. A content analysis of some of the major national dailies of both Russia and India would be done. In addition, memories and autobiographies of some prominent personalities of the time would be very helpful in understanding the nature of the problems and complexities involved in the process.

I have use primary data collected from the Indian defence year book, SIPRI policy paper, official reports collected from the Embassy of Russian Federation in New Delhi, Annual Reports of Ministry of External Affairs and Defence, Russia-India joint statements etc. Secondary data collected from journal such as Europe Asian Studies, Mainstream Weekly, Asian Security, Journal of Strategic Studies, The Carnegie International Report, Military and Aerospace Journal, Strategic Survey, Russian journals, as also news gathered from RIA Novosti, Pravada, and Indian news agencies will be used.

CHAPTERS

Chapter 1: Introduction and Historical Background

This chapter would explain the research design of the study, including the scope, rationale, literature review, research question and hypotheses and research methods.

Chapter 2: Russia-India Relations in the New International Context

This chapter would focus on the historical evolution of Russia-India bilateral relations. It will discuss the changes which occurred after the Soviet collapse, also the strategic motives and implications of Russia-India relations up to 2000.

Chapter 3: Russia-India Relations at Bilateral and Regional Context

This chapter has discuss the evolution of relations since the signing of the Strategic Partnership in the year 2000, broadly covering political and economic aspects, with special focus on defence cooperation, and the opportunities and challenges in the current scenario.

Chapter 4: Russian and Indian at Engagement in SCO, BRICS and RIC

The study has focus on how the common threats are sought to be dealt through the regional cooperation between Russia and India. It will also discuss the ways in which the two countries are trying to manage the relations with an emerging China and the unstable situation in Afghanistan, through organizations such as SCO and RIC.

Chapter 5: Conclusion

The conclusion has provided a summary of the main discussion in the previous chapters and the important findings of the study.

CHAPTER 2:
*Russia-India Relations in
the New International
Context*

Chapter 2

Russia-India Relations in the New International Context

Introduction

Indo-Soviet trade relations occupy an important place in the diverse and complex economic relations between the two countries. It is based on the fact that Soviet Union gave India an opportunity to overcome its colonial legacy at its crucial period in history, when India was asserting its policy of non-alignment and economic independence. The enterprises built in cooperation with the Soviet Union contributed 80% of India's production of metallurgical equipment and hydraulic turbines for power stations, around 50% of its oil production, 30% of oil processing, 30% of the country's steel output and a substantial part of its power generation. In an independent India, the trade relations between the two countries ushered with the conclusion of an agreement in 1950 on regular sea communication followed by a barter agreement in 1951 for the supply of Soviet wheat in exchange for Indian tea and jute. These arrangements were based on the principle of equality, mutual benefit and imposed no foreign exchange burden on India, as Indian currency rupee had been accepted as the medium. These agreements saved a lot of foreign exchange for India.

Besides this, growing Indo-Soviet trade relations helped India to diversify its trade with other East European countries also. So this phenomenal growth in Indo-Soviet trade during the first four decades (1951-1990) could be attributed to the rupee-rouble clearing house arrangements. Total trade turnover between the two countries increased from 0.12% of India's total trade in 1950-51 to a level of 11.45% in 1990-91. Major areas of cooperation between the two countries are defense, energy, pharmacy, science and technology, space etc. The potential areas of trade growth are diamond and gold, coal, information & technology etc. Since the year 2000 onwards, investment cooperation between the two countries is increasing in each other's country. Various initiatives and policy measures have been taken from time to time in order to promote trade and economic cooperation between the two countries but still their trade and economic ties are much below their potentials. Investment cooperation is important for increasing bilateral economic relations between India and Russia in the form of FDI. India's investment in Russia is greater than Russia's

investments in India but otherwise India is the second most attractive destination for FDI in the world after China.

Russia-India Relations: 1991-1999

After the Soviet breakup, India-Russia trade and economic relations underwent major changes during the last two decades i.e.1991-2010. India-Russia trade turnover has drastically gone down from Rs.7800 crore in 1990-91 to Rs.6337 crore in 2001-02, a fall of 18.76%. There was a sharp decline in the total trade in the year 1992-93. India-Russia trade data is not available for the years 1991-1992 on CMIE internet site. The end of the 'rupee-rouble' exchange scheme, after the disintegration of Soviet Union, transformed the nature of Indo-Russian trade based on convertible currencies since 1992. The debt repayment together with a credit line extended by the Government of India to Russian business was an encouragement to commerce after 1993 (when the repayment arrangement was formally approved). Immediately after the disintegration there was a fall of 67% in exports and 71% in imports, though there was potential to touch much higher level than the actual level. It was mainly due to lack of knowledge about business potential and lack of understanding between the private sectors of the two countries. There was no conflict of interest between the two yet bilateral trade had been faltering. Indo-Russia trade declined substantially during 1991-1999. During the year 1999, bilateral trade was only about \$ 1.5 billion, which accounted for only 2.5% of India's exports and about 1.3% of imports. Throughout the 1990s, the trade balance was in favour of India. India maintained its exports much higher than imports from Russia. Though in absolute terms the trade has recovered in subsequent years, in percentage terms the share has continued to decline. The reasons for decline in Indo-Russian trade were:

- i. The bulk of trade was being conducted with other republics of the USSR.
- ii. During the days of Soviet Union, public sector was playing an important role in setting up industrial units and it found economic cooperation with the Soviet Union more beneficial.
- iii. Liberalization, privatization and globalization were the important developments and both countries looked towards West and European Union.

Trade between Russia and India: 1993-2000

Year	Total exports to Russia	% share in total exports	Total imports from Russia	% share in total imports	Total trade turnover	Balance of trade of India
1993-94	648.60	2.92	256.89	1.10	905.49	(+)391.71
1994-95	807.38	3.07	504.54	1.76	1311.92	(+)302.84
1995-96	1,046.55	3.29	857.53	2.33	1904.08	(+)189.02
1996-97	811.84	2.42	628.96	1.61	1440.80	(+)182.88
1997-98	954.12	2.72	679.02	1.63	1633.14	(+)275.10
1998-99	709.26	2.14	545.42	1.29	1254.68	(+)138.84
1999-00	952.60	2.53	618.23	1.31	1570.83	(+)334.37

Source: Centre for Monitoring Indian Economy (CMIE) Centre for Monitoring Indian Economy, 2010

Though India enjoyed a favorable balance of trade with Russia even after disintegration of USSR but this did not include the purchase of Russian defense equipment by India. Above table clearly indicates that during the period 1993-2000, balance of trade was in India's favour despite of no steadiness in trade and wide fluctuations which prevailed due to following reasons:

- i. In the first half of the decade, there was sharp decline in the GDP, industrial and agricultural production, break up of linkages among the Soviet republics resulted in decline of foreign trade of Russia etc.
- ii. Economic transition was still in process new banking and financial institutions were not fully developed.

- iii. Specific arrangement of Rupee-trade was discontinued. But by 1993-94, there was multiplicity of trade channels between India and Russia such as Debt Repayment Account, Hard Currency account etc. which added to complexities.
- iv. Lack of experience in Russia about functioning of market economy and the private organizations were not adequately equipped with to manage the foreign trade.

It is also important to mention that some Indian small scale producers and trading firms adopted unfair practices and supplied substandard products to Russia, which created problems in promoting trade between the two countries⁴ So due to all above reasons Indo-Russia total trade turnover passed through a decadal decline after the disintegration of the Soviet Union. India's exports to Russia declined by about 45% during the decade (1991-2000). India's imports from Russia also fell down till 1994 and then afterwards picked up. It could be clearly stated that there were high fluctuations over the years due to lack of stability in trade relations between the two countries.

During the year 2008, the Indo-Russia chamber of commerce opened to help India for building a strong business relationship with Russia. The areas focused have been transport, food industry, power generation, pharmaceuticals, mining and metallurgy, up and downstream oil and gas, information and technology, space exploration, bio-technology, and applied sciences.

Russia-India Relations: 2000-2010

Lack of information on the part of corporate of both countries was an obstacle that had come in the way of expanding economic linkages After a period of stagnation in Russian-Indian relations throughout the 1990s, Russian companies returned to their former positions on the new Indian market in the early 2000s. Overall growth environment along with favorable investment climate attracted foreign companies in Russia.

Trade between Russia-India: 2000-2010

Year	India's import from Russia (US \$ billion)	India's export to Russia (US \$ billion)	Total trade (US \$ billion)	Balance of trade: India (US \$ billion)	Change in trade YOY%
2000	1.081	0.555	1.636	(-)0.526	--
2001	1.117	0.543	1.660	(-)0.574	1.47%
2002	1.628	0.515	2.143	(-)1.113	29.10%
2003	2.735	0.584	3.319	(-)2.151	54.88%
2004	1.554	0.631	2.185	(-)0.923	(-)34.17
2005	2.314	0.784	3.098	(-)1.530	41.78%
2006	2.987	0.968	3.995	(-)2.019	27.66%
2007	4.011	1.309	5.320	(-)2.702	34.51%
2008	5.231	1.715	6.946	(-)3.516	30.56%
2009	5.936	1.523	7.460	(-)4.413	7.40%
2010	6.392	2.142	8.535	(-)2.143	14.40%

Source: CMIE 2010, 2011.

The both countries, India and Russia fostered mutually advantageous cooperation in various sectors including defense, space, energy, nuclear energy and science & technology. India-Russia relations got a major boost with the signing of declaration of strategic partnership in 2000 with a long term perspective. India has become one of the biggest importers of Russian military assets and proved to be a

growing market for hydrocarbons and nuclear energy. Russian companies in India and Indian companies in Russia have to fight to participate in public tenders and compete with major global producers. Russia-India trade increased by 40 % in the year 2007 and amounted to \$5.3 billion around from \$3.9 billion in the year 2006.

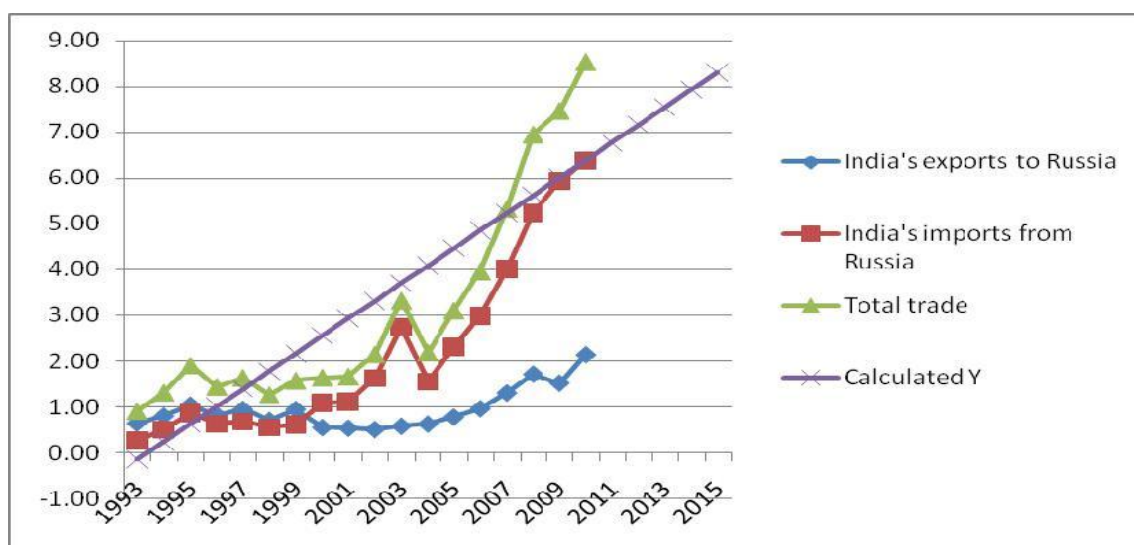
Two way trade volumes crossed \$ 6.9 billion in 2008. During 2005-10, India Russia trade registered a compound annual growth rate (CAGR) of 13% and increased by almost three times in the year 2010. India was a net importer from Russia during this period with higher CAGR of imports (15%) between the two countries. Making the economic partnership a strong pillar of the bilateral partnership like other areas of cooperation between India and Russia is a key priority for both governments. In December 2014, the leaders of the two countries set a target of US\$ 30 billion bilateral trade by 2025.

According to Russian Federal Customs Service data, bilateral trade during in 2016 amounted to US\$ 7.71 billion (decline of 1.5 % over 2015), with Indian exports amounting to US\$ 2.39 billion and imports from Russia amounting to US\$ 5.32 billion. Major items of export from India include pharmaceuticals, tea, coffee and tobacco, machinery and mechanical appliances, organic chemicals, and electrical machinery and equipment. Major items of import from Russia include pearls, precious and semi-precious stones & metals, nuclear power equipment, electrical machinery and equipment, mineral oil & products, iron & steels, optical, precision and surgical equipment. India and Russia are exploring various ways for enhancing bilateral trade. A few important steps/projects that could provide a major boost to bilateral trade are: Operationalization of the „Green Corridor“ project between the two countries which has already reached an advanced stage; implementation of the International North-South Transport Corridor, and the signing of an FTA between Indian and the Eurasian Economic Union (EaEU). In December 2016, Eurasian Economic Union (EaEU) approved the decision to start negotiations between India and the EaEU for signing an FTA.

Indian investments in Russia are estimated to be about US\$ 13billion which include Vankorneft and Taas-Yuryakh Tass fields; Imperial Energy Tomsk; Sakhalin I; Volzhsky Abrasive Works Volgograd; and Commercial Indo bank. Russian investments in India total about US\$ 16billion, including the acquisition of the ESSAR Group, Kamaz Vectra in Hosur; Shyam Sistema Telecom Ltd, Sberbank and VTB. Earlier, both sides had expressed their desire to raise the level of investments in

each other's countries to US \$ 15 billion (each way) by 2025. Based upon current figures it appears that the target will be achieved almost eight years earlier than planned.

The India-Russia Forum on Trade and Investment co-chaired by the Commerce and Industry Minister of India and the Russian Minister for Economic Development, and India-Russia CEOs' Council are the two primary mechanisms to promote direct bilateral business-to-business contacts between India and Russia. Mechanisms such as India-Russia Business Council (partnership between FICCI of India and CCI of Russia), India-Russia Trade, Investment and Technology Promotion Council (partnership between CII of India and RUIE of Russia), India-Russia Business Dialogue (partnership between CII of India and Russia's Business Council for Cooperation with India) and India-Russia Chamber of Commerce (with focus on SMEs) supplement the efforts to build direct business to business ties. To promote smoother and greater movement of businessmen, the two countries signed a protocol on 24 December 2015 to simplify visa procedures for businessmen.



Source: Figure is compiled on the basis of data given in Appendix. (Figures in US\$ billions)

India participated in one of Russia's major flagship industrial exhibitions, "INNOPROM 2016" in Ekaterinburg (Russia) from 11-14 July 2016 as a partner country, where the Indian delegation was led by Commerce and Industry Minister and the Chief Ministers of Andhra Pradesh, Maharashtra and Rajasthan. They also held a roundtable meeting with the Russian Prime Minister. Minister for Industry and Trade,

Denis Manturov led a large delegation to India and attended the opening ceremony of the BRICS Trade Fair, and met CIM in October 2016. He also met the CM's of Rajasthan, Andhra Pradesh, and Maharashtra.

The Russia-India Chamber of Commerce opened a forum on trade and investment, in February 2008. It has met four times (12-13 February 2007 in New Delhi, 12-13 February in 2008 in New Delhi; 29 September 2009 in Moscow; 20 December 2010 in New Delhi) with wide participation from both sides. Joint Study Group in 2007 and India-Russia Chamber of Commerce helped India to build a strong business relationship with Russia. During the period 1991-2000, India and Russia focused on political cooperation and military and technical interactions but in the new millennium Russia and India concentrated on other areas such as trade and investments.

According to the Russian statistics, India-Russia trade grew at the level of more than 30% during 2007 and 2008 and reached US\$7 billion. This was an unprecedented result of cooperation during the last 5-6 years (2005 onwards). It has proved the success and efficiency of initiatives as the year of Russia in India in 2008, intensified contacts between people of both nations and due to diversified scope of the Russian-Indian trade. Russia-India trade turnover has increased from \$3.955 bn. in 2006 to \$5.32 bn. and to \$7.46 billion in the years 2007 and 2009 respectively. According to Russian Statistics, in 2009 and 2010, there was an increase in bilateral trade with India by 7.4% and 14.4% correspondingly, despite of global economic and financial crisis. During the year 2010, Russian exports increased by 7.7% whereas Russian imports from India increased by 40.5%.

Trade and economic relations between India and Russia not only remained stable but also demonstrated their ability to further grow whereas global trade was seriously affected across continents due to unprecedented global economic crisis, Indo-Russian trade remained an exception. Total trade volume increased between the two countries, Russia's share in Indian foreign trade was almost 10% and the Indian share in Soviet foreign trade was around 4% only in the year 2010. So, there was lot of trade imbalance, it was tilted in favour of Russia. Finally, Russia's trade with India reached \$10 billion in 2010 as per the target, up from \$8.4 billion in 2009, mainly due to large volume of high technology exports. Manufacturing, energy, steel production, construction and agriculture are expected to be the prime trading sectors even beyond 2010. So, trade growth was registered in 2010. A major share i.e. 80% of Russia's

exports constitutes oil, natural gas, metals and timber. During the 15th session of India-Russia Inter-Government Commission on Trade, Economic, Scientific, Technological and Cultural Cooperation held in Moscow in October 2009, a new target of bilateral trade turnover of USD 20 bn. was set to be achieved by the year 2015.

Structure of India's Exports to Russia

During Soviet era, India had a monopoly position of traditional items exports. But during the transformation period, Indian exporters could not maintain and sustain this monopoly position due to various reasons: complexities of utilization of Debt Repayment Funds, multiplicity of payment channels; increasing role of 'shuttle traders' who dealt with unfair trading practices, trading in goods of substandard quality, dumping low quality goods to get quick profits, role of mafia elements from both the sides; economic crisis conditions prevailing in Russia in 1990s; growing competition in Russian market during the last several years and so on. Besides this, by the year 2005-2006, India had paid off major part of its Soviet era debt to Russia. So, lack of Debt Repayment Fund might be partly contributing to this decline in India's exports to Russia. There was another setback for exports of several traditional items such as tea, coffee, rice and tobacco due to a notification issued by Russia's animal and plant health watchdog Rosselkhoznadzor, which banned import of these items from India with effect from 28 January, 2008. Another important point was reduction in demand of some items like spices, cashew, rice etc. It was so, because in the past, exports were for the entire Soviet Union, meeting demand of different regions such as Central Asia, the Caucasus and the Baltic.

Medicines, pharmaceuticals and fine chemical items were the only major items of exports to Russia, nearly three-fold increase in seven years. India is competitive in Russian market for a wide range of medicines. Indian products are 50-60 % cheaper than comparable items from Europe. It is advantageous for Russia to import from India. India has potentiality for increasing exports of pharmaceutical products to Russia. Some leading Indian pharmacy companies have opened their establishments in Russia, which have made positive contributions to enhancing trade and economic ties between India and Russia. It is high time for other export items also that the Indian exporters should lay more emphasis on improving the quality of their goods and make them more competitive to make a mark in the new competitive Russian market.

Effective Changes in India's Approach to Russia

There has been a major shift in the composition of India's exports to Russia. As supplier of traditional and low value items like tea, coffee, ginger, jute, black pepper, handloom, sandalwood etc. to the ancient and medieval Russia, India has now emerged as supplier of non-traditional and value added items to Russia. For example, during the years 2002-03 ready-made garments as a group accounted for 37% of India's exports to Russia and increased from US \$81 million in 1996-97 to US \$256 million in the year 2002-03 in a span of six years, which reflected that the Indian garments had wide acceptance among Russian consumers and is continuously growing. Export of drugs and pharmaceuticals are on upward trend over the last many years. Other potential items in the India's export basket to Russia include coffee, tobacco, manufactured electronic goods, machinery and instruments, plastic and linoleum products, castor oil and for the last few years (5-6 years) energy equipment's, mechanical devices and ferrous metals, organic chemical compounds have also been added in India's export basket to Russia. Over the past five years, Indian exports of pharmaceuticals to Russia have more than doubled. Indian tea, coffee, tobacco, spices, nuts, marine products, canned vegetables and fruit are in high demand on the Russian market. India manufactures a wide range of competitive machinery and equipment needed by Russia. The low volume of Russian imports of the above products in previous years has been mainly due to lack of information about Indian producers.

Structure of Russia's Exports to India

Russia's major items of exports to India are iron and steel products, fertilizers, non-ferrous metals, synthetic rubber and a host of other items which account for about 50% of total exports. Russia exports significant quantities of newsprint, transport equipment, organic chemical, project goods and so on. Negative growth was found in Iron and Steel, Organic and Inorganic Chemicals, Gold and Silver. In fact, India had been facing competition from the countries like Sri Lanka, China and Brazil which had entered the Russian market in a big way with specific brands to capture the market. Other principal items of import from Russia include coal, coke, non-electrical machinery and briquettes were also added in India's import basket from Russia. Russian companies are also getting involved in Indian markets in different sectors like construction, hotels, telecoms, civil nuclear cooperation and energy which shows dynamic approach of Russia in Indian market. Russian research centers and Steel

Authority of India have established cooperation in the field of research, setting up nuclear power plants and joint venture participation to set up aluminum plants. The changed scenario of cooperation has elevated the bilateral relations from largely a buyer-seller level to the plains of partnership which is beneficial for both countries.

Trade in Service area

India and Russia have been successful in increasing their share in world services export. According to the Central Bank of Russia, in 2008 bilateral service trade increased by 50% compared with 2007. Russian services export to India decreased by 24.5% while services import from India increased by 131% in 2009, bilateral service trade decreased on 40% compared with 2008, Russian services export to India grew by 44.5% whereas services import from India decreased fold. The dynamics of Russian services export in India has been defined by the development of economic cooperation and trade, as well as by organizing of the year of Russia in India and the year of India in Russia in 2008-2009.

In the year 2008 there started an electronic filing program for tourist's acceptance and tourist visa's arrangement. The Russian services import from India is dominated by organization services of Russian tourists stay and construction services provided to Russian companies, which realize economic projects in India. According to a study conducted by the Boston Consulting Group, it is estimated that 40 million new services jobs and US\$ 200 billion revenue would be generated by 2020 in India. This would include 20 million direct jobs through remote services and through import of customers. For this, India proposes to seek preferential market access in Russia, beyond what has been given in its accession vegetation.

To increase the bilateral trade flow, it is essential to improve the environment for information dissemination regarding the activities in the sphere of construction of infrastructural facilities in India. India seeks market access for 'Contractual Service Suppliers' (CSS) and 'Independent Professionals' (IP). India wants free movement of natural persons and for this visa and immigration procedures, work permit norms, economic needs and labor market tests etc. need to be modified. The Russian side view is that these issues would be considered after the agreement on visas is reached and Russia becomes a member of WTO.

Russia and India: Harmonies of Interest, Barriers to Trade and Steps to Overcome the Barriers

Soviet/Russia-India relationship was based on a number of common grounds from the beginning. Russia and India have identical position on issues such as the settlement of the Middle East Crisis, Iranian problem, situation in Central Asia, Afghanistan and other issues. Russia and India have readiness for large-scale interaction in the sphere of geopolitical interests, based on their desire to strengthen their respective regional positions, India in South Asia and Russia in Central and East Asia.

There has been mutual desire of both the countries to build new pipeline networks for energy and transport lines, connecting India with the Eurasian region. Both are positively related to the perspective project of Iran-Pakistan-India gas pipeline. India has been preparing a new project with Iran and Russia's involvement that has been initiated by India. This is mutual construction of the international transport line that is 'North-South' Corridor.

In the field of energy and military, India and Russia are complimentary to each other. Besides this, Russia extends support to India's Candidature as one of the possible permanent members of the UN Security Council. India claims its right to be a member of this body by virtue of its growing international influence and economic potential in the last one decade. Russia has also been lobbying for India's admission to the Shanghai Cooperation Organization and for close cooperation on regional security in the Moscow-Delhi-Beijing triangle.

The economic interaction between the two countries is brightened by cooperation in new areas like energy. But Indo-Russia trade is still the weakest link in the relationship, as it faces number of problems. Both are striving to meet the international standards demanded by the competitive global trade. From IT perspective, both the customs have significantly modernized their operations. Indian and Russian custom's partnership would provide requisite opportunity to strengthen trade facilitation measures, enforcement apparatus and risk management systems.

India has changed greatly over the years from 2000 onwards and has become one of the world's leading countries in terms of GDP growth and in the fields of information technology, telecommunication, metallurgical and mining industries, space-related technologies and engineering etc. Although India's trade with rest of the world had increased three times, its trade with Russia did not reflect this growth.

Various problems have been held responsible for the poor level of bilateral trade between India and Russia. Both countries have built a sound legal foundation for promoting trade and economic ties. Agreements on mutual investment protection and avoidance of double taxation are in place for facilitating ties. But these are not sufficient. Some of the general barriers to bilateral trade and the suggested steps to overcome them are as follows:

i) **Lack of trade routes**- The greatest hindrance to trade between India and Russia has been the lack of trade routes. Indian exporters face a major problem of long duration of about two months and costly transportation of goods to be exported from India to Russia, as after the Soviet breakup goods are not sent through Odessa port which is in Ukraine. At present the movement of goods between the countries has been taking place through shipping companies of third countries. Adequate shipping arrangements and port facilities should be built for strengthening trade. This constraint can be overcome with North-South corridor via Iran and the Caspian Sea. The agreement on India-Russia transport corridor would help in reducing transport costs. This new route comprises sea and land links across India, Iran and Russia and would shorten travel time by 10 days. The new route connects Mumbai-Bandar Abbas (Iran)-Astrakhan (Russia). This route represents the shortest link to Russia from India and must be strengthened. Although this route is already in use, major choke point is the Astrakhan customs port. At the moment, they use an alternative route to Russia not through Bandar Abbas in Iran.

ii) **Insurance Coverage**- India's Export Credit Guarantee Corporation (ECGC), which protects Indian exporters from political and commercial risks, discriminates against Russia had put it in B grade, which in practice means providing only 60%-80 % insurance coverage for Russia-bound Indian goods. The ECGC coverage for exports to Russia is too expensive. At present, with significant improvement in the Russian economy, ECGC had placed Russia in group 'A2' in the open cover category with normal percentage of cover. Earlier most of the Russian firms which exported to India were linked to the overall high risk factor that prevailed in the 1990s. With significant improvements in the Russian economy, ECGC has placed Russia in the open cover category with normal percentage of cover. This has helped them to overcome this constraint.

iii) **The Rupee Ruble liability plan**- The funds remaining under the rupee-ruble debt agreement had been a big hurdle for expanding the trade between two countries.

Russia is still left with huge rupee funds to utilize through trade of Indian commodities, while India's trade with Russia has shifted to dollar parity transactions.

iv) **Russian Visa problem-** Many interested Indian businessmen face a major problem of time-consuming 'visa-regime' of Russia. When political relations between the two countries have been consistently close and cordial, such a cumbersome visa regime goes against economic interests of both the countries. The cumbersome visa process and harassment at Moscow international airport has dissuaded many Indians to do business in Russia. For example Infosys is keen to enter the Russian market but visas are a matter of concern. Russia has been insisting India for signing a re-admission agreement but India has not accepted the same. The main problem is the fact that from Russia, illegal Indians had tried to enter Europe, which pressurized Russia to check illegal migration from Russian territory. So, India has to give a serious thought to this issue of re-admission agreement, it can be resolved given flexibility, goodwill and mutual concession from both sides.

v) **Banking-** Some Indian business firms suffered losses in the 1990s especially due to financial meltdown in Russia in 1998 when several Russian banks went bust that affected trust in the Russian banking system. Besides this, after debt-repayment rupee funds were exhausted, adequate banking facilities were urgently required for facilitating bilateral trade. Indian banks simply stopped honoring Letter of Credits (LCs) and guarantees issued by Russian banks. State Bank of India and Canara Bank has now opened a joint venture bank with equity. ICICI bank which entered Russian market in the year 2010 only, has purchased a Russian bank which is doing well. Russian banks are also planning to open their branches in Delhi for the promotion of bilateral trade and economic relations. So, it can be stated that the banking problem has been largely overcome during the last 4-5 years with private sector Indian banks operating from Moscow or posting their representatives to operate on their behalf.

vi) **High risk in Russian market-** There had been a perception among many Indian businessmen regarding the high risk factor with regard to the Russian market. After the Soviet break-up, Russia was passing through crisis and mafia elements in Russia had badly affected trade between the two countries. With the development of both the economies, the situation has changed and improved now.

vii) **Information gap-** There is an 'information gap' about the Russian market conditions which has hampered growth of export trade and also B2B (Business-to-Business) contacts. During the Soviet era, Indian companies were dealing with state

sector organizations, which were safe and reliable. In fact, there has been a systematic change in the Russian economy but still information about new Russian Private Sector companies, is not sufficient. But now, both countries have realized that business-to-business contacts would be the best way of promoting trade and removing information gaps.

viii) **Language-** It is one of the biggest barriers in dealing with the Russian market. Foreign businessmen face difficulties to find out their counterparts in the country if they do not have local partners. India has offered Russia to train their staff and bring them to international standards.

ix) **Lack of knowledge about the business potentials-** It is difficult for Indian firms to find out the credit worthiness of new Russian companies and this itself makes dealings with such firms a risky proposition. Another complication of the situation is that quite often Russian banks do not provide credit reports of companies on behalf of deal with the Government and public sector units as was during the Soviet era, for instance machineries for construction sites, nuclear plant in Kudankulam etc. Russia continues to deal with state sector units and do not face problem of information gap, lack of information about the customer and payment delays from Indian side. This has helped Russian companies to sustain and increase exports to India. So lack of knowledge about the business potentials and a general climate of mistrust between the private sector enterprises in India and Russia were the key reasons for the sluggish growth in bilateral trade between the two nations. Indian companies have started relying on private banks in Russia, as it was practically impossible to seek guarantees from Government banks for all the export deals struck.

The private sector of both countries needs to play a more pro-active role in strengthening bilateral trade and economic ties through trade fairs, buyer-seller meets, joint investment forums, etc. The annual Indo-Russian investment forum is a positive step in this direction. The USSR had played an important role in India's industrialization process like steel industry. Similarly India can also help Russia in the process of restructuring and modernization through its expertise in IT, management and financial services.

Initiatives and Policy processes to promote Trade and Economic ties

The policy makers of both India and Russia have taken policy decisions and measures from time to time in order to promote trade and economic ties between the two countries:

i) Russia-India inter-governmental commission on Trade, Economic, Scientific, Technological and cultural cooperation (IRIGC-TEC) was set up in 1992 to operate on a permanent basis. It has working groups on trade and economic cooperation, power generation metallurgy and mines and also on information and communication technologies. In pursuance of the memorandum of understanding on cooperation signed on February 6, 2006, India and Russia had set up a joint study group (JSG) to suggest ways and means to strengthen their trade and economic cooperation, to finalize a program for reaching the bilateral trade target of US \$10 billion dollars by 2010 and to explore the feasibility of a Comprehensive Economic Cooperation Agreement (CECA) between India and Russia. A statement of understanding was signed in June 2007 to set up a Joint Task Force (JTF) with the objectives of monitoring the implementation of the recommendations of India-Russia JSG to achieve the targets and further considering the possibility of signing of the CECA between Russia and India.

ii) In 2006, India's Ministry of Commerce and Industry and Russia's Economic Development Ministry have established a regular annual Russian-Indian Forum on trade and investments. On December 20, 2010, there had been meeting of the fourth session of this forum. The forum's agenda had focused on ways to develop cooperation in oil and gas, engineering, automobile manufacture, metallurgy infrastructure, power generation, chemical industry, telecommunications, information technologies, innovations and new technologies etc.

iii) In 2008, the Council of Chief Executive officers was set up with the mandate to develop a roadmap for increasing partnership and cooperation between the two countries at business level.

iv) The leading business Chambers of India and Russia have entered into partnership agreements e.g. Confederation of Indian Industry (CII) with Russian Union of Industrialists and entrepreneurs (RUIE), Federation of Indian Chamber of Commerce and Industry (FICCI) with Russian Chamber of Commerce and Industry (RCCC). An India Russia Chamber of Commerce has been established in 2008.

v) Regular participation by business representatives in the exhibitions, fairs being held in each other's countries. During 2008 and 2009, a national Indian exhibition was organized at St. Petersburg Technical Fair.

With all the above steps, trade and economic cooperation between Russia and India is developing dynamically. The trade representation of the Russian Federation in India is

focused on the development and expansion of trade and economic relationship between Russia and India. It provides Russian and Indian businessmen with required market information enabling them to establish direct contacts, encourages Russian and Indian enterprises to explore new business opportunities, and ensures understanding between the business communities of both the countries. Exhibitions and conferences, tenders, potential partners to start a business, etc. are all performed by 'The Trade Representation of the Russian Federation in India'. So leaders of both the countries are confident with above all business infrastructure that Russian-Indian partnership would be long term and all necessary measures would be taken to achieve the trade target up to USD 20 billion by 2015, as agreed by the Governments of Russia and India.

Major Areas of Economic Cooperation

Given the geographical distance between India and Russia, India cannot take China's place in terms of volume of bilateral trade. But India and Russia could boost greater cooperation in diverse fields through joint ventures, collaborations and joint development initiatives. Number of areas has been identified where there is complementarity and India seeks to intensify Russia's cooperation. These include the following sectors:

i) Energy Sector- Russia is one of the biggest hydrocarbon resource holders of the world as it controls one-fifth of the global energy resources. On the other side, India is one of the largest energy consumers so they can become natural partners for cooperation in this area. The agreement on strategic partnership between India and Russia signed in October 2000 put energy cooperation back on agenda. The oil shipments from Sakhalin-I project are already reaching India. India has been trying hard to invest in Sakhalin-3 project and take part in the development of Kovytkva gas field in Russia.

Russia's gas giant Gazprom has been entering into a strategic cooperation agreement with Gas Authority of India (GAIL) and with the ONGC to supply gas and hydrocarbons. Reliance Industries Ltd. has also been investing in the Russian energy sector. Energy sector provides excellent projects to achieve a quantum increase in bilateral trade, investment and business-to-business ties between Indian and Russian oil and gas companies.

ii) Nuclear Energy- Nuclear energy generation is another important area where bilateral cooperation has a bright future. The end of India's nuclear apartheid has

opened avenues for stronger cooperation between India and Russia in this area. About 20 nuclear reactors in India with Russian technical know-how would provide new quality to cooperation between two countries.

During three consecutive years i.e. 2008, 2009 and 2010, exchange of visits by President Medvedev, PM Putin and PM Manmohan Singh envisaged India and Russia for conducting joint research in the nuclear field, work on joint development of fast breeder reactor and joint enrichment of uranium. Both the countries have agreed to conduct joint geological exploration of Uranium in India and Russia and also third countries. This would be one of most important areas of cooperation in energy sector.

iii) Space Cooperation- The legal base of India-Russian space cooperation provided by the inter-Governmental agreement between Rasaviacosmos and ISRO was signed in 1994. In December 2004, inter-governmental agreement was signed on joint peaceful space exploration program. This agreement reflected entirely new standards and scale of bilateral cooperation in areas such as space, material studies, TV and radio broadcast via satellites, space, biology and medicines as well as provision of launch services. A separate agreement was on long term cooperation in expanding and using Russia's Global Navigation Satellite System (GLONASS) for peaceful purposes.

The 2004 Inter Governmental Agreement (IGA) on GLONASS serves as the umbrella Agreement for cooperation in two segments, the launch of GLONASS-M series satellite by India's GSLV launch vehicle and India's participation in the joint development of GLONASS-K satellite series. In December 2006, India and Russia signed two space agreements. One of them is a long term deal under which the countries will jointly develop and use GLONASS, the Russian designed satellite system that gives spacecraft, marine vessels and ground vehicles, a positioning capacity of 5 to 10 meters. The near term plans of bilateral cooperation include the launching of a radio telescope with a 10 meter antennae and Indian receiver. The first Russian research satellite-CORONAS-PHOTON, intended for solar studies was launched in late January 2009. The LORONAS-Photon space observatory is flying along a 550 km. orbit and is scheduled to operate for five years. The satellite has an Indian instrument that covers a wide energy range. Another key project is lunar resource (Indian name "OLA") that would land a lunar rover on the moon. With Russian assistance, India has launched its first satellite project Chandrayan-II which used an Indian GSLV carrier rocket to deliver a spaceship consisting of an orbital and

landing lunar modules to the moon around 2012. Russian and Indian Governments have approved the programme for solving concrete issues about how to share the work and determine the composition of the payload. Indian specialists are expected to take part in international missions to the Mars in 2030.

The Soviet side assisted India in setting up of the Thumba Equatorial rocket launching station and the launching of Indian experimental satellites Aryabhata, Bhaskara-I and Bhaskara-II. The Indian remote sensing satellite IRS-IA/IB was launched by soviet launch vehicles on a commercial basis. The flight of Squadron leader Rakesh Sharma-the first Indian to go to space in 1984, was from the Salyut Space station in the USSR. Russia participated in the formation of the first group of Indian satellites for distant probing of the earth; the first launch of IRS series satellites was conducted by 'Vostak' rocket.

A new area of cooperation in this field is the application of Space based technologies for disaster management purposes. It is envisaged to set up a disaster management center in India, modeled on EMERCO of Russia that would utilize GLONASS signals for the effective management of natural disasters.

iv) Defense Cooperation- The traditionally close cooperation between the two countries in the military-technical field is a major pillar of the India-Russia strategic partnership and a reflection of the trust and confidence that has built up between the two countries over the period of last two decades have been worth \$35 billion and both countries have successfully developed military technical cooperation under an agreement worth \$18 billion covering the period up to 2010. The annual acquisition of Russian military hardware by India is worth around \$1-1.5 billion²⁰. It is important to mention that an in-principle decision has been taken for reinvesting 50 % of the contract value in India which would boost up bilateral economic cooperation with India which has remained a priority for the Kremlin and Russia is always ready to support even with additional financial means.

The 'Indo-Russian Inter Governmental Commission on Military Technical Cooperation' (IRIGC-MTC) mechanism was set up under a 2000 IGA and signed during Putin's visit to India in March 2010. The commission has been supported by two working groups: on Military technical cooperation and Ship Building. Under the umbrella of IGA signed in 2004, the following cooperation projects are being carried out:

- (i) 'Youthsat Programme' established in 2007 involving joint development of instrumentation and experiments by young researchers from India and Russia for ISRO's YOUTHSAT Satellite.
- (ii) The Lunar Exploration Programme (Chandrayan II), established in 2007.
- (iii) Human Space Flight (HSP) programme, established in 2008.

Major ongoing military technical cooperation projects include joint production of supersonic Brahmos missiles, and development of 'Fifth Generation Fighter Aircraft' (FGFA), 'Multi-Role Transport Aircraft' (MTA) and T-90 battle tanks. Military technical cooperation has been a shift from the earlier 'buyer-seller' framework to joint design and production of defense systems. Despite of India's efforts to diversify its defense supply sources, Russia continues to be an important ally as before and its largest military partner. India and Russia have jointly produced a short-range missile Brahmos and India's ambitions for space research rely heavily on Russian assistance. The Indian Air Force, Army and Navy are equipped with 70 to 85 % of military hardware of Soviet or Russian origin and India still meets 50-60 % of its defense requirements from Russia. India is procuring the aircraft carrier Admiral Gorchakov along with an initial order for 16MiG 29K aircraft. Putin's visit to India in March 2010 contributed to further strengthening Indo-Russian defense cooperation. Joint development of fifth generation aircraft T-50 and implementation of multi-role transport aircraft, are the significant achievements. India and Russia have several other major military programs:

- i) Brahmos cruise Missile program
- ii) INS Vikramaditya aircraft carrier program
- iii) Fifth generation fighter jet program
- iv) Sukhoi Su-30 MKI program (230+ to be built by Hindustan Aeronautics)
- v) Ilyushin/HAL Tactical Transport Aircraft

Brahmos- It is the first joint venture between India and Russia to design, develop and market advanced defense system, where loan repayment is converted to investment. The two countries have agreed to conduct a new hypersonic version of their joint venture 290 Km range by 2015, known as 'Brahmos-2'. Russia's Mig-35 is equipped to change direction quickly, which gives it a major advantage in difficult situation. This would have speed of around 600 kilometers per hour.

India's defense cooperation has now entered a new phase by taking multi-dimensional character. More attention has been given to conversion, modification and

maintenance. Joint control and full cooperation have created a solution for the defense enterprises to present the latest equipment and technology in time and to overcome delay in delivering the aircraft carrier 'Admiral Gorshkov' and demand for more than double the originally agreed price.

v) Science and Technology Cooperation- India and Russia are the major powers in the area of scientific research. Initially the science and technology cooperation was pursued under the science and technology agreement, concluded in 1972. At present, the science and technology interaction between India and Russia is conducted under the following programmes:

- a) Integrated Long Term Program (ILTP)
- b) Basic science cooperation program
- c) Inter-academy exchange program
- d) Agriculture research cooperation program

The Russia-India Inter-Governmental Commission on Trade, Economic, Scientific, Technological and Cultural Cooperation (IRIGC-TEC) presides over the functioning of the following six working groups and one sub working group, covering specific area of cooperation like working group on trade and economic cooperation, working groups on mine and metallurgy, working group on Science and Technology, working group on energy, working group on tourism and culture and sub group on banking and financial matters.

The Joint working group on science and technology, operating under the aegis of the IRIGC-TEC is the principal institutional mechanisms for S&T cooperation between the two countries. Development of semiconductor products, super computers, poly vaccines, laser science and technology, seismology, high purity material software and IT and Ayurveda have been some of the priority areas of cooperation under ILTP. Under this programme, eight joint Indo-Russian centers were established to focus on joint research and development work. Two other joint centers on non-ferrous metals and accelerators and lasers were setup in India. More than 200 joint projects have been implemented in these areas so far. In August 2007, a MoU was signed between Department of Science and Technology of India and Russian foundation of Basic Research to pursue scientific cooperation. The following are the Indo-Russian centers of excellence, where large interactive research works progress:

- a. Bharat immunological and Biological Corporation limited, at Bulandashahr plant receiving continuous help and inspiration from Russia.

- b. Russia-India Center for advanced computing research, Moscow
- c. Russia-India Center for gas hydrates, Chennai
- d. Indo-Russian Center for earthquake research (MoU has been signed in November 2008).

During September 2008, ILTP session focused on five priority areas for cooperation: energy, hydrates, chemical research, nanotechnology and bio-medical research. Another important avenue is setting up research fellowships for Indian and Russian scholars in both the countries. Healthcare and renewable energy are the two main programs identified as areas of particular importance for both the countries during the session of ILTP in mid-September 2009. A joint centre on perspective computer technology, equipped with Indian supercomputer PARAM-1000 with a capacity of 72 billion operations per second has been setup at Moscow. New cooperation is envisaged through the programmes to be set up is:

- i. Innovative research programme
- ii. SARAS certification & development
- iii. Joint manufacturing of chips for solar energy and nanotechnology cooperation.

Pharmaceutical Cooperation

In the year 2010, Russia was the second largest export destination for Indian pharmaceutical product after the United States and India's Ranking in Russia's market has fallen from second position to fifth. India is competitive in terms of production costs in setting up plants. It is 40% cheaper to setup plants in India. Russia is the 8th largest pharmacy market in the world. Russia's demand for pharmacy products are rising as diseases like cardiovascular, respiratory are increasing. Since the years 2006–2007, Indian exports of pharmaceuticals to Russia have more than doubled. A roadmap of a joint Russian-Indian center for TB vaccine development has been under progress.

The Indian pharmacy exports to Russia are growing at an average annual rate of 7% gap. Although it has a potential to grow at a rate of 10-11%, tough competition from European countries and China has retarded the growth. In 1999, India had a debt burden of more than \$10 billion to Russia. Maximum pharmacy trade took place to clear the debts, benefiting Indian companies. At present, Russian pharmaceutical market is growing at 10-15 % per annum.

Deal Collaboration between India and Russia

Investment cooperation is important for the furtherance of bilateral economic relations between India and Russia in the form of Foreign Direct Investment (FDI). According to RBI's figures, India's cumulative investments into Russian economy reached to USD 4.23 billion during the period April 1960- June 2010 whereas Russian cumulative investment into Indian economy reached to Rs.2142 crore from April 1991-March 2010. Additionally, ONGC Videsh limited has also acquired Imperial energy. India's investments in Russia stood at USD 5 billion in India in 2009-10 and Russia's investment was USD 3.5 billion in India in the same year.

Foreign Direct Investment (FDI) in India

The liberal investment regime, rapid growth of the economy, strong macro-economic fundamentals, progressive de-licensing of sectors and the ease in doing business has attracted global corporations to invest in India. FDI inflows have recorded over fivefold increase during the period 2005-2010. UNCTAD's World Investment Report, 2005 considered India the 2nd most attractive investment destination among the Trans National Corporations (TNCs). Significantly FDI has come to play an increasing role in the economic growth of the country.

India is an attractive oil and gas FDI destination. Movement towards market pricing of petrol, diesel and gas has made India an attractive destination for FDI oil and gas sectors. According to the Department of Industrial Promotion and Policy (DIPP), the petroleum and gas sector received only 2.5% of cumulative inflows during April - December 2010. In exploration and production sector, the entry of British Petroleum (BP) is an important development. In March 2011, RIL-BP joint venture in the down sector LNG would get a major boost. In the last decade, ninety one oil and gas discoveries under 'New Exploration Licensing Policy' (NELP) have already established the prospectively of the country's sedimentary basins mainly for gas. The business for oil marketing for private companies was not attractive due to the scheme of subsidies along the petrol and diesel chain. But now Government of India is gradually moving towards fixing petrol prices on parity with international crude price and also the diesel prices. Sector wise FDIs a large portion of the FDI flows into skill intensive and high value-added services industries, particularly financial services and information technology. Service sector and computer software and hardware industry together accounted for about 36% of the total FDI into India between 2000 and 2007. The cost competitiveness of skilled manpower in India is the primary

reason for the large share of the FDI inflow. Services sector continues to be the favourite investment destination for foreign investors. The sector has attracted 21% of cumulative FDI inflow into India.

Government Initiatives

The sweeping economic reforms undertaken by the Government aimed at opening up the economy and embracing globalization have been instrumental in the surge of FDI inflows:

- i. Expanding the number of industries for which 100 % FDI is allowed through the automatic route.
- ii. Progressively raising the FDI cap in other sectors like telecom, aviation, banking, petroleum and media sectors among others
- iii. Removal of the investment cap in the Small Scale Industry (SSI) sector.

Major Investments from Russia to India

The agreement between the Government of the Russian Federation and the Government of India about investment cooperation and protection was signed on December 23, 1994 and became effective on August 14, 1996. Bilateral agreement between the two Governments about avoidance of double taxation was signed on March 25, 1997 and applied in practice from 2000-2001. India and Russia have carried out deregulation and privatization of markets to enhance their FDI attraction prospects. Over the past decade, the amount of the Russian investments into the Indian economy was approx US\$ 120 million, out of which US\$ 80 million for the enterprise of the Brahmos Pvt. Ltd. Though the total amount of Indian investments into the Russian economy is large due to big investments by ONGC Videsh Ltd. but the number of Indian investments remains few. From the year 2007, the Russian-Indian investment forums are being held on the regular basis to enhance trade and investment co-operation.

CHAPTER 3:
*Russia-India Relations at
Bilateral and Regional
Context*

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Russia-India Relations at Bilateral and Regional Context

In the changing dynamics of international politics set in motion by the end of the Cold War and the break-up of the Soviet Union in 1991, there were paradigm shifts in the nature of relations among countries. India and the Russian Federation, however, were soon able to find a new basis for re-establishing their close and friendly relations. Within a span of nine years, Indo-Russian relations had evolved into a strategic partnership. This implied a qualitative higher level of relationship reflecting mutual trust and confidence. Generally, it has been observed that whenever the geopolitical and strategic interests of two countries coincide, the ensuing relationship between them is often warm, close and friendly. The root of Indo-Russian relations also lies in the compatibility of their vital interests at the regional level Central Asia, the center of Eurasia. It was this compatibility of geopolitical and strategic interests that augured well for Indo-Soviet ties in the past, although the context was different, and augurs well now for Indo-Russian ties.

The regional scenario, however, has been undergoing swift changes. Eurasia has been attracting world attention. Several factors explain this shift in focus towards Eurasia. With oil politics and energy security occupying the centre stage of international politics, the abundant natural resources of Eurasia including energy sources has drawn a lot of external attention. The scramble to control these vital resources, the efforts to provide alternate transport routes and corridors to most of the landlocked countries of the region, and the propagation of Political system in the post-Soviet space are various dimensions of the competition that has emerged among major powers. It is primarily between the West, particularly the US, on the one hand and Russia in partnership with China on the other hand competing for control and influence in Eurasia. What has complicated the competition is the emergence of Afghanistan as the hub of international terrorism and religious extremism under the Taliban. While the Taliban have been defeated, the danger of terrorism and extremism continues in the region. Reports suggest that several extremist groups have re-emerged and that Iraq is gradually emerging as a center for terrorist activity. Thus, the regional scenario has been in a state of constant flux. For Indo-Russian relations, the regional context presents not only new challenges to their relationship, but new

opportunities as well. In order to analyze India's relations with Russia, an examination of the strategic environment in Eurasia is necessary.

Since 2003, Russia has been making determined efforts to restore its influence in Central Asia. The thrust of its policy is economic, military and political. The Collective Security Treaty Organization (CSTO) comprising of Russia, Belarus, Armenia, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan has emerged as a proactive military grouping in the region. The CSTO has a base in Kyrgyzstan and Tajikistan, and the Russian military presence is substantial. In fact, it is a projection of power rather than meeting the security challenges of the region. While military presence is necessary, the targets are nevertheless on the ground and are dispersed. But what has accentuated the present phase of the competition is the Western support of the "color revolution." In the view of Evgenii Primakov, former prime minister of Russia, "various US foundations and diplomats were involved quite openly in the so called color revolutions in Ukraine and Georgia. This fact cannot but worry us." There is a widespread perception that events of March 2005 in Kyrgyzstan and the Andijan events of May 2005 had an external hand. Whether this is true or not is a moot point, but the fact is that all the Central Asian countries turned to Russia for help. It greatly facilitated Russia's restoration of its influence in the region. Consequently, in July 2005 at the summit meeting of the Shanghai Cooperation Organization (SCO) in Astana, the US was asked to announce a time frame for the withdrawal of its forces from Uzbekistan and Kyrgyzstan.

A new factor in this competition is the role of China. The Chinese have geopolitical interests in Central Asia. Their concern is that China's borders with the three Central Asian states Kazakhstan, Kyrgyzstan, and Tajikistan remain peaceful. The Chinese concern is largely for its Uyghur minority located in Xinjiang. China has established close and strategic ties with Russia. Both countries realize that a collective or a multilateral approach is necessary in order to protect their interests. In this regard, Russian and Chinese views concur on many issues of regional and international politics. China is highly circumspect about the Western military presence at Manas in Kyrgyzstan. The Manas Air base is 200 kilometers from the Chinese border. The SCO, a Chinese initiative, is emerging as a proactive and leading regional grouping in the region. Another dimension that has emerged in China's policy towards Central Asia is its quest to ensure energy security. China has intensified its interaction with Kazakhstan, an energy-rich country, and has concluded several agreements in this

regard. China's aspiration is also to play a role in Caspian Sea politics. This dimension could assume significance in the future. China is also highly circumspect about a possible color revolution affecting the Uyghurs in the Xinjiang region. As it is, they are restive, non-Han Chinese Muslims of Turkic stock. Despite these setbacks and the concerted efforts of Russia and China to meet the challenge of the competition, the US is not likely to withdraw from the region. Its latest thinking indicates that the US would encourage and promote greater links between the region (Central Asia) and South Asia, in which India could play a leading role. This is possible by exporting energy southward, and by transporting corridors and an electric grid connecting hydropower with South Asia. However, enhanced interaction with South Asia may not eliminate Russian influence, but could perhaps limit Chinese activity.

This is partly because of India's rising international profile and partly because the South Asian focus on US foreign policy has acquired a new dimension. The US would like India to play a leading and substantial role in the region. All these developments have put new strains on Indo-Russian relations. But in my view, the core of Indo-Russian relations had not been disturbed in a major way. The regional context has undergone a change with Russia placing greater emphasis on a multilateral approach and to an extent, it has diluted the regional basis; nevertheless, within the changed context, new areas of cooperation do exist.

Russia-India Relations and the Regional Context

After the breakup of the Soviet Union, there was uncertainty about the future of India's relations with the Russian Federation. Indian concern was whether the special relations it enjoyed would undergo a change immediately after the breakup of the Soviet Union, there was a debate even in Russia about its future policy towards South Asia. There was a view that Russian policy should be equidistant, in which both India and Pakistan enjoyed the same emphasis. Hence, in the early years, Russian policy towards India was one of benign neglect. This phase soon gave way and in January 1993, during President Yeltsin's visit to India, the earlier treaty was replaced by a new one. However, it was with Prime Minister Narasimha Rao's visit to Russia in June 1994 that Indo-Russian ties were put on a firm foundation. The Moscow Declaration on the Protection of Interests of Pluralist States signed by India and Russia has become the bedrock of the relations. The Declaration drew attention not only to the nature of the challenges faced by the two countries, but also focused

attention on the source from which this threat emanated for both countries. It also reiterated support of the signatories for each other's territorial integrity.

This is highly important given the fact that India and Russia were battling with these challenges in Kashmir and Chechnya, respectively. In the changed context, it was the space that lay between India and Russia that acquired significance. Once again, it was the commonality of their geopolitical interests that paved the way for the relationship to become strong and stable. Later, India and Russia backed opposition to the Taliban that had crystallized into the Northern Alliance. On the issue of religious extremism and terrorism, India and Russia share many commonalities: the source of tension, funding, training, etc. India and Russia wanted a secular Central Asia working towards a democratic setup. From this perspective, stability and security were important. Instability hampers growth and helps in sustaining extremism and terrorism to an extent. Consequently, India and Russia have established institutional linkages to strengthen this aspect. Russia views India as a major regional power whose involvement in international politics would make a positive contribution.

From Russia's vantage point, the unfolding of developments in Europe, Eurasia, and the energy security issue were reminiscent of the Cold War mind set. Its response was the propagation of the idea of a multipolar world. In this regard, a historic agreement with China on a "Multipolar World and the Formation of a New World Order" was signed in Moscow in April 1997. This was the beginning of a partnership with China. A multipolar world is an order that is just and fair and democratic in which all nations are considered as equals and more importantly, enjoy equal and security. It is a world order in which there is no place for hegemony. In this order, the UN would occupy a position of centrality. On its part, India upheld that the world order was not a unipolar one, as new centers of power and influence were emerging. While acknowledging the need for a multipolar world, the Indian approach was not in terms of blocs, but the need to maintain a balanced and stable world order. Since a unipolar world could lead to instability, there was a need for a balancing force.

Among the other initiatives taken by Russia is the idea of a Russia-India-China strategic triangle, coming together in the interests of the challenges faced by them in the region. During Primakov's visit to India in December 1998, he proposed at an informal level that India-Russia- China should come together and forms a strategic triangle in the interests of peace and stability in the region. The initial

response of India was one of caution that could be explained by the fact that a strategic triangle implied common perceptions and convergence of interests vis-à-vis a common threat. Similarly, China expressed no opinion on this idea. One of the impacts of the events of 9/11 has been that China had developed a positive attitude towards the idea of trilateral cooperation. Possibly, the renewal of Pakistani-American cooperation could have had an impact on Chinese strategic thinking. It was perhaps with the idea of furthering the cause of trilateral cooperation that President Vladimir Putin embarked on his Asian tour by visiting China and later India in December 2002. In a TV interview, Primakov said, “It is shared interest in maintaining security and stability in Central Asia and Afghanistan that may give flesh and blood to the idea of a Moscow-Beijing-Delhi triangle.” The foreign ministers of the three countries have been meeting on the side-lines of the UN General Assembly to discuss issues of common concern at the global and regional level. Issues such as energy security, trade and enhancing contacts have been discussed. In May 2005, the foreign ministers of the three countries had their first full-fledged meeting. As mentioned before, the turn of the century saw fundamental changes in the region. The Western military presence in Afghanistan and Central Asia radically altered the geopolitical landscape. With the passage of time, Russia was convinced that a multilateral approach was best suited to the evolving situation.

Russia-India Relations and Bilateral Context

While regional input has played an important role in Russian-Indo relations, the bilateral context is equally substantial. At the political level, both India and Russia have steadfastly supported each other on issues of crucial importance. Russia’s position on the Kashmir issue is very close to India’s position. Taking note of President Pervez Musharraf’s speech of January 12, 2002 a joint statement issued at the end of Foreign Minister Igor Ivanov’s visit to India (February 3–4, 2002) said, “Pakistan’s commitment can only be judged by the concrete action Pakistan takes on ground.” In other words, Russia showed complete understanding of India’s position on cross-border terrorism and its reluctance to engage in a dialogue with Pakistan at that time, while on the Chechen issue, India expressed support for the steps taken by Russia to protect its territorial integrity and constitutional order in the rebellious Chechen Republic. On the question of terrorism and the need to initiate countermeasures, Russia and India had similar views. At an international forum, India and Russia have vigorously championed the need to combat this menace with a

greater sense of urgency. The two countries have often reiterated their deep commitment to fighting religious extremism and terrorism. Several institutional linkages have been established to facilitate exchange and sharing of information and advancing the common interests in the best possible way.

The congruence of views between Russia and India had a favourable impact on defence cooperation. This cooperation was put on a firm footing with the landmark Sukhoi deal signed in late 1996. The salutary features of Indo-Russian defence cooperation were its long-term-basis transfer of technology, modernization of existing equipment, and access to the latest equipment, weaponry, etc. in the Russian arsenal. In fact, defence cooperation had gone beyond the main “buyer-seller” syndrome and had moved to the plane of joint design, research, and production. The chief of the Indian Armed Forces was in Russia to assure the Russians that enhanced interaction with the United States would not lead to a drift towards that country on the question of defence cooperation.

Even on the nuclear issue, Russia showed considerable understanding of the Indian position when the Pokhran-II blasts took place in 1998. Initially, there was disquiet in Russia over the blasts, but later, Russia did not go public in criticizing India. Importantly, it did not impose sanctions. In fact, in June 1998, an agreement for the construction of two 1000-MW reactors at Kundankulam was signed during the visit of the Russian minister for atomic energy, Evgenii Adamov. In his first visit to India in October 2000, Putin in his sentimental address to the Indian Parliament had captured all the aforesaid thus:

This is proof that Russian-Indian relations are free of any political fluctuations. They are stable, firm and they are not altered by time... our relations with India have always been and remain one of the most important areas of Russian foreign policy, and they have a special influence and significance for us. I would like to emphasise ... that no matter how our relations with other countries developed...they are not to prejudice our relations with India. This will never be so. India is a great country. It is our long term partner and ally... there has never been a voice of conflict. Russia and India are ancient civilisations, but at the same time they are living democracies...’ Similar sentiments had been expressed by Putin in the course of his visit in December 2002 at the official dinner in his honour.

‘This is my second visit to your wonderful country. Its beauty and originality excite admiration while the genius and diligence of the Indian people arouse the feeling of

high respect. Disagreement or conflicts have never overshadowed the longstanding Russian-Indian friendship...our national characters, life perception, our spirituality and culture also have a lot in common...'Quite often it is sentiments such as these, outside the pale of conventional diplomatic jargon, which truly touch the heart of the leaders and people in question, and contribute towards laying solid and deep foundations in relationships, as has been in the case of the time-tested Soviet/Russian-Indian partnership.

Needless to mention that in year 2000 when Putin came to power some basic restoration of relations was made. Yet Putin brought considerable cheer to the Russian-Indo relations as well as a measure of order and stability. His visit to India was one of the first visits abroad. During his visit in 2000 he stated that his country's relations with India were among the top priorities of its foreign policy and beyond any doubt a matter of national consensus in Russia. The major issue in Russian-Indo relations has always been arms trade so this sphere was the first one to be revitalized as the most developed field of cooperation since Indo-Soviet relations.

After USSR collapsed both countries still were interested to keep and develop relationships in arms trade for several reasons. First, for Russia India was still the biggest arms market (two others buyers of Russian weapons were only China and Iran). Second, Russia needed to earn hard currency and safeguard its military industry (even now India buys more hardware from Russian defense industry than Russian own military force). Meanwhile, for India Russia was vital to upgrade soviet weapons arsenal which was 70-80% Soviet-Russian and modernize it. Russian arms were and still remain cheaper than the western ones. Then Russian hardware was also familiar to personnel. Furthermore, one of the most important factors was Russian readiness to transfer technology which western countries refused to do. For Russia defence deal matters more, almost, we can say these are the base of strategic relations.

At the same time even being criticized by the West, Russia came to rescue India when China cut supplies of enriched uranium fuel to Tarapur. Moreover, Putin was the first leader to visit Bhabha Atomic Research center (BARC) after nuclear tests. The latest Head of Russian Min Atom, A. Rumyantsev has been very clear in his wish to cooperate with India on nuclear issues. "India is our strategic partner. We want to ensure that there are no reproaches (from the international community) in this regard". He confirmed that Russia was still intending to continue assisting in building nuclear power station despite international concern saying that "We will do our best to

participate in India's ambitious program to generate 20,000 MW of nuclear power by 2020". There are also speculations about Russia helping India in constructing a nuclear reactor for its nuclear submarine and "supplying India with 300-kilometre range Klub class cruise missiles that can be launched under water".

At the same time as Deepa Ollapally the author of the article "Indo-Russian Strategic Relations: New Choices and Constrains" states: "It is no secret that India would prefer to get nuclear assistance from France or even US..." India also hasn't forgotten the backtracking on cryogenic engine technology contract. So even though Indo-Russian nuclear program seems to have support on the highest level there is no actual guarantee the cooperation can last for a long time.

In year 2000 HRM inaugurated the Russian-Indian Center for Advanced Computing Research at the institute for Computer Aided Design (ICAD) of the Russian Academy of Sciences, with the installation of the PARAM 1000 Super Computer. Also a memorandum of Understanding on Cooperation in Science and Technology between the Department of Science and Technology and the Kurchatov Center for Nuclear Physics was signed in 2000. During the visit of Indian Prime Minister to Russia in 2003 a Protocol on Scientific Cooperation between the Department of Science and Technology of the Government of the Republic of India and the Russian Academy of Sciences was signed. In the same year Memorandum of Understanding for the Continuance of Mahatma Gandhi Chair of Indian Philosophy in Moscow as well as creating three more chairs of Indian studies in the Russian cities of St.Petersburg, Vladivostok and Kazan was signed. Also the Cooperation Agreement between the Moscow State Institute of International Relations and the Indian Council of World Affairs was made.

Trade remains the weakest link in Indo-Russian relations. Indian top leaders showed their concern by this fact and were making steps for improving the situation. For example during visit to Russia (in 2003) PM of India was accompanied by a delegation of more than ninety top industrialists and businesspersons. This event provided the necessary high level thrust to the round the year efforts such as revival of joint Business Council, encouraging more frequent business exchanges, establishing necessary banking and financial structure to facilitate bilateral trade and investment. Putin also pays much attention to the problem of actually trade stagnation between two countries. In his speech (Bangalore, 2004, 4th of December) addressed to business elite of India he said that bilateral trade reached level of \$2 billion. He

emphasized though that in absolute values this figure was still very far away from satisfactory especially if the fact that it was mostly raw materials' trade was taken into consideration. Putin also promised to try to balance the arms and civil trade and was saying that now to his deep satisfaction Russia and India started to cooperate more in such sectors as IT, transport, energy, roads building and other spheres of non-military trade.

Russian president underlined importance of so called North-South Corridor Intergovernmental Agreement which was signed between India and Russian Federation in 2000. "The agreement is expected to facilitate easier movement of goods along the corridor connecting India through the sea route to Iran and then via the Caspian Sea to the Russian Federation and beyond. This initiative is also likely to reduce transit time and cost of transportation of goods from India to the Russian Federation and European Countries". Putin was welcoming Indian business elite to take advantages of opportunities opened by this agreement.

In 2002 the two sides began to "explore the possibility of using Indian debt repayments to fund Russian investments in India..."We should keep in mind that straightening of economic relations between two countries are of the special importance now due to the fact that economy is Russian "priority one, two and three" in so called "Putin doctrine". On May 1, 2001, President Bush launched his \$ 53 billion plan for National Missile Defence (NMD). This defence system was based on the installation of land-based radar and interceptors which could detect missiles immediately after they are fired, and which by hitting them like a bullet could turn them into Smithers. In order to pursue the NMD, the USA walked out of the ABM Treaty, thus casting it into the dustbin of history. Soon after the Bush plan was announced, India through a statement of Jaswant Singh, the then Foreign Minister, became one of the first countries to support it.

The UPA Government which came to power in 2004 did not withdraw this support. On the other hand, the defence pact that it signed with the United States in 2005, included provisions on cooperation between the two countries in the development of defensive weapon systems. Both Russia and China strongly objected to the NMD plan. The Russians also apparently did not take very kindly to India's strong and instant support for it. This became one of the reasons for the tension that subsequently developed in the relations between the two countries.

Defence

India's relations with Russia are based on structural inter-dependence and a key to this is that the Indian military continues to depend on Russia for almost 70 per cent of its hardware imports. This dependence has gradually been re-inventing itself from a supplier client relation to one of partnership, with joint production of sophisticated weaponry ranging from equipment to the manufacturing of the indigenous BrahMos missiles. Russian-Indian collaboration in space, nuclear power, satellite technology makes Indian military and security apparatuses intertwined with Russian military industrial complexes. During the painful Russian transition, India's imports from Russia helped sustain the economies of the Russian military industrial complex and 800 Russian defence industries kept working on Indian (and Chinese) orders.

India is one of the world's most lucrative arms markets. It is the second largest arms market, with Russian share being around \$4.8 billion. In 1987, the Soviet Union had a 44 per cent share of global arms exports while the US had 29 per cent. By 1997, Russian share of the global market had fallen to just 4 per cent. By 2000, Russia revived its arms sales and is today the third after the US and the UK. Defence orders from India sustain part of the Russian military industrial complex, especially in St. Petersburg and Irkutsk that would otherwise have faced closure. India is the only country with which Russia has a long-term programme of military-technical co-operation, with an agreement signed in 1994 and which was valid till the year 2000 and was then renewed for another 10 years. Annual Indian orders from Russian defence industry work out to about \$2 billion, with China being Russia's only other defence customer at this scale. India has entered into a \$1 billion programme with Russia for the manufacture of SU-30KI fighter aircraft. India also gets most of its naval hardware from Russia and has recently acquired the 636-class submarines. Defence thus is a key part of the economic and strategic relations between the two countries. In fact, it is the most privileged part of the relationship.

The main US interest today is in replacing Russia as India's defence supplier. The idea of billions of dollars that India spends on arms makes it a 'prize' for the US. The new tender that India has floated for 126 multi-role fighter aircraft is being contested by both the US and Russia. But if India encourages Russian-US rivalry, it will lose its privileged position with Russia.

Energy

An increasingly strategic area of India- Russia relations is now linked to the energy sector. As an oil importing nation, where 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 assistance of India whenever it faced an oil crisis. In 2005, as oil touched \$50 a barrel, the Russians offered India oil at below market prices (Alexander's, 2005). As the then Indian petroleum minister, Mani Shankar Aiyer, said: 'In the half-century of Indian independence, Russia has guaranteed our territorial integrity, and in the second half, it may be able to guarantee our energy security. What I am talking about is the strategic alliance with Russia in energy security, which is becoming for India at least as important as national security' (Baruah, 2004). These moves have been critiqued by the US, with Secretary of State Condoleezza Rice warning Russia not to use oil for diplomacy.

India is seeking to increase its energy imports from Russia and the Central Asian Republics of Kazakhstan and Turkmenistan in various ways that include partnership and investments in oilfields. However, India needs to be more focused in this area. A North-South international transport corridor that is based on a combination of land and sea routes is on the anvil and India needs collaboration with Iran and Russia in this regard. This is an issue that has been objected to by the US, who support the Turkmenistan-Afghanistan-Pakistan pipeline as that will be under their control. The planned India-Iran Pakistan pipeline that was encouraged by Russia will not happen now because of aggressive US isolation of Iran. India has a clear interest in Russian hydrocarbon resources as is evident from the ONGC investments in Sakhalin I and II. The Russians have also invited India to be part of Sakhalin III, shortly after they denied this deal to the US. However, India will have to shrug off US pressure if it wants to ensure its interests in this region.

Nuclear Power

India's quick rate of growth and expanding energy requirements have become the basis of a debate decision that can change the very direction of India's foreign policy and relations with Russia. India's decision to sign a strategic agreement with the US, involving an Indo-US civil nuclear deal, has been officially welcomed by Russia because they believe that it will be easier to conduct nuclear trade with India once the US enables the IAEA and the Nuclear Suppliers Group (NSG) to give India the requisite permissions. However, India had earlier rejected the Russian offer of two

new nuclear engines to upgrade the Kudankulam nuclear plant on the grounds that it first wanted to sign the Indo-US deal. This has indicated to the Russians the gradual shift in priorities of the Indian government.

Russia is important for India's nuclear energy plants and it has already helped India build the Kudankulam (Tamil Nadu) nuclear plant at a cost of \$ 2.6 billion. The frequent attempts by the US in blocking Indian indigenous industry in these sectors from getting Russian equipment, for example, the cryogenic rocket as also nuclear engines for this plant have been bypassed by Russian firms with backing of the Russian Government. In early 2000, the Russian company, Glavkosmos, was firm on supplying the nuclear engines to India despite US pressure on Russia on the basis of the Missile Technology Control Regimes (MTCR). Similarly, in 2006, India required 60 tons of uranium that Russia had undertaken to supply, even before India received the go-ahead from the Nuclear Suppliers Group. Under the rules, only signatories of the Nuclear Proliferation Treaty can acquire such engines.

The US was opposed to the deal until the Indo-US nuclear agreement came through, since it was interested in capturing and controlling India's nuclear power industry. US Secretary of State Condoleezza Rice wrote: 'India plans to import eight nuclear reactors by 2012. If US companies win just two of those reactor contracts, it will mean thousands of new jobs for American workers' (Rice, 2006). India thus has to make a clear political choice as to what deal will give it energy security even as it maintains its independence in international matters.

Trade and Economics

A matter of concern to both Russia and India is the small share of Indian capital in investments in the Russian economy and bilateral trade between the two, which reached only \$3 billion in 2005-06. India-Russia Strategic Partnership This trade, which was at an all-time high during the Soviet period, saw a decline after Soviet disintegration. The privatisation of both economies and the problems with the rupee-rouble exchange rates and the large Indian debt became a roadblock. These glitches have been overcome over the last decade and the Indian rupee debt is now being used for investment projects in India and Russia. In this context, both sides have agreed to facilitate an increase in trade to \$5 billion. India's interest in investing in Russia lies in the fact that the investments by ONGC Videsh in the gas projects of Sakhalin I and II are the largest external investments made by India totaling almost \$3 billion.

The Russia of old, which had been marked by political instability, economic and financial crisis, high inflation and a lack of economic laws and regulations, is a thing of the past. Russia today has shown a consistent increase in its GDP at 7 per cent per annum and industrial growth of 3 per cent per annum, and has a favourable trade balance and substantial foreign exchange reserves. Laws regulating the economic and financial system have been put in place and have worked well during the last five years. The high prices for Russian raw material exports, especially oil, have played a big role in its economic success. The political system has seen regular elections to the parliament and for the post of the president. The federal system has been working and an attempt to stop the autarchy of some regions has been made by centralising the appointment of governors. Several Russian business tycoons that were seen to have made large profits through illegal means have been indicted for tax evasion, with the assets of oil giant, Yukos, which was owned by the imprisoned oligarch, Mikhael Khodorkovsky, having been bought over by companies controlled by the Russian government.

In such changed circumstances, the agreements signed during the 2005 Putin visit between the State Bank of India, Canara Bank and several Russian banks that are to open operations in both countries will assist Russian-Indian business deals. This is important since trade and economic cooperation depends on the financial mechanisms of implementing deals and projects, and the recognition of bank guarantees. This agreement brings the banks of both countries into each other's markets, conforming to international trade practices. Russia's request that it be given 'market economy' status, which is necessary while it negotiates an entry into the World Trading Organisation has been supported by India. This status has been given to them by the US, China and the European Union. India has been negotiating for a permanent membership of the Security Council, a position that President Putin clarified Russia would support India. However, still has to seek international consensus for this goal. The Russian government's intention to diversify trade, joint ventures and economic partnerships is evident, with the setting up of the joint working groups on business. India and Russia have in the recent past collaborated on the super computer Padma Ru and proposals are being worked on new projects. While the mechanics of all these bilateral ties are regulated by the Russian-Indian Inter-Governmental Commission for Scientific, Technological and Cultural Cooperation that has held 10 sessions till 2006, it is clear that the two countries need to diversify their trade, commercial and cultural

relations. Russia-India signed an accord in 2005 on joint development and use of the Russian global navigational satellite system for peaceful purposes. While India has signed a similar agreement with the European Union, the access given by the Russians is at a qualitatively higher level. Several sectors of the two countries are complementary but as yet unexplored. For example, the services, the small-scale and education sectors. These sectors witnessed good collaboration during the Soviet period.

The intermediate period of transition saw a setback to these, and now both governments need to provide information and set standards for these structures. Indian students had a great interest in going to medical and engineering schools in Russia. The Russian students can gain from coming to Indian management schools and technological and liberal social science institutions. Despite the current drawbacks that range from below standard facilities and the problem of recognition of degrees, thousands of Indian students still attend Russian medical colleges. The education and human resource ministries of both countries need to look urgently into this aspect, since it remains a sector with unexplored potential.

Popular Perceptions

Russian-Indian relations are interestingly matched by popular and elite perceptions in India and Russia. In a survey by Russian Institute of Nationalities and the Friedrich Ebert Foundation of experts involved in shaping foreign policy in government, academic, private institutions, newspapers, NGOs, political parties, etc. it was found that in answering the key question whether Russia should follow the Western path, seek alternatives or continue Russian uniqueness, the majority supported uniqueness. Most believed that foreign policy should be more balanced between the East and West and this matches with Russian national interest (64 per cent). The pursuit of strategic partnership with the leading Asian powers (India and China) occupied first place at 67 per cent. Partnership with Europe and CIS came second and third respectively. The US has lost ground to Europe in popular perception (Izvestia, 2001). Surveys in India currently show that it is the US that is most popular with the Indian elite and the upper middle classes. The Indian press too is enthused primarily by the US. Indian popular perception and political consensus is behind long-term relations with Russia, without cost to an alliance with the US. Russia is seen as a reliable and trustworthy partner. But with the new Indo-US tilt, Indian foreign policy is in transition.

Russia-India-China Possibilities

Already, the idea of the Russia-India-China triangle floated by Foreign Minister Yevgeni Primakov has been put on the back burner because of the Indo-US deal. However, two things stand out. Firstly, Russia's deepening engagement with China and, secondly, the improved Sino-Indian relations to the point where the two do not see each other as threats. The Russian and Chinese have improved their relations from what was a 'constructive partnership' in 1994 to 'strategic partnership' by 1996 and then to signing the Treaty for Friendship, Alliance and Mutual Assistance in 2001 (Xinhua, July 16, 2001). This treaty goes ahead on the Sino-Soviet Friendship Treaty of 1950 that had formed the base for the Sino-Soviet linkages. The new treaty is comprehensive, touching on all vital issues of Sino-Russian relations. It envisages cooperation in energy, military, trade and shares a common vision of international affairs, including the need for a multi-polar vision and world. It is thus designed to make long-lasting commitments and to resolve outstanding problems. The Russians are keen that India take advantage of these relations and again the SCO is a body that can enable this partnership. The US, on its part, has opposed and criticised the vision of a multi-polar world, the Russia-India-China alliance and other collective moves. Meetings under the IRC framework were held in Russia during the year. Under the disaster management theme, a trilateral programme for exchange of information and expertise in flood and drought control was held in Hyderabad in May 2011. The IRC continued to play its role as a useful platform for three emerging global powers India, Russia and China to exchange views on regional and global issues.

Broad Visits and Agreements between Russia-India

Putin's visits

Mr Putin and Mr Vajpayee signed two Russian-Indian declarations December, 2002 on the further strengthening of strategic partnership and on the strengthening and stepping up of economic and scientific-technical cooperation. They also made a joint statement. A memorandum on the establishment of a joint ad hoc team to counteract international terrorism was signed in the national leader's presence. Among other documents signed after the talks were a memorandum of mutual understanding between the Russian Ministry of Information Technology and Communications and the Indian Ministry of Communications on cooperation in telecommunications and a protocol on the protection and uses of Intellectual Property Rights.

When addressing a news conference after the signing ceremony, Mr Putin said that the Russian and Indian stances on essential international problems were close or even the same. The issues concerned, above all, were guarantees of strategic stability and security, the fight against international terrorism, extremism, separatism and international crime.

Visit to Atal Bihari Vajpayee November, 2003

While welcoming Indian PM, President Vladimir Putin said that this visit will serve as an important milestone in strengthening the strategic partnership between our two countries, between India and the Russian Federation. Our ties are developing in the political sphere, on the international stage and we are very glad of this, but they are also strengthening in the area of military-technical cooperation and in the economic sphere in general. We are seeing positive growth in our economic relations. Following documents were signed between India and Russian Federation on 12th Nov. 2003. Indo-Russian Political Declaration on Global Challenges and Threats to World Security and Stability: The Joint Declaration signed by the Hon'ble Prime Minister of India and the President of the Russian Federation Mr. Vladimir Putin is aimed at further enhancing political cooperation between the two countries in dealing with challenges and threats presently faced by the world.

In the Declaration, the two countries have noted international terrorism, transnational organised crime, illicit drug trafficking, money laundering, certain aspects of globalisation and environmental and developmental challenges as major issues that require collective efforts. India and Russia have declared that dialogue, consultation and cooperation should be the means to promote global peace, security and stability for which the two countries are committed to cooperate as strategic partners both bilateral and at the multilateral level. It is particularly emphasised that the United Nations should continue to play a leading role in this regard. The two countries underlined that in the era of globalisation, true multiplurality, in all its aspects, will be attained by preserving pluralism.

Protocol between the Ministry of External Affairs of the Republic of India and the Ministry of Foreign Affairs of the Russian Federation on Joint Publication of Bilateral Archive (Diplomatic) Documents: Ministry of External Affairs of India and the Russian Ministry of Foreign Affairs will jointly prepare and publish a compilation of archive (diplomatic) documents relating to relations between the two countries. Joint efforts will be made to organise both the already published documents and those

which have yet not been published. MOU between Indian Space Research Organisation (ISRO) and Russian Aviation and Space Agency on Cooperation (Rosaviakosmos) in the Exploration and Use of Outer Space for Peaceful Purposes: The MOU outlines various technical areas of ongoing and prospective Cooperation between ISRO and Rosaviakosmos for the use of outer space for peaceful purposes. Agreement on Scientific Cooperation and Scientific Exchange between the Department of Science and Technology and the Russian Academy of Science: The mutually beneficial cooperation between scientific institutes and scientists of India and Russia will be carried out by combining research efforts of the two countries and joint utilization of R&D resources. Scientific cooperation will be conducted through joint research and development projects, joint workshops and symposia and use of 200 man weeks per year for exchange of individual scientists for such purposes. Exchange of scientists would be conducted for project-based work, technology transfer and presentation of scientific lectures and exploring new avenues of scientific cooperation.

Memorandum of Understanding between Department of Science & Technology of the Government of India and the Russian Academy of Sciences for Establishment of Indo-Russian Science and Technology Centre for Gas Hydrate Studies: For realizing the potential of gas hydrates in the continental margins and slopes of exclusive Economic Zones. The Centre is proposed to be established in National Institute of Ocean Technology, Chennai. The Department of Science and Technology and the Russian Academy of Sciences will support this programme under the bilateral Integrated Long Term Programme of Cooperation in Science & Technology. Memorandum of Understanding between the Department of Science & Technology of the Government of India and the Russian Academy of Sciences for the establishment of the Indo-Russian Centre for Earthquake Research: This Centre has been proposed to be set up at Indian Meteorological Department, New Delhi. The Centre would carry out research in basic applied management related studies in this area. It will undertake software and hardware development, technology transfer, joint manufacturing and commercialization of seismological and geo-physical equipment's. The Centre will also establish testing and collaboration facilities in India for standardization of seismological equipment. The Centre will be supported under Integrated Long Term Programme of Cooperation in Science & Technology by the

Department of Science and Technology and the Russian Academy of Science. The Joint Research Council will oversee the scientific programmes of the Centre.

Agreement on Scientific Cooperation and Scientific Exchange between the Indian National Science Academy and the Russian Academy of Sciences: Both Academies would support fundamental research in science and technology with special emphasis on specifically chosen areas. They would be facilitated by exchange of scientific information, research visits, bilateral workshops and symposia.

Agreement between the Government of the Republic of Tatarstan of the Russian Federation and the Government of the State of Andhra Pradesh of the Republic of India on Trade, Economic, Scientific, Technological and Cultural Cooperation: This agreement is aimed at formalising cooperation between the Indian State of Andhra Pradesh and the Republic of Tatarstan of the Russian Federation in the field of trade and economy, science and technology and culture. The two sides will contribute in this direction, including by creating favourable legal, organisational, financial, economic and other necessary conditions. This agreement is in line with the efforts being made by India and Russia in promoting regional level cooperation between the two countries.

Joint Report on the Implementation of Steps Elaborated in the Joint Economic Declaration Signed during the Visit of President Putin to India in December 2002: Under para 20 of the Joint Declaration on Strengthening and Enhancing Economic, Scientific and Technological Cooperation, signed in December 2002 in New Delhi, the Indo-Russian Inter-Governmental Commission was required by the two leaders to submit a Report to the Summit. This Joint Report deals with the implementation of the provisions of the Joint Declaration since the last Summit.

Memorandum of Understanding between the Bank of Foreign Trade (Vneshtorgbank) Russia and the Export Credit Guarantee Corporation of India Ltd. (ECGC): The purpose of the MOU is to establish a framework for cooperation between the parties in supporting and encouraging trade and investments between India and Russia. The MOU covers sharing of information, training and consideration of schemes to facilitate investment.

Visit to Dr Manmohan Singh December, 2005

The Prime Minister of the Republic of India Dr Manmohan Singh paid an official visit to the Russian Federation on 4-7 December, 2005. The talks concluded with the following documents being signed in the presence of the two leaders: an Agreement between the Federal Space Agency and the Indian Space Research Organisation on cooperation on the Coronas-Photon project in the area of solar physics and solar-terrestrial relations; an Agreement between the Government of the Russian Federation and the Government of the Republic of India on measures to protect technology during long-term cooperation in joint development, operation and use of the GLONASS global navigation system for peaceful purposes; an Agreement between the Government of the Russian Federation and the Government of the Republic of India on mutual protection of intellectual property rights in bilateral military-technical cooperation.

Visit Putin, January, 2007

Mr Vladimir V Putin, President of the Russian Federation to India, January 25-26, 2007 New Delhi Programme of Cultural Exchanges between the Government of the Republic of India and the Government of the Russian Federation for the Years 2007-09. Signed by H.E. Smt. Ambika Soni, Minister of Culture and Tourism of India and H.E. Mr. Alexander Sokolov, Minister of Culture and Mass Communication of the Russian Federation Protocol between the Government of the Republic of India and the Government of the Russian Federation on holding “Year of Russia in India” in the Year 2008 and “Year of India in Russia” in the Year 2009. Memorandum of Intent between the Department of Atomic Energy, the Government of the Republic of India and Federal Atomic Energy Agency, the Russian Federation on development of cooperation in the construction of additional nuclear power plant units at Kudankulam site as well as in the construction of Russian design nuclear power plants at new sites in the Republic of India. Signed by Dr. Anil Kakodkar, Secretary Department of Atomic Energy and Mr. Sergey Kirienko, Director Federal Atomic Energy Agency of Russia.

Agreement between the Government of the Republic of India and the Government of the Russian Federation on the access of the Indian Party to navigation signals of the Russian Global Navigation Satellite System GLONASS for peaceful purposes. Signed by Shri G. Madhavan Nair, Chairman, Indian Space Research Organization and Mr. Anatoly Perminov, Director, Federal Space Agency of the

Russian Federation. Agreement between the Government of the Republic of India and the Government of the Russian Federation on access of the Indian Party to a part of the Russian Global Navigation Satellite System GLONASS Radio Frequency Spectrum. Signed by Shri G. Madhavan Nair, Chairman, Indian Space Research Organization and Mr. Anatoly Perminov, Director, Federal Space Agency of the Russian Federation.

Agreement between the Indian Space Research Organization and the Federal Space Agency on cooperation in the joint satellite project 'YOUTHSAT'. Signed by Shri G. Madhavan Nair, Chairman, Indian Space Research Organization and Mr. Anatoly Perminov, Director, Federal Space Agency of the Russian Federation
Protocol between the Central Board of Excise and Customs (Republic of India) and the Federal Customs Service (Russian Federation) on exchange of information on the movement of goods and conveyances between the Republic of India and the Russian Federation. Signed by Shri V.P. Singh, Chairman, Central Board of Excise and Customs and Mr. Andrey Belyaninov, Head, Federal Customs Service.
Cooperation Agreement between Saraf Agency Private Limited Vneshekonombank of Russia and Joint Stock Company Technochim Holding Signed by Shri Rahul Saraf, Director, Saraf Agency Private Limited, Mr. Alexander Dmitriev, Chairman, Vneshekonombank.

Russia-India partnership oil and gas sector 2005

Russia-India relationship has started to acquire more economic dimensions. Oil and Gas has been regarded as one of the most important segment of energy security. The coordination between India's ONGC Videsh Limited (OVL) and Russian state owned firms is better in Sakhalin-I Project. OVL has 20 percent stake in the Exxon Mobil operated projects, which has started producing 23000 barrels of oil per day from 1st October, 2005 and ramp up the production to 2,50,000 barrels per day by 2006. Russia is restructuring its tax structure and a liberal regime is bound to attract more investments in Russia and India may directly benefit from this. Russia is also trying to demonopolize oil sector and trying to make big oil conglomerate. This will create better conditions for overseas investment. The 11th Indo-Russia Intergovernmental Commission saw Russia's pledge to support India to get international restrictions on civil nuclear technology transfer lifted. Russia has also promised to set up four more nuclear reactors at Koodankulam in addition to two

reactors. Indo-Russia joint naval exercise 2005 christened INDRA-05 has moved on to tactical counter maritime operations, with stress on counter terrorism.

Renewal of defence deal

India & Russia have decided to renew defence cooperation programme. The defence cooperation programme is bound to expire in 2010. Russia still remains the largest source of Indian weapons. Russia has agreed to extend help India build the Advanced Technology Vessel (ATV) and air defence vessel. ATV is an indigenous project for the development of nuclear submarines. Defence contract between India & Russia that are due for delivery till the end of 2007 are valued at roughly \$ 10 billion. Under a bilateral accord signed in 2004 India & Russia have jointly launch navigational satellite to make Glonass fully operational by 2007. At the fifth Indo-Russian Inter-Governmental Commission (IRIGC) for military-technical cooperation meeting, both the countries decided to jointly manufacture a Multi-role Transport Aircraft (MTA) for the air forces of the two countries. Both the countries also discussed over the terms for supply of three TU-22M long range bombers.

CHAPTER 4:
*Russian and Indian at
Engagement in SCO, BRICS
and RIC*

Chapter 4

Russian and Indian at Engagement in SCO, BRICS and RIC

Shanghai Cooperation Organisation (SCO)

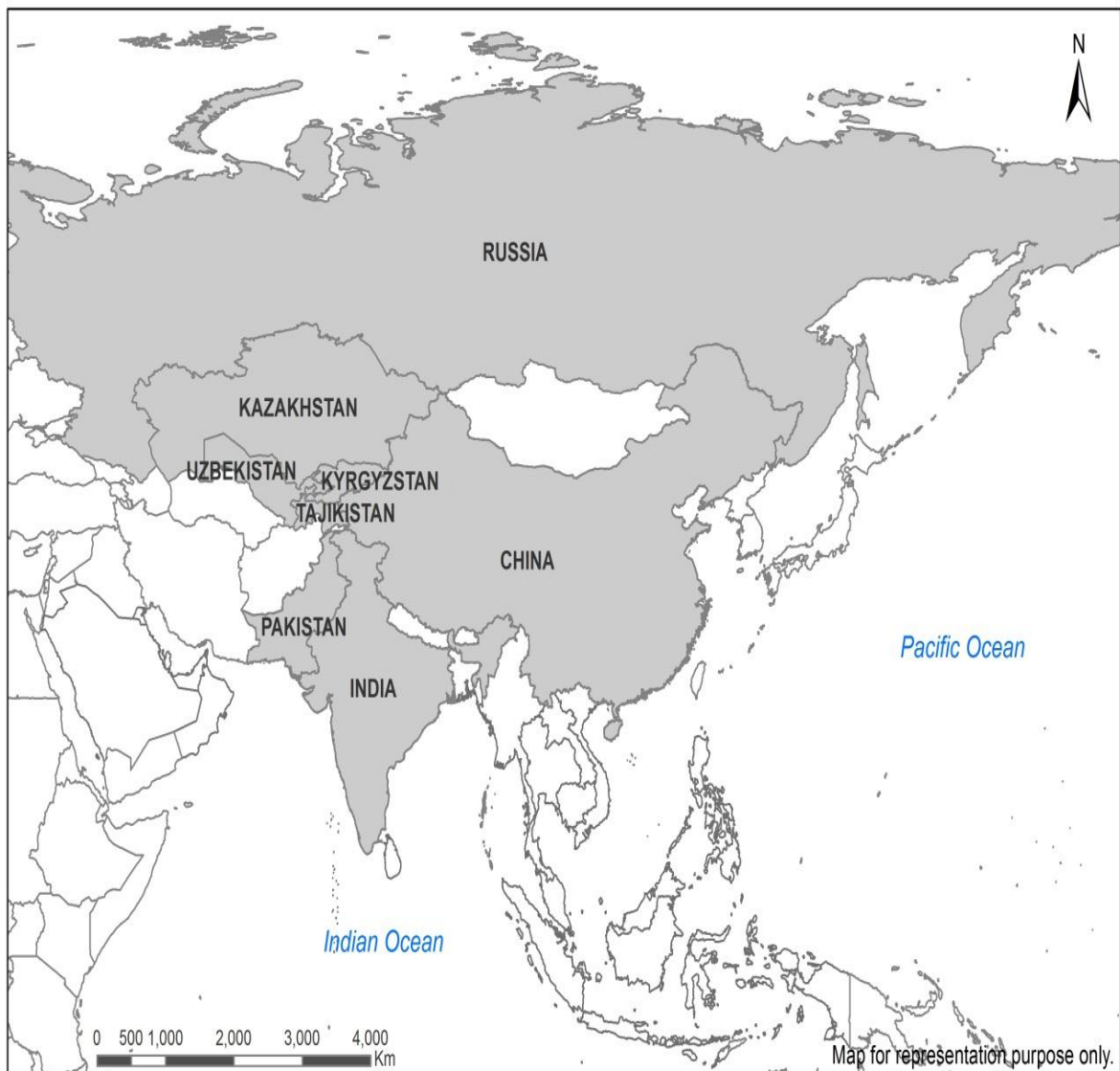
The Shanghai Cooperation Organisation (SCO) is an Eurasian political, economic, and security organisation, the creation of which was announced on 15 June 2001 in Shanghai, China by the leaders of China, Kazakhstan, Kyrgyzstan, Russia, Tajikistan and Uzbekistan. The Shanghai Cooperation Organisation Charter was signed in June 2002 and entered into force on 19 September 2003. These countries, except for Uzbekistan, had been members of the Shanghai Five group, founded on 26 April 1996 in Shanghai. India and Pakistan have joined SCO as full members on 9 June 2017 in Astana, Kazakhstan.

Origin of the SCO

The Shanghai Five grouping was created 26 April 1996 with the signing of the Treaty on Deepening Military Trust in Border Regions in Shanghai, China by the heads of states of China, Kazakhstan, Kyrgyzstan, Russia and Tajikistan. On 24 April 1997, the same countries signed the Treaty on Reduction of Military Forces in Border Regions in a meeting in Moscow, Russia. Subsequent annual summits of the Shanghai Five group occurred in Almaty, Kazakhstan in 1998, in Bishkek, Kyrgyzstan in 1999 and in Dushanbe, Tajikistan in 2000. At the Dushanbe summit, members agreed to "oppose intervention in other countries' internal affairs on the pretexts of 'humanitarianism' and protecting human rights and support the efforts of one another in safeguarding the five countries national independence, sovereignty, territorial integrity, and social stability." In 2001, the annual summit returned to Shanghai. There the five member nations first admitted Uzbekistan in the Shanghai Five mechanism (thus transforming it into the Shanghai Six). Then all six heads of state signed on 15 June 2001 the Declaration of Shanghai Cooperation Organisation, praising the role played thus far by the Shanghai Five mechanism and aiming to transform it to a higher level of cooperation.

In June 2002, the heads of the SCO member states met in Saint Petersburg, Russia. There they signed the SCO Charter which expounded on the organization purposes, principles, structures, forms of operation and established it in international law.

SCO MEMBER NATIONS



In July 2005, at the summit in Astana, Kazakhstan, with representatives of India, Iran, Mongolia and Pakistan attending a SCO summit for the first time, the president of the host country, Nursultan Nazarbayev, greeted the guests in words that had never been used before in any context. "The leaders of the states sitting at this negotiation table are representatives of half of humanity". In 2007 the SCO had initiated over twenty large-scale projects related to transportation, energy, telecommunications and held regular meetings of security, military, defence, foreign affairs, economic, cultural, banking and other officials from its member states.

In July 2015 in Ufa, Russia, the SCO decided to enter India and Pakistan as full members. India and Pakistan signed the memorandum of obligations in June 2016 in Tashkent, Uzbekistan, thereby starting the formal process of joining the SCO as full members. The historic summit in Astana, India and Pakistan has officially joined SCO as full-fledged members on 9 June 2017.

The SCO has established relations with the United Nations in 2004 (where it is an observer in the General Assembly), Commonwealth of Independent States in 2005, Association of Southeast Asian Nations (ASEAN) in 2005, the Collective Security Treaty Organization in 2007, the Economic Cooperation Organization in 2007, the United Nations Office on Drugs and Crime in 2011, the Conference on Interaction and Confidence-Building Measures in Asia (CICA) in 2014, and the United Nations Economic and Social Commission for Asia and the Pacific in 2015. Its eight full members account for half of the world's population and a quarter of the world's GDP.

The Shanghai Cooperation Organisation (SCO) was established in 2001 by China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan to function as an inter-governmental platform for security and economic cooperation among its member states in the Eurasian region. India became SCO's observer state in 2005. The first sign of India's "readiness to enhance its engagement with the SCO" came in the year 2010 in the Tashkent Summit when its members "lifted the moratorium on new membership and paved the way for expansion of this regional grouping".

However, the doubts on the "rules and procedures" for expansion of this (SCO) body" continued and it is only when "SCO finalized procedures for taking in new members" that India could submit its "formal application for the full membership of the SCO" in 2014. India applied for full membership of SCO with various geostrategic, security and economic considerations. These considerations include "the evolving security situation in Afghanistan, capacity building in the central Asian region, connectivity with the Eurasian region, counter-terrorism and anti-narcotics, and energy cooperation." SCO, as a platform for discussion, can elevate trust and cooperation between India and the other SCO members. Thus this regional organisation can help serve India's geostrategic, security and economic interests in the Eurasian region better.

Observer States:

Afghanistan: Afghanistan received observer status at the 2012 SCO summit in Beijing, China on 6 June 2012.

Belarus: In 2008, Belarus applied for partner status in the organisation and was promised Kazakhstan's support towards that goal. However, Russian Defence Minister Sergei Ivanov voiced doubt on the probability of Belarus membership, saying that Belarus was a purely European country. Despite this, Belarus was accepted as a Dialogue Partner at the 2009 SCO Summit in Yekaterinburg, and after applying in 2012, was granted observer status in 2015.

Iran: Iran has observer status in the organisation, and applied for full membership on 24 March 2008. However, because it was under sanctions levied by the United Nations at the time, it was blocked from admission as a new member. The SCO stated that any country under UN sanctions could not be admitted. After the UN sanctions were lifted, Chinese president Xi Jinping announced its support for Iran's full membership in SCO during a state visit to Iran in January 2016.

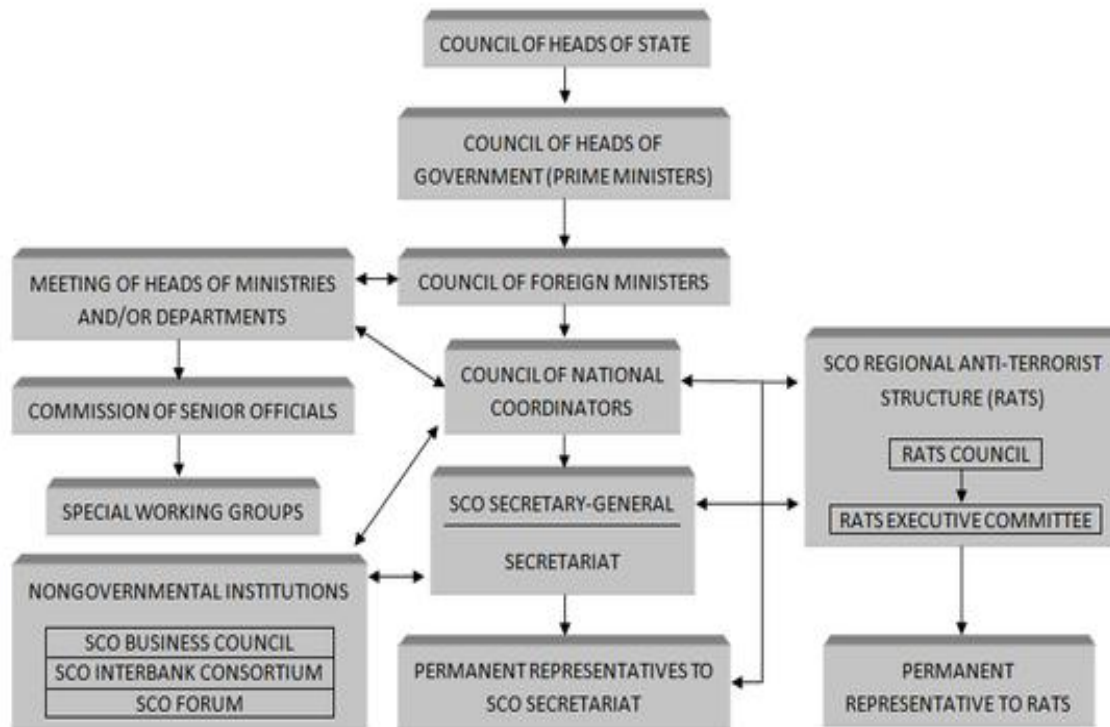
Mongolia: Mongolia became the first country to receive observer status at the 2004 Tashkent Summit. Pakistan, India and Iran received observer status at the 2005 SCO summit in Astana, Kazakhstan on 5 July 2005.

Dialogue partners:

The position of Dialogue Partner was created in 2008 in accordance with Article 14 of the SCO Charter of 7 June 2002. This article regards Dialogue Partner as a state or an organisation who shares the goals and principles of the SCO and wishes to establish relations of equal mutually beneficial partnership with the Organisation.

- Armenia
- Azerbaijan
- Cambodia
- Nepal

THE STRUCTURE OF THE SHANGHAI COOPERATION ORGANISATION



https://en.wikipedia.org/wiki/Shanghai_Cooperation_Organisation

Nepal:

Nepal was granted dialogue partner status in the Shanghai Cooperation Organisation (SCO) at the group's 2015 summit in Ufa, Russia.

Sri Lanka: Sri Lanka was granted dialogue partner status in the Shanghai Cooperation Organisation (SCO) at the group's 2009 summit in Yekaterinburg.

Turkey:

Turkey is a member of NATO, was granted dialogue partner status in the Shanghai Cooperation Organisation (SCO) at the group's 2012 summit in Beijing. Turkish Prime Minister Recep Tayyip Erdoğan has stated that he has discussed the possibility of abandoning Turkey's European Union membership candidacy in return for full membership in the Shanghai Cooperation Organization. This was reinforced again, after a series of tension between Turkey and the European Union in 21 November 2016. On 23 November 2016, Turkey was granted the chairmanship of the energy club of SCO for the 2017 period. That made Turkey the first country to chair a club in the organisation without full membership status.

Future membership possibilities:

In June 2010, the SCO approved the procedure of admitting new members, though new members have yet to be admitted. Several states, however, participate as observers, some of whom have expressed interest in becoming full members in the future. The implications of Iran joining the organization has been given much thought academically. In early September 2013 Armenian Prime Minister Tigran Sargsyan said during his meeting with his Chinese counterpart that Armenia would like to obtain an observer status in the SCO.

Except for Afghanistan, the observers are moving towards being accorded full member status. Meanwhile, in 2012 Armenia, Azerbaijan, Bangladesh, Belarus, Nepal and Sri Lanka applied for observer status within the organization. Egypt and Syria have also submitted applications for observer status, while Egypt, Israel, Maldives and Ukraine have applied for dialogue partner status. Iraq also signalled its interest in becoming a Dialogue Partner of the SCO in 2017 during the visit to SCO headquarters in Beijing of Mr. Ahmed Tahseen Birwari, the Iraqi ambassador.

Vietnam also signalled its interest in becoming a Dialogue Partner of the SCO in 2011 during the trip to Hanoi of Mr. Kirill Barsky, the special envoy of the Russian President to the SCO. According to expert opinion, there are potential disadvantages and advantages of Vietnam's becoming a member of the SCO in following main areas balancing her relations with China, Russia, and the USA, defense of the territorial integrity and potential for economic benefits.

Security Cooperation

The SCO is primarily centred on its member nations Central Asian security related concerns, often describing the main threats it confronts as being terrorism, separatism and extremism. However evidence is growing that its activities in the area of social development of its member states is increasing fast. At 16–17 June 2004 SCO summit, held in Tashkent, Uzbekistan, the Regional Antiterrorism Structure (RATS) was established. On 21 April 2006, the SCO announced plans to fight cross-border drug crimes under the counter-terrorism rubric.

Grigory Logninov claimed in April 2006 that the SCO has no plans to become a military bloc. Nonetheless he argued that the increased threats of "terrorism, extremism and separatism" make necessary a full-scale involvement of armed forces. In October 2007, the SCO signed an agreement with the Collective Security Treaty Organization (CSTO), in the Tajik capital Dushanbe, to broaden cooperation on issues

such as security, crime, and drug trafficking. Joint action plans between the two organisations are planned to be signed by early 2008 in Beijing. The organisation is also redefining cyberwarfare, saying that the dissemination of information "harmful to the spiritual, moral and cultural spheres of other states" should be considered a "security threat". An accord adopted in 2009 defined "information war", in part, as an effort by a state to undermine another's "political, economic, and social systems".

Military Cooperation

Over the past few years, the organisation's activities have expanded to include increased military cooperation, intelligence sharing, and counterterrorism. There have been a number of SCO joint military exercises. The first of these was held in 2003, with the first phase taking place in Kazakhstan and the second in China. Since then China and Russia have teamed up for large scale war games in 2005 (Peace Mission 2005), 2007 and 2009, under the auspices of the Shanghai Cooperation Organisation. More than 4,000 soldiers participated at the joint military exercises in 2007 (known as "Peace Mission 2007") which took place in Chelyabinsk Russia near the Ural Mountains, as was agreed upon in April 2006 at a meeting of SCO Defence Ministers. Russian Defence Minister Sergei Ivanov said that the exercises would be transparent and open to media and the public. Following the war games successful completion, Russian officials began speaking of India joining such exercises in the future and the SCO taking on a military role. Peace Mission 2010, conducted 9–25 September at Kazakhstan's Matybulak training area, saw over 5,000 personnel from China, Russia, Kazakhstan, Kyrgyzstan and Tajikistan conduct joint planning and operational manoeuvres.

The SCO has served as a platform for larger military announcements by members. During the 2007 war games in Russia, with leaders of SCO member states in attendance including Chinese President Hu Jintao, Russia's President Vladimir Putin used the occasion to take advantage of a captive audience: Russian strategic bombers, he said, would resume regular long-range patrols for the first time since the Cold War. "Starting in the present time, such tours of duty will be conducted regularly and on the strategic scale", Putin said. "Our pilots have been grounded for too long. They are happy to start a new life". On 4 June 2014, in the Tajik capital Dushanbe, the idea was brought up to merge the SCO with the Collective Security Treaty Organization. It is still being debated.

Economic Cooperation

Russia, Kazakhstan and Kyrgystan are also members of the Eurasian Economic Union. A Framework Agreement to enhance economic cooperation was signed by the SCO member states on 23 September 2003. At the same meeting the PRCs Premier, Wen Jiabao, proposed a long-term objective to establish a free trade area in the SCO, while other more immediate measures would be taken to improve the flow of goods in the region. A follow up plan with 100 specific actions was signed one year later, on 23 September 2004.

On 26 October 2005, during the Moscow Summit of the SCO, the Secretary General of the Organisation said that the SCO will prioritise joint energy projects; such will include the oil and gas sector, the exploration of new hydrocarbon reserves and joint use of water resources. The creation of an Inter-bank SCO Council was also agreed upon at that summit in order to fund future joint projects. The first meeting of the SCO Interbank Association was held in Beijing on 21–22 February 2006. On 30 November 2006, at The SCO: Results and Perspectives, an international conference held in Almaty, the representative of the Russian Foreign Ministry announced that Russia is developing plans for an SCO "Energy Club". The need for this "club" was reiterated by Moscow at an SCO summit in November 2007. Other SCO members, however, have not committed themselves to the idea. However, on 28 August 2008 summit it was stated that "Against the backdrop of a slowdown in the growth of world economy pursuing a responsible currency and financial policy, control over the capital flowing, ensuring food and energy security have been gaining special significance".

At the 2007 SCO summit Iranian Vice President Parviz Davudi addressed an initiative that has been garnering greater interest and assuming a heightened sense of urgency when he said, "The Shanghai Cooperation Organisation is a good venue for designing a new banking system which is independent from international banking systems". The address by Putin also included these comments:

We now clearly see the defectiveness of the monopoly in world finance and the policy of economic selfishness. To solve the current problem Russia will take part in changing the global financial structure so that it will be able to guarantee stability and prosperity in the world and to ensure progress. The world is seeing the emergence of a qualitatively different geo-political situation, with the emergence of new centres of economic growth and political influence.

We will witness and take part in the transformation of the global and regional security and development architectures adapted to new realities of the 21st century, when stability and prosperity are becoming inseparable notions. On 16 June 2009, at the Yekaterinburg Summit, China announced plans to provide a US\$10 billion loan to SCO member states to shore up the struggling economies of its members amid the global financial crisis. The summit was held together with the first BRIC summit, and the China-Russia joint statement said that they want a bigger quota in the International Monetary Fund.

Cultural cooperation

Cultural cooperation also occurs in the SCO framework. Culture ministers of the SCO met for the first time in Beijing on 12 April 2002, signing a joint statement for continued cooperation. The third meeting of the Culture Ministers took place in Tashkent, Uzbekistan, on 27–28 April 2006. An SCO Arts Festival and Exhibition was held for the first time during the Astana Summit in 2005. Kazakhstan has also suggested an SCO folk dance festival to take place in 2008, in Astana.

Geopolitical facets of the SCO

There have been many discussions and commentaries about the geopolitical nature of the Shanghai Cooperation Organisation. Matthew Brummer, in the *Journal of International Affairs*, tracks the implications of SCO expansion into the Persian Gulf. Also, according to political scientist Thomas Ambrosio, one aim of SCO was to ensure that liberal democracy could not gain ground in these countries. Iranian writer Hamid Golpira had this to say on the topic: "According to Zbigniew Brzezinski's theory, control of the Eurasian landmass is the key to global domination and control of Central Asia is the key to control of the Eurasian landmass....Russia and China have been paying attention to Brzezinski's theory, since they formed the Shanghai Cooperation Organisation in 2001, apparently to curb extremism in the region and enhance border security, but most probably with the real objective of counterbalancing the activities of the United States and NATO in Central Asia".

At a 2005 summit in Kazakhstan the SCO issued a Declaration of Heads of Member States of the Shanghai Cooperation Organisation which addressed their "concerns" and contained an elaboration of the organisation's principles. It included: "The heads of the member states point out that, against the backdrop of a contradictory process of globalisation, multilateral cooperation, which is based on the principles of equal right and mutual respect, non-intervention in internal affairs of

sovereign states, non-confrontational way of thinking and consecutive movement towards democratisation of international relations, contributes to overall peace and security and call upon the international community, irrespective of its differences in ideology and social structure to form a new concept of security based on mutual trust, mutual benefit, equality and interaction."

In November 2005 Russian Foreign Minister Sergey Lavrov reiterated that the "Shanghai Cooperation Organisation (SCO) is working to establish a rational and just world order" and that "The Shanghai Cooperation Organisation provides us with a unique opportunity to take part in the process of forming a fundamentally new model of geopolitical integration". The People's Daily expressed the matter in these terms: "The Declaration points out that the SCO member countries have the ability and responsibility to safeguard the security of the Central Asian region, and calls on Western countries to leave Central Asia. That is the most noticeable signal given by the Summit to the world".

A 2010 analysis in American Legion Magazine said that 'Chinese Prime Minister Wen Jiabao... has concluded that the United States is manoeuvring "to preserve its status as the world's sole superpower and will not allow any country the chance to pose a challenge to it.'" The Washington Post in early 2008 reported that President Vladimir Putin stated that Russia could aim nuclear missiles at Ukraine if Russia's neighbour and former fraternal republic in the Soviet Union joins the NATO alliance and hosts elements of a U.S. missile defence system. "It is horrible to say and even horrible to think that, in response to the deployment of such facilities in Ukrainian territory, which cannot theoretically be ruled out, Russia could target its missile systems at Ukraine", Putin said at a joint news conference with Ukrainian President Viktor Yushchenko, who was visiting the Kremlin. "Imagine this just for a second".

Phase 1: Confidence and security building measures (1996-2001)

In November 1992, China, Russia, Kazakhstan, Kyrgyzstan and Tajikistan started security negotiations. These were former Soviet republics facing China. The basic objective of this grouping was to diminish possible tensions at the borders, after the Cold War had ended. In 1996 the 'Shanghai Five' group of cooperating states was founded with the aforementioned five states as members. In 1996 and 1997, the heads of states, at their meetings in Shanghai and Moscow respectively, signed an 'Agreement on deepening military trust in border regions' and an 'Agreement on

reduction of military forces in border regions’, which became an important historical stage and resulted in launching the ‘Shanghai Five mechanism’: strengthening good neighbourly relations of mutual trust, friendship and cooperation among the five countries. Annual meetings became established practice and were held alternately in each of the five countries.

Phase 2: Regional security against the three evils (2001-2004)

The members of the ‘Shanghai Five together with Uzbekistan decided to lift the ‘Shanghai Five mechanism’ to a higher level, in order to make it a strong base and important support for developing cooperation among the six states under new conditions. On 15 June 2001 in Shanghai the Heads of these six states signed the ‘Declaration on Establishment of the Shanghai Cooperation Organisation’, thus creating a new organisation of regional cooperation. During this meeting ‘The Shanghai convention on fight against terrorism, separatism and extremism’ was also signed. After diminishing military tensions and by creating mutual trust, friendship and cooperation, this convention against the so called ‘three evils terrorism, separatism and extremism marked the next phase in development of the SCO. The year 2004 then saw the completion of the institutional phase of the SCO. Two permanent organs were established a Secretariat in Beijing and a Regional Anti-Terrorist Structure (RATS) in Tashkent, Uzbekistan. Furthermore, Mongolia joined as the first SCO observer.

Phase 3: Comprehensive international organisation (2004 to present)

Until 2004 the SCO mainly dealt with regional security in particular against the three ‘evils’ as well as with economic cooperation. Gradually, the SCO changed from a purely regional outlook into an organisation seeking international recognition and cooperation. In 2004 the SCO received an observer status at the UN. The next year the SCO Secretary General was allowed to make a speech to the UN General Assembly. Moreover, the SCO has signed Memoranda of Understanding with the Association of Southeast Asian Nations (ASEAN) and with the Commonwealth of Independent States (CIS).

At the Summit of July 2005, in Astana, Kazakhstan, the SCO seemed to proclaim a radical change of course. In previous years the governments of the Central Asian member states and Uzbekistan especially faced with the Western backed regime changes in Georgia (2003) and Ukraine (2004), another change of government in Kyrgyzstan (2005) as well as with Western criticism of the Uzbek government’s

suppression of unrest in Andijan in May 2005 increasingly saw their existence threatened, which forced them to choose an alliance with Russia and China and diminishing their (economically favorable) relationship with the West.

At the Astana Summit this led to a final statement of the SCO members, in which (US) unipolar and dominating policies as well as foreign military deployment in Central Asia, were condemned and the withdrawal of Western military troops encouraged. There was another significant development at this summit. In addition to Mongolia, in July 2005 Iran, Pakistan and India joined the SCO as observers. As a result of the anti-western statements at the summit, the joining of 'rogue state' Iran as observer, as well as the rather offensive orientated 'Peace Mission 2005' military exercises of August 2005, the SCO now seemed to develop into an anti-Western security organisation, which some Western media described as the 'NATO of the East'. However, the anti-Western stances in the summit declaration were instigated by Russia and reluctantly accepted by the other SCO members.

The formal documents of the next high-level meeting, the 2006 Shanghai Summit, mentioned that differences in political and social systems, values and model of development should not be taken as pretexts to interfere in other countries internal affairs. It was further stated that models of social development should not be exported. At the 2007 Bishkek Summit the Heads of State made clear that the security and stability of Central Asia in the first place depends on the armed forces of the states within the region, which may be further guaranteed on the basis of the existing regional organizations.

The 2005 Astana Summit for withdrawal of (Western) forces from Central Asia has not been repeated at subsequent summits. The statements of the 2006 and 2007 summits demonstrate that most of the SCO member states intend to continue their cooperation with the West but when it comes to regional, Central Asian security policy, they want to be in charge themselves and reject outside interference, especially in domestic affairs. Therefore, the SCO cannot be regarded as targeted against the West its members essentially emphasize freedom from outside interference.

Defence and Security Policy

Security organisation

Although the SCO started as a security organization extending from confidence building measures at the borders to anti-terrorist activities the SCO members frequently state that this organisation is primarily meant for political and

economic cooperation and that military coordination focusing on domestic security plays a minor role. For instance, the Russian Deputy Defence Minister, Sergei Razov, denied allegations that military cooperation among SCO members is a top priority and stated that economic cooperation and security are the main interests.

Likewise at the Bishkek Summit, President Putin denied that the SCO would develop into a full grown security organisation such as NATO. So far, neither individual members nor the organisation itself have made any statements towards the intention to create, what some Western commentators call a 'NATO of the East'. Furthermore, its members disagree upon vital issues of security as was the case with the anti-western positions in the declaration of the 2005 Astana Summit concerning Western military deployment in Central Asia and also on other issues of security cooperation. For instance, as to the international legal connotation of security, there is common understanding within the SCO that 'non-interference' in internal affairs is a leading principle. Accordingly, its members refuse Western criticism on their human rights practices. However, when it comes to collective action against domestic, non-violent uprisings, the March 2005 revolution in Kyrgyzstan demonstrated disagreement within the SCO whether to act or not, with China allegedly in favour and Russia against military intervention.

Stages towards closer security cooperation

In spite of the frequent denials of the military nature of the SCO and the differences between members on military and security cooperation, five recent developments can be discerned which point in the direction of the SCO gradually moving towards a full grown security organisation. These developments most of which will be discussed later in detail are the following:

Combination of military and political events

First of all, the features of military and political activities were combined. For the first time a political summit (Bishkek 2007) was amalgamated with war games (Peace Mission 2007). Moreover, until then defence ministers were the highest ranking officials to watch SCO military exercises. The Heads of States presence at the war games, for the first time in the history of the SCO, was probably to demonstrate the growing significance of the military component within the SCO but also signaled their determination to be in command of the security situation in this region.

Military assistance idea

Secondly, there is the phenomenon of ‘military assistance’ as a concept. Perhaps the most significant development with regards to the security policy aspects of ‘Peace Mission 2007’ was its scenario in which military assistance played a central role. One of the vital ingredients of a mature security organisation, which also applies to the CSTO, is military assistance as one of its instruments. Although a development towards inclusion of such an article into the policy documents of the SCO cannot be discerned, the scenario of the ‘Peace Mission 2007’ unmistakably revealed a de-facto application of military assistance.

Cooperation between SCO and CSTO

Thirdly, the intensifying relationship between the SCO and the Russian-led military alliance Collective Security Treaty Organisation of the CIS (CSTO) should be mentioned. Although China is hesitant, as was made clear in the consultations for ‘Peace Mission 2007’, a Memorandum of Understanding (MoU) between the SCO and the CSTO seems to be underway, which will open the door for military cooperation between the two organisations. Such cooperation was actually already started by allowing CSTO observers at the latest SCO exercise. Since the CSTO is a purely military alliance, this cooperation will undoubtedly reinforce the military component of the SCO.

Maturing joint plans

Fourthly, the military exercises of the SCO, since 2002, have become increasingly ambitious, developing from a bilateral or multilateral level to a joint all SCO level and including not only counterterrorism but also external security policy connotations. Furthermore, prior to the 2007 Bishkek Summit the SCO ministers of Defence in Bishkek on 27 June 2007 reached agreement on a structural arrangement for joint exercises. According to the Kyrgyz Defence minister, Ismail Isakov, this agreement would lay the long-term organisational and legal foundations for such activities in the future.

Security response instruments

Fifthly, the 2006 Shanghai Summit affirmed that in case of threats to regional peace, stability and security, SCO members will have immediate consultations on effectively responding to the emergency. Furthermore, the intention was expressed of formulating a mechanism for measures in response to threats to regional peace as well as a study on establishing a regional conflict prevention mechanism within the SCO

framework. The projected drafting of such security mechanisms, which are also found in NATO, were repeated at the 2007 Bishkek Summit.

Energy policy

SCO oil reserves, including SCO observer Iran, are some 20% of the world's total. As these countries are not members of the OPEC, western oil companies view the oil reserves in the region, especially in Central Asia, as very attractive, which leads to a lot of investment and cooperation. The situation with gas is even more important. Aggregate gas reserves of Russia, Central Asia including Turkmenistan, which is not (yet) aligned to the SCO and Iran exceed 50% of the world's known reserves, according to a Russian formal source.

The fact that the SCO contains major energy exporters Russia, Kazakhstan, Uzbekistan and Iran as well as significant energy importers China and India consequently makes energy also one of the topics of cooperation of this organisation. Energy deals are usually made on a bilateral or multilateral but not on a common base. But the SCO serves as a convenient platform for concluding energy deals, also on a bilateral level. For example, China concluded a deal with Uzbekistan on oil and gas exploration on the eve of the 2006 summit. The entries on energy in the declarations of the 2006 and 2007 SCO Summits as well as the founding of a so called 'Energy Club' within in the SCO give evidence to the fact that SCO members and observers are increasingly engaged in energy cooperation and joint energy security policies. However, energy cooperation goes together with disputes, when contrasting national (energy) interests are at stake. This is especially the case with the relationship between Russia and other energy producing or consuming states in the SCO.

Russian-led energy cooperation

Russia is very active in concluding energy contracts with SCO partners. For instance, in August 2005 during a visit to Beijing, President Putin stressed bilateral economic ties, especially the work of Russian energy companies in China, bilateral projects that would distribute those supplies to third countries as well as the delivery of Russian oil and gas to China. Furthermore, in November 2005 Russia and China agreed to double oil exports to China and to consider constructing an oil pipeline from Russia to China and a gas-transmission project from eastern Siberia to China's Far East. China the world's second largest oil importer receives thirteen percent of its oil imports from SCO observer Iran, which it intends to increase.

At the Shanghai Summit of 15 June 2006 Iran stated that it wanted to set gas prices jointly with Russia, as the world's largest two gas producers. Such a statement was likely for propaganda purposes, because gas prices are agreed upon by companies and gas contracts are long-term contracts. In spite of the 'PR value' of the Iranian announcement and the fact that Russia has not (yet) agreed with this proposal, this statement caused concern in the west as a possible threat to its energy security, since it would create a near monopoly on gas prices.

At the same occasion Putin announced that Russia's Gazprom was prepared to help build a gas pipeline linking three SCO observers: from Iran via Pakistan to India. Moreover, Russia is taking effective steps to develop power generation in Central Asia. It has signed an agreement to complete the construction of the Sangtudinskaya hydropower plant, is preparing a similar one on the Rogunskaya hydropower plant, both in Tajikistan, and another one on the construction of the Kambaratinskaya hydropower plant in Kyrgyzstan. Another important issue is the creation of a power grid to transfer excessive electricity produced by Tajik and Kyrgyz power plants to Central and South Asia.

Energy cooperation apart from or against Russia's interests

China and other SCO countries do not want to be fully dependent on energy ties with Russia and subsequently also focus on other partners in their need for energy. For instance, China concluded an energy deal with Uzbekistan on oil and gas exploration on the eve of the 2006 Shanghai Summit. Furthermore, China and Kazakhstan cooperate in energy. In December 2005 the Atasu-Alashankou oil pipeline between the two countries was opened. In due course this Sino-Kazakh pipeline will be enlarged from 1,000 to 3,000 kilometres and will eventually provide China with some 15 percent of its crude oil needs.

After the 2007 SCO Summit in Bishkek Chinese President Hu Jintao made a state visit to Kazakhstan at which an agreement was signed for the second phase of the Kazakh-Chinese oil pipeline, extending to westward, thus linking China with the Caspian Sea. Moreover, both countries announced the construction of a gas pipeline, transporting Turkmen gas to China via Kazakhstan, which should be completed by 2009. Kazakhstan, however, keeps all doors opened by its energy cooperation not only with Russia and China, but also with the west.

The Baku-Tbilisi-Ceyhan (BTC) oil pipeline has become an interesting option after many Kazakh producers decided to join this project in an attempt to avoid

Russian dependency. The Kazakh government, which formally joined the BTC-project on 16 June 2006, stated that in 10 years it would like to supply the BTC with three quarters of its total capacity. These expectations were formulated a month before the formal opening of the pipeline, which took place on 13 July 2006 in the Turkish Mediterranean port of Ceyhan. Similar to the BTC is the Baku-Tbilisi-Erzurum (BTE) gas pipeline, linking Baku to the eastern Turkish Anatolian city of Erzurum, through Tbilisi. It runs alongside the BTC and will be linked to the Turkish gas distribution network. The BTE pipeline went into operation at the end of 2006. The USA is trying to actively involve Kazakhstan into this project, as it is lobbying for a gas and oil pipeline connecting Kazakhstan, along the Caspian seabed, to the BTC and BTE. Since no legal settlement has yet been reached on the Caspian Sea and its seabed, these efforts are not likely to be successful in the near future.

Economic, Environmental, Social and other Policies

The framework of the SCO is much broader than security and energy activities. As a regional answer to the challenges of economic globalisation, the SCO envisages a free trade. Economic cooperation is also regarded from the security dimension: fighting poverty will also remove the grounds of the 'three evils', i.e. terrorism, separatism and extremism. Improving economic cooperation is the responsibility of the prime ministers of the SCO, which have been working on this agenda item as of 2001. At their meeting of 2003 they launched a programme which mentioned as the major fields of cooperation: energy, information, telecommunications, environmental protection and the comprehensive utilization of natural resources. In addition to these, trade and investment facilitation are also matters of concern, with an emphasis on building infrastructure such as roads and railways and harmonizing customs and tariffs.

The Summit in Tashkent of June 2004 established working groups on e-commerce, customs, quality inspection, invest promotion and transportation and on the creation of a SCO Development Fund and Business Forum. Until 2003 the share of each Central Asian republic with the other SCO member states constantly ranges between 40 and 60%. In 2005 and 2006 several institutions were established to enhance economic ties. Obstacles which hinder economic integration of the SCO are security instability and domestic problems, differences in national banking systems and hard currency management, laws and bilateral conflicting interests concerning

territory and natural resources. Moreover, activities were developed against drugs trafficking and organised crime.

In 2005 mutual assistance was reached on the consequences of natural disasters and other emergencies. Allegedly, plans have also been made against pandemics. The cultural cooperation is demonstrated by arts and folk dance festivals and exhibitions. As in other fields of cooperation, joint economic, environmental, social and other policies depend on the political will of the SCO members to replace bilateral cooperation by multilateral action at the SCO level. Although all six member states of the SCO are formally equal, it is clear that Russia and China due to their size, economic capacity and military power outweigh the others by far. For this reason their visions on cooperation in and activities of the SCO as well as the relationship between these two key players of the SCO.

China's interests and the possibility of a security role for the SCO outside Central Asia

China's Interests in Central Asia

Following the approach by Russell Ong, Chinese foreign policy can be seen as shaped by political, economic and military interests (as perceived by the country's leadership). The core national interest is political and survival of the current regime. The main precondition to regime survival is maintaining domestic political legitimacy. The government intends to achieve this through fostering economic development; hence a stable rate of economic growth is China's main economic interest. In addition, to maintain its political legitimacy the government must also continue to show its ability to perform a number of basic tasks, among which protecting China's territorial integrity and national sovereignty are the most important.

Keeping economic development, territorial integrity and national sovereignty safe from foreign military threats constitutes the country's military interest. China's grand strategy combines these various interests, as it aims at achieving international prominence and gaining international support through various kinds of partnerships with other countries, while avoiding direct confrontations with any great power. This strategy maximises access to the global economy, while minimizing the risk of foreign military threats and thus provides the best guarantee for the Communist regime's political survival. With specific regard to Central Asia, China's interests can likewise be seen as consisting of three elements.

Political Interest of China in Central Asia

The main political interest of the Chinese government in Central Asia is maintaining control over the Xinjiang Uyghur Autonomous Region. The legitimacy of the Chinese government is challenged by separatism in Xinjiang. Uyghurs are the largest non-Han ethnic group in the Autonomous Region's population, where Han Chinese makes up some 38% of the population. Not only do Uyghur separatists reject Beijing's rule, but separatism within Xinjiang might encourage separatist tendencies in places like Tibet or Inner Mongolia. Any perceived weakness by the central government to control very large but peripheral regions such as Xinjiang, Tibet, and Inner Mongolia would amount to the inability to safeguard the nation's territorial integrity, and thus diminish the government's legitimacy. In addition, a loss of control over Xinjiang (or parts thereof) could obstruct Chinese access to energy supplies from Central Asia, or access to Pakistan's Indian Ocean ports. It could also limit Chinese nuclear weapons capabilities, as the site of China's nuclear testing facility (the world's largest) is in Xinjiang.

Finally, a political interest of Beijing in the region is preventing that any country establishes diplomatic relations with Taiwan. China largely neutralised this risk shortly after the independence of the Central Asian states from the Soviet Union when the Chinese government itself established diplomatic relations with them. Chances of any of these countries shifting its diplomatic ties from Beijing to Taipei currently seem minimal, yet the potentiality of this can never entirely be ignored by the Chinese government. The SCO serves the purpose of bolstering the hold of Beijing over Xinjiang since the organisation aims to uphold regional stability.

Instability across the Chinese-Central Asian border would have negative repercussions on government control in Xinjiang. China regards local separatist movements in the Central Asian countries regardless whether they are related to those in Xinjiang as a serious threat to regional stability. Moreover, cooperation with Central Asian governments contributes to Beijing's efforts to isolate separatist movements among the Uyghurs. Illegal cross-border movements of persons and arms are thus easier dealt with. Indeed, maintaining regional security and countering separatism have been the main purpose of the SCO since its inception in 2001.

Economic Interest of China in Central Asia

The predominant economic interest of China in Central Asia is twofold. On the one hand securing and increasing access to energy supplies is of vital national

importance. Oil from the region is a welcome addition to supplies that reach China either by sea or overland from Russia. China's long-term economic development depends on large-scale imports of oil. International sea lanes from oil producing countries in the Persian Gulf region and Africa to China are controlled by the United States Navy and potentially affected by the navies of various Asian countries, and are, as such, not considered secure by Beijing. While overland energy supply routes from Russia do not have this drawback, the Chinese government favors keeping its dependence on Moscow within certain limits.

The Central Asian state most relevant to China's energy policy is Kazakhstan, which has considerable oil reserves. In 1997 China and Kazakhstan agreed to build a pipeline to link the West Kazakh oil fields with China. In 2003 this agreement was renewed. Construction of the Atasu-Alashankou pipeline finally began in September 2004 and as already mentioned, the pipeline became operational in December 2005.

The costs of building the pipeline have been very large and stimulate the Chinese oil companies involved towards utilising its full capacity. At the same time Chinese access to Kazakh oil fields is limited. On the other hand, the other major economic interest of China in Central Asia is that the region is the key to the economic development of Xinjiang. Beijing's rule over the Uyghurs is less contested by the local population if it manages to bring economic benefits to the Xinjiang Uyghur Autonomous Region preferably benefits that an independent Uyghur dominated state could never achieve. Sustained economic development in Xinjiang depends on trade between Central Asia and China proper (i.e., eastern China). Infrastructure links between China and Central Asia have greatly improved since 1990. As the same time, they are still less developed than those connecting Central Asia with Russia and the Caucasus or the Mediterranean.

The SCO is a vehicle for China to advance its economic aims in Central Asia. Regional cooperation facilitates the construction of international pipelines. Most importantly, it is again the prevention of regional instability through the functioning of the SCO that greatly enhances the viability of joint energy projects. In addition, the SCO helps China to increase its economic activities in the region in a way that avoids conflicts with its neighbors. In 2002 China hosted an SCO forum on investment and development. China also wishes to use the SCO to create a regional free trade area, which would enlarge the transit role of Xinjiang.

Russia and the Central Asian states resist this out of fear of being flooded with Chinese goods. Even so, there is increasing cooperation between member states in facilitating trade within the SCO area. China is giving substantial loans to the Central Asian states, which indicates the country's resolve to promote economic cooperation.

The SCO as Instrument of Russian Security Policy

For Russia's foreign and security policy the SCO is a rapidly rising organisation. In this regard, it is interesting to note that in none of Russia's current highest security documents, the National Security Concept, the Military Doctrine and the Foreign Policy Concept all formally approved by President Putin in 2000 the SCO, at the time called 'Shanghai Five', was dealt with. It was only mentioned in the Foreign Policy Concept as one of the cooperating organisations in Asia. In 'The priority tasks of the development of the Armed Forces of the Russian Federation', a security policy document published in October 2003, the SCO for the first time was brought up in detail. In this 'Defence White Paper the SCO was described as an important organisation for regional stability in Central Asia and the Far East, especially in countering military threats.

For Russia the SCO apparently acts as a means to bring together different policy objectives. Not only China, but India and Iran as well have a special relationship with Russia. All three states are important actors in Russia's arms export. In addition to this, China and India are gaining a closer relationship with Russia in the field of joint, bilateral military exercises. Therefore, the fact that India and Iran recently have joined China in its cooperation with Russia within the SCO, could prove that the SCO serves as a platform for Russia's security policy.

Another example of the SCO being used towards this end is the fact that it was President Putin who instigated the foundation of an energy club within the SCO. This fits in Russia's policy of using energy as a power tool. It is likely that this development of the SCO will further continue in the coming years. Russia will use this organisation, for instance to reduce Western (US) influence in its backyard of Central Asia which was accomplished in the aftermath of 9/11 incident. In such a way, supported by China's rising power status, much more than the CIS, the SCO serves Russia as a vital instrument to achieve geopolitical objectives.

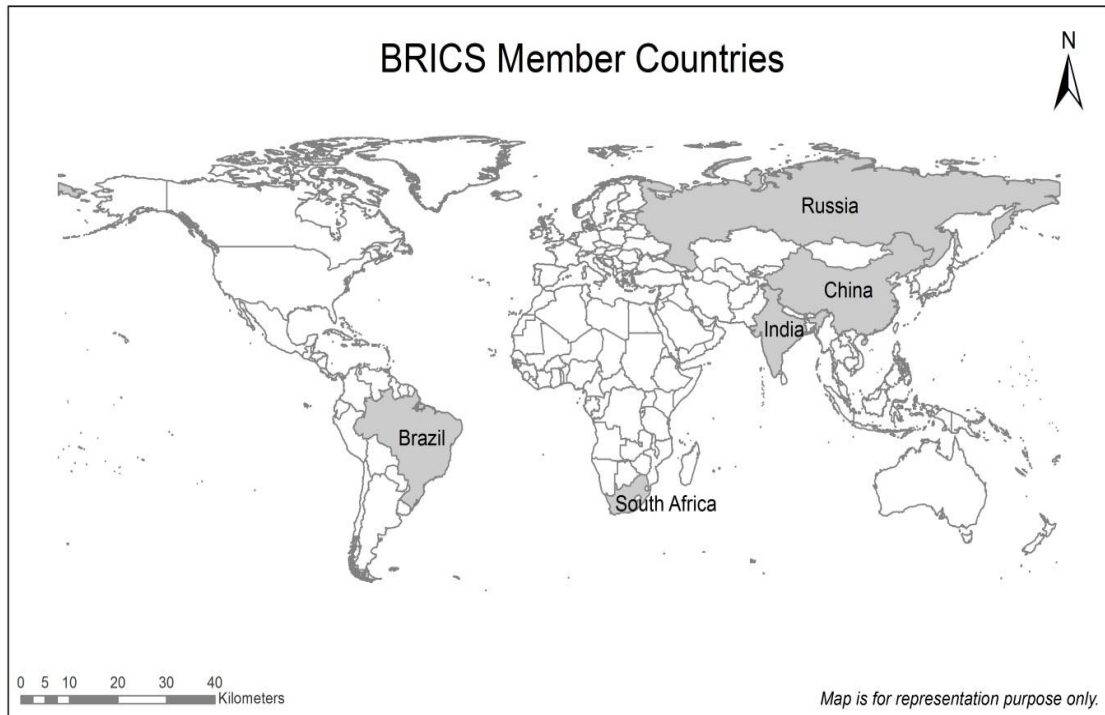
SCO and the Issue of Terrorism

- It is important to bear in mind the integral nature of three types of relations bilateral, regional/multilateral and universal/global while attempting to devise solutions to specific problems.
- RIC countries must explore the ways by which the SCO would be the chief vehicle for providing and ensuring stability and security in the region.
- SCO needs to have specific cooperative strategies for specific areas and dedicated funds.
- The entry of India as a SCO member state at the SCO Summit of 2017 in Astana, Kazakhstan, will mean that the RIC format will be in a way institutionalized within the SCO and can greatly add to the stature of the SCO as a multilateral organisation.
- The SCO offers broad scope for economic cooperation; participation in the SCO will strengthen India's "Look East" policy.
- The situation and response varies in all three countries the specific views of scholars from three countries are detailed separately.

BRICS History

The term "BRIC" was coined in 2001 by then chairman of Goldman Sachs Asset Management, Jim O'Neill, in his publication Building Better Global Economic BRICs. The foreign ministers of the initial four BRIC states (Brazil, Russia, India, and China) met in New York City in September 2006 at the margins of the General Debate of the UN General Assembly, beginning a series of high-level meetings. A full-scale diplomatic meeting was held in Yekaterinburg, Russia, on 16 June 2009.

BRICS is the acronym for an association of five major emerging national economies: Brazil, Russia, India, China and South Africa. Originally the first four were grouped as "BRIC" (or "the BRICs"), before the induction of South Africa in 2010. The BRICS members are all leading developing or newly industrialized countries, but they are distinguished by their large, sometimes fast growing economies and significant influence on regional affairs; all five are G-20 members. Since 2009, the BRICS nations have met annually at formal summits. China will host the 9th BRICS summit in Xiamen on September 3rd, 4th and 5th, 2017. The term does not include countries such as South Korea, Mexico and Turkey for which other acronyms and group associations were later created.



As of 2015, the five BRICS countries represent over 3.6 billion people, or about 40% of the world population; all five members are in the top 25 of the world by population, and four are in the top 10. The five nations have a combined nominal GDP of US\$16.6 trillion, equivalent to approximately 22% of the gross world product, combined GDP (PPP) of around US\$37 trillion and an estimated US\$4 trillion in combined foreign reserves. Overall the BRICS are forecasted to expand 4.6% in 2016, from an estimated growth of 3.9% in 2015. The World Bank expects BRICS growth to pick up to 5.3% in 2017. The BRICS have received both praise and criticism from numerous commentators. Bilateral relations among BRICS nations have mainly been conducted on the basis of non-interference, equality, and mutual benefit.

Brazil, Russia, India, China and South Africa (BRICS) are leading emerging economies and political powers at the regional and international level. The acronym was originally coined in 2001 to highlight the exceptional role of important emerging economies and only included Brazil, Russia, India and China (BRIC). It was pointed out that high growth rates, economic potential and demographic development were going to put BRIC further in a lead position and it was argued that their increased relevance should also be reflected in their incorporation to the G7 (O'Neill 2011). The

four countries themselves started to meet as a group in 2006 and it was only in 2010 that South Africa was invited to join the group, which was then referred to as BRICS

1. Due to their geographic and demographic dimensions.
2. BRICS economies are severely influencing global development, especially in Low Income Countries (LIC).

They are promoting stability in trade and investment and cushioning global recession in the current financial crisis (IMF 2011a: 8). On the other hand, BRICS' lower growth in 2009 has caused a considerable setback in foreign trade performance of LICs in the same period. LICs are the most vulnerable countries and more than one billion of the world's 1.4 billion poor people living on less than 1.25 US-Dollar (USD) per day are living in LICs ("bottom billion" Collier 2007). LICs are very fragile in terms of external shocks, volatility in commodity prices and rising food costs. The International Monetary Fund (IMF) estimates that more than 23 million people could fall below poverty line in the case of no recovery in the world economy in 2012 (IMF 2011c: 15). The European debt crisis is challenging LICs directly as trade and development partners of the European Union (EU) and indirectly through decreasing demand from BRICS. Therefore, it will be of utter importance to find tools to prevent LICs from suffering an increase in poverty and food shortage in case of on-going global economic recession.

BRICS are causing changes in the architecture of international development cooperation not only with regard to trade and financial flows but also as emerging donors. Overall, clear cut definitions of economic characteristics and performance to identify groups of countries are not easy to obtain. Not only BRICS but also other countries, such as self-confident players perforating traditional donor recipient patterns. Mexico, Indonesia, Argentina, Turkey, Saudi Arabia and others form part of new global development structures as for example within the G20. In total, emerging donors have contributed USD 87.1 million to the World Food Programme of the United Nations (UN) and USD 90.6 million to UN Emergency Response Funds (ERFs) in 2010.

Even traditional classifications based on the Gross Domestic Product (GDP) into Middle Income Countries (MIC) and LICs are not always appropriate since countries of the same group might face very different challenges. Although these aspects should be kept in mind, due to limited space, this study focuses on BRICS-

LICs relations. The crucial question is how BRICS are influencing the development of LICs and what the economic interdependencies look like.

Introduction

There is a perception that investment bankers got it all wrong before the onset of the global financial crisis of 2008. But one of them, Jim O'Neil, was not entirely off the mark when he put together the acronym 'BRIC' (for Brazil, Russia India, and China) a decade ago. However, the BRIC grouping does not conform to the lines of separation created by the French demographer Alfred Sauvy, who coined the phrase 'third world' (originally in French) to distinguish the capitalist first world from the communist second world and from the largely non-aligned third world. Under the BRICS formulation, Brazil, India and South Africa (third world as per Sauvy's original notion) have come together with Russia and China (Sauvy's 'second world' then and now 'state-heavy') to reform institutional structures and norms shaped by the first world.

Thus, the lines of separation have become blurred after the end of the Cold War. This is a distinct indicator that globalisation has altered the political and economic muscle of most nation states. The BRICS grouping, therefore, signifies a welcome development. South Africa is the latest entrant in this informal grouping, which held the third summit meeting of its leaders in Sanya, China. The original four members of BRIC first gave shape to this club in Yekaterinburg, Russia, in June 2009, followed by a second summit at Brasilia in April 2010. Incidentally, BRIC foreign ministers have met annually since 2006. The theme of the 2011 summit was "Broad Vision and Shared Prosperity", with the agenda comprising:

- (i) General discussion on the current international situation.
- (ii) International economic and financial issues (reform of the international currency system, commodity prices, WTO & trade related issues, among others).
- (iii) International development issues (Millennium Development Goals, climate change, Sustainable Development, among others).
- (iv) Cooperation among BRICS countries.

The BRICS grouping has a practical as well as an ideational role in reforming the global financial system and in the norm-setting processes within world politics. The practical role for the BRICS resides in the original mandate of this informal grouping, which took shape chiefly after the global financial crisis of 2008. The aim

of founding the grouping was to discuss economy and trade, primarily towards reform of the International Monetary Fund (IMF) and the World Bank, in order to enhance the representation of emerging economies in these financial institutions. The grievances of the BRICS were two fold.

Firstly, it was felt that the IMF model of growth (Washington Consensus) contributed to the global financial crisis in the absence of sound financial surveillance. BRICS member states have managed a visible rebound from the crisis. Secondly, with 40 per cent of the world population and a creditable contribution to world economic output (25 per cent), the BRICS grouping feels it is time to seek political access in global rule-setting processes.

BRICS: From Developing Countries to Emerging Economies

Within the last 10 years, BRIC have consolidated and even further expanded their strong position in the world economy. BRIC's participation in global Gross National Income (GNI in Purchasing Power Parity / PPP) and shows that especially China but also India and other MICs are and further will be expanding their share at the expense of OECD (Organization for Economic Co-operation and Development) countries. Brazil remains stable whereas Russia's share is supposed to decline in the future. By 2015, MICs and BRIC are expected to produce more than 50 % of global income. During their rise, BRIC remained stable and intensified economic cooperation linkages with other development countries. Among the group of emerging economies, BRIC are playing a crucial, if not systemic, role in global economy. Three main aspects are underlining the relevance of BRIC as protagonists in development cooperation:

1. The outstanding size of their economies.
2. Strong growth rates, leading to increasing significance in world economy.
3. The demand for a stronger political voice in international governance structures, which corresponds to their economic status (O'Neill 2001, Orgaz et.al. 2011).

A number of other emerging economies are revealing one or two of these characteristics. In this context, Goldman Sachs has identified the "next eleven" (Bangladesh, Egypt, Indonesia, Iran, Korea, Mexico, Nigeria, Pakistan, Philippines, Turkey and Vietnam), who have improved their position in world economy in a similar way (Wilson/Stupnytska 2007). But unlike BRIC, these countries are not meeting all three above mentioned conditions. Russia was the country, Jim O'Neill when coining the acronym in 2001 was most uncertain about regarding a positive

economic outlook (Cooper 2006: 4). However, due to high educational standards, growing investments and stable macroeconomic policy the economic development remains positive.

The country has more than 140 Million inhabitants, roughly the same GDP as Brazil (PPP) and with the exception of 2009 constant growth rates of around 5 %. Although South Africa was now accepted to form part of the group, it does not meet all the characteristics mentioned above, as its economy is much smaller than that of the other four countries. Its GDP is only a third of Brazil's or Russia's GDP and a much smaller fraction of China's or India's GDP. Nonetheless, South Africa is Africa's leading economy and has become one of the most important political actors on the continent. It is one of the few African countries ranked as an upper-middle income country and is the only African nation with a G20 seat. The country also enjoys relative political stability, having held four successful free elections since the end of apartheid. South Africa lobbied for several years to be allowed to join the BRIC group, before it was officially invited to join the hereafter designated BRICS.

The quest for higher representation and political say in global governance might be the most important aspect highlighting the relevance of the BRICS group (Keukeleire, 2011). During their first meeting, a joint statement was adopted, in which they called for a more democratic and multi-polar world order based on cooperation, coordinated action and collective decision-making of all states. Considering the political dimension, some analysts are interpreting the emergence of BRICS in a neo-realistic way, assuming that BRICS want to challenge and counterbalance US (and western) hegemony. Yet, the coherence of BRICS is undermined by a number of aspects. One also has to keep in mind, that BRICS are actually winners of the globalisation process of the last decade (on average GDP) and are opting for participation and influence in rather than opposition to multilateral economic and political institutions (G20, IMF, World Bank, World Trade Organization / WTO) (Skak 2011). There are mutual economic interests and interdependencies among BRICS, the US and the EU.

Thus, their political strategy is targeting multilateral negotiation and cooperation rather than confrontation and power politics. Ministerial meetings took place during UN and G20 conferences. Beyond these informal meetings the BRIC(S) dialogue was institutionalized through summit meetings in Russia (2009), Brazil (2010), China (2011) and India (scheduled for 2012). During these meetings,

development cooperation was not a major issue. The five countries are forming a strategic alliance in order to increase their political weight at the international level and to enforce common political and economic interests.

Nonetheless, representing the biggest emerging economies, BRICS are bound to take a stand on the subject of global development politics. As a matter of fact, one topic of the first BRIC summit (Yekaterinburg 2009) was food security and the commitment to provide financial and technical assistance in fighting undernourishment in developing countries (BRIC 2009). This indicates that BRICS also put development issues on the agenda. In the joint declaration of Sanya (2011), BRICS claim to represent common goals of all LICs and MICs and emphasize the necessity to fight poverty and to achieve the MDGs.

We believe that growth and development are central to addressing poverty and to achieving the MDG goals. Eradication of extreme poverty and hunger is a moral, social, political and economic imperative of humankind and one of the greatest global challenges facing the world today, particularly in Least Developed Countries in Africa and elsewhere. We call on the international community to actively implement and achieve the objectives of the MDGs by 2015 as scheduled. (Sanya Declaration 2011) Beyond annual meetings on presidential and ministerial level, BRICS' cooperation is not institutionalized in a formal way. Other multilateral gatherings as well as bilateral negotiations are reflecting existing asymmetries and differences within BRICS and are to some extent undermining the BRICS concept.

Since 2003, India, Brazil and South Africa (IBSA) try to coordinate more closely through launching the IBSA initiative, targeting trilateral cooperation in energy supply, trade and other sectors. They also opened a fund for development cooperation (supported by the UN-Development Programme / UNDP), financing programmes of waste collection in Port-au-Prince, agricultural assistance in Guinea Bissau, HIV-workshops in Burundi and others. The fund "aims at supporting viable and replicable projects that, based on the capabilities available in the IBSA countries and in their internal best practices, contribute to the national priorities of other developing countries.

Moreover, Brazil, South Africa, India and China are meeting within the BASIC group. They started off in 2009 in order to develop common strategies in the forefront of the Copenhagen climate summit and also cooperated in following international climate conferences. As a consequence of respective trade in goods and

services, capital flows and foreign direct investment (FDI), the focal point of global economic dynamics might be shifting slowly from OECD-countries to the BRICS in coming years. Next to other emerging economies like Saudi Arabia or Venezuela, BRICS are also becoming more important as donors in the international financial architecture. However, there are significant differences in dimension and orientation of development cooperation among BRICS correlating to differences in growth intensity, economic and trade structures, degree of market liberalisation, per-capita-income as well as history and tradition of SSC.

Naturally, some BRICS try to strengthen their own positions and national interests through SSC. In their endeavor for more political say in global governance, BRICS claim to speak on behalf of the “global south” in a number of topics. This eventually leads to tension among emerging economies and is also causing skepticism in developing countries. Some countries of the “next eleven” are questioning the gain in power of BRICS, also because they are hoping to play a bigger part in international organizations themselves. In that respect, also other emerging economies are implementing SSC according to BRICS patterns.

BRICS are not among the most prosperous countries according to per capita income in India has only recently moved from LIC to MIC status and all BRICS are facing serious disparity and poverty challenges themselves. However, through their strong economic dynamics as well as territorial and demographic dimensions BRICS are influencing global economic development to a great extent. Reflecting their increasing relevance, BRICS have started to constitute a strategic alliance with institutionalized meetings on ministerial and presidential level. Although a primary objective is to gain influence in institutions of global governance, their strategy is based on multilateral soft balancing and SSC. This has considerable impact on the international aid-architecture and needs to be taken seriously in EU development policies.

Developments in BRICS

The BRICS Forum, an independent international organisation encouraging commercial, political and cultural cooperation between the BRICS nations, was formed in 2011. In June 2012, the BRICS nations pledged \$75 billion to boost the lending power of the International Monetary Fund (IMF). However, this loan was conditional on IMF voting reforms. In late March 2013, during the fifth BRICS summit in Durban, South Africa, the member countries agreed to create a global

financial institution which they intended to rival the western-dominated IMF and World Bank. After the summit, the BRICS stated that they planned to finalise the arrangements for this New Development Bank by 2014. However, disputes relating to burden sharing and location slowed down the agreements.

At the BRICS leaders meeting in St Petersburg in September 2013, China committed \$41 billion towards the pool; Brazil, India and Russia \$18 billion each; and South Africa \$5 billion. China, holder of the world's largest foreign exchange reserves and who is to contribute the bulk of the currency pool, wants a greater managing role, said one BRICS official. China also wants to be the location of the reserve. "Brazil and India want the initial capital to be shared equally. We know that China wants more," said a Brazilian official. "However, we are still negotiating, there are no tensions arising yet." On 11 October 2013, Russia's Finance Minister Anton Siluanov said that a decision on creating a \$100 billion fund designated to steady currency markets would be taken in early 2014. The Brazilian finance minister, Guido Mantega stated that the fund would be created by March 2014.

However, by April 2014, the currency reserve pool and development bank had yet to be set up, and the date was rescheduled to 2015. One driver for the BRICS development bank is that the existing institutions primarily benefit extra BRICS corporations, and the political significance is notable because it allows BRICS member states "to promote their interests abroad... and can highlight the strengthening positions of countries whose opinion is frequently ignored by their developed American and European colleagues."

In March 2014, at a meeting on the margins of the Nuclear Security Summit in The Hague, the BRICS Foreign Ministers issued a communique that "noted with concern, the recent media statement on the forthcoming G-20 Summit to be held in Brisbane in November 2014. The custodianship of the G-20 belongs to all Member States equally and no one Member State can unilaterally determine its nature and character." In light of the tensions surrounding the 2014 Crimean crisis, the Ministers remarked that "The escalation of hostile language, sanctions and counter-sanctions, and force does not contribute to a sustainable and peaceful solution, according to international law, including the principles and purposes of the United Nations Charter." This was in response to the statement of Australian Foreign Minister Julie Bishop, who had said earlier that Russian President Vladimir Putin might be barred from attending the G-20 Summit in Brisbane.

In July 2014, the Governor of the Russian Central Bank, Elvira Nabiullina, claimed that the "BRICS partners the establishment of a system of multilateral swaps that will allow to transfer resources to one or another country, if needed" in an article which concluded that "If the current trend continues, soon the dollar will be abandoned by most of the significant global economies and it will be kicked out of the global trade finance." Over the weekend of 13 July 2014 when the final game of the World Cup was held, and in advance of the BRICS Fortaleza summit, Putin met his homologue Dilma Rouseff to discuss the BRICS development bank, and sign some other bilateral accords on air defence, gas and education. Rouseff said that the BRICS countries "are among the largest in the world and cannot content themselves in the middle of the 21st century with any kind of dependency." The Fortaleza summit was followed by a BRICS meeting with the Union of South American Nations president in Brasilia, where the development bank and the monetary fund were introduced. The development bank will have capital of US\$50 billion with each country contributing US\$10 billion, while the monetary fund will have US\$100 billion at its disposal.

On 15 July, the first day of the BRICS 6th summit in Fortaleza, Brazil, the group of emerging economies signed the long-anticipated document to create the US\$100 billion New Development Bank (formerly known as the "BRICS Development Bank") and a reserve currency pool worth over another US\$100 billion. Documents on cooperation between BRICS export credit agencies and an agreement of cooperation on innovation were also inked. At the end of October 2014, Brazil trimmed down its US government holdings to US\$261.7 billion; India, US\$77.5 billion; China, US\$1.25 trillion; South Africa, US\$10.3 billion.

In March 2015, Morgan Stanley stated that India and Indonesia had escaped from the 'fragile five' (the five major emerging markets with the most fragile currencies) by instituting economic reforms. Previously, in August 2013, Morgan Stanley rated India and Indonesia, together with Brazil, Turkey and South Africa, as the 'fragile five' due to their vulnerable currencies. But since then, India and Indonesia have reformed their economies, completing 85% and 65% of the necessary adjustments respectively, while Brazil had only achieved 15%, Turkey only 10%, and South Africa even less.

After the 2015 summit, the respective communications ministers, under a Russian proposal, had a first summit for their ministries in Moscow in October where the host minister, Nikolai Nikiforov, proposed an initiative to further tighten their

information technology sectors and challenge the monopoly of the United States in the sector. Since 2012, the BRICS countries have been planning an optical fiber submarine communications cable system to carry telecommunications between the BRICS countries, known as the BRICS Cable. Part of the motivation for the project was the spying of the National Security Agency on all telecommunications that flowed across the US.

BRICS and the South-South Cooperation (SSC)

After the fruitless 2006 WTO-Doha round in Geneva, which failed to reach an agreement concerning agricultural subsidies and import taxes, the reputation of multilateral consultations was damaged and especially the BRIC turned towards SSC at the bilateral and regional level (Leal-Arcas2008: 241 ff.). SSC has become a central topic of many existing panels of international development cooperation. OECD and UN have introduced task forces on SSC and are aware of the fact that BRICS have tremendous influence on SSC. There is no official international definition of SSC.

However, the largest intergovernmental forum of development countries (G77) has agreed upon some general characteristics of SSC in the Yamoussoukro Consensus, adopted in 2008. Thus, “South-South cooperation is a common endeavor of peoples and countries of the South, based on their common objectives and solidarity”. It is not meant to replace North-South cooperation and needs to be evaluated using different standards. The strategy of SSC is pursuing “economic independence and self-reliance of the South”. SSC is also based on the specific “historic and political context” and “shared experiences” of developing countries (Yamoussoukro 2008). In the following, a profile of each country’s foreign development structure is given with regard to focus areas, amounts, institutional arrangement and political objectives.

New Development Bank

The New Development Bank (NDB) is based in Shanghai. The New Development Bank (NDB), formerly referred to as the BRICS Development Bank, is a multilateral development bank operated by the BRICS states. The bank's primary focus of lending will be infrastructure projects with authorized lending of up to \$34 billion annually. South Africa will be the African Headquarters of the Bank named the "New Development Bank Africa Regional Centre". The bank will have starting capital of \$50 billion, with capital increased to \$100 billion over time. Brazil, Russia,

India, China and South Africa will initially contribute \$10 billion each to bring the total to \$50 billion.

BRICS CRA (Contingent Reserve Arrangement)

The BRICS Contingent Reserve Arrangement (CRA) is a framework for providing protection against global liquidity pressures. This includes currency issues where member's national currencies are being adversely affected by global financial pressures. It is found that emerging economies that experienced rapid economic liberalization went through increased economic volatility, bringing uncertain macroeconomic environment. The CRA is generally seen as a competitor to the International Monetary Fund (IMF) and along with the New Development Bank is viewed as an example of increasing South-South cooperation. It was established in 2015 by the BRICS countries Brazil, Russia, India, China and South Africa. The legal basis is formed by the Treaty for the Establishment of a BRICS Contingent Reserve Arrangement, signed at Fortaleza, Brazil on 15 July 2014. With its inaugural meetings of the BRICS CRA Governing Council and Standing Committee, held on September 4, 2015, in Ankara, Turkey entered into force upon ratification by all BRICS states announced at the 7th BRICS summit in July 2015.

BRICS payment system

At the 2015 BRICS summit in Russia, ministers from BRICS nations, initiated consultations for a payment system that would be an alternative to the SWIFT system. Russian Deputy Foreign Minister Sergey Ryabkov stated in an interview, "The finance ministers and executives of the BRICS central banks are negotiating ... setting up payment systems and moving on to settlements in national currencies. SWIFT or not, in any case we're talking about ... a transnational multilateral payment system that would provide greater independence, would create a definite guarantee for BRICS."

The Central Bank of Russia (CBR) also started consultations with BRICS nations for a payment system that would be an alternative to the SWIFT system. The main benefits highlighted were backup and redundancy in case there were disruptions to the SWIFT system. The Deputy Governor of the Central Bank of the Russia, Olga Skorobogatova stated in an interview, "The only think that may be of interest to all of us within BRICS is to consider and talk over the possibility of setting up a system that would apply to the BRICS countries, used as a backup."

China has also initiated development of their own payment system called CIPS that would be an alternative to the SWIFT system. The Cross Border Inter-Bank Payments System (CIPS) is a planned alternative payments system to SWIFT which would provide a network that enables financial institutions worldwide to send and receive information about financial transactions in a secure, standardized and reliable environment.

Challenges

The period until the end of the Cold War had shaped international relations debates largely through a realist paradigm, expecting most people to believe its ‘surgical precision’ in analysing international affairs. However, several dyadic relationships and the strengthening of groupings such as BRICS clearly highlight the relevance of paradigmatic optics such as neo-liberalism in explaining inter-state dynamics. Growing economic interdependence (trade and investment) and improved monetary policy coordination through groupings such as BRICS would most certainly open up several avenues to align the interests and facilitate bargaining among member-states in the coming years (Gartzke, 2007:166-191) for a theoretical discussion). The following are some of the challenges that BRICS as a grouping would have to address in the coming years. The ‘BRIC’ seem to have coordinated their political stand on Libya (to implement a no fly zone over Libya) with the five abstaining votes being that of the BRIC countries and Germany (South Africa voted in favour of authorising use of force). While this may be read as the BRICS grouping being internally democratic, which is welcome, in order to allow flexibility on such issues in the future as well, there is a possibility that a lot of political cohesion that the group is being imbued with may just be overstated.

Since the grouping is a self-professed coordination platform, explaining the lack of common coordinated positions in world politics would be the BRICS Achilles heel in times to come. Even on the question of Indian and Brazilian aspirations to join the high-table of the UNSC permanent members, Russia and China actually need to dilute their own power to make this possible. There are other dyadic complexities, such as between India and China for instance. However, many of the challenges may not be insurmountable. In letter, the grouping has suggested that it would not be another exclusive “club”. Article 6 of the Sanya declaration highlights the desire that “cooperation is inclusive and non-confrontational. We are open to increasing engagement and cooperation with non-BRICS countries, in particular emerging and

developing countries, and relevant international and regional organizations.” How this plays out in spirit would be most vital to watch with big emerging economies such as Indonesia, Mexico, Turkey, Nigeria and Poland expecting to join ranks for more participatory roles in the world political and economic architecture.

The BRICS economies share some domestic and socio-economic challenges that must be addressed independently of their group activism in order to accomplish their major goals as a group, viz. inequality (economic, social and political), corruption, improvements in health care and education, and human rights, to name a few. In addition to BRICS, there is the IBSA (a norther grouping of ‘democracies’ established in June 2003 named after its members, India, Brazil and South Africa). Unlike BRICS, which, as of now, has only outlined an action plan covering various tiers of inter-governmental cooperation, IBSA has moved towards practical cooperation programmes. One such example is the IBSA satellite programme, which helps South Africa to have high-tech space technology where the satellite bus would come from South Africa, most instrumentation will come from Brazil, and India will execute the launch. With such parallel groupings already at work, a major challenge for BRICS is to neatly manage the overlap in mandates that can arise in such situations.

The other major challenge for BRICS is to remove the vagueness about what should be changed about the world. The BRICS countries trying to strengthen the role of the United Nations and contribute to improving globally negotiated rules or is BRICS going to be a multilateral façade for China, India and Russia to continue emitting tons of greenhouse gases (they are among the top five emitters in the world) or scuttle free trade in the name of ‘underdevelopment’? The BRICS have been not too far on the polluters’ path a path set on historical emissions of the ‘first world’. Hence, there is still tremendous potential for these countries to adhere to a greener development path and instill a ‘green’ architecture of development for the rest of the world to follow. It is in such areas that they should offer an ‘alternate’ model of development.

The ultimate (and realistic) aim for the BRICS should be to take up a leadership role in reforming global financial and political institutions without rendering existing institutions null and void. BRICS need not be shaped as an us versus them platform. The actualisation of the next ‘sputnik’ moment for the United States or ‘re-industrialisation’ efforts in Europe cannot be taken lightly over a longer

time horizon. At that stage one would not want the developed world to become some sort of a 'BRICS' grouping. Instead, one would like to see BRICS moving closer to the professed goals of the developed world (institutions of jurisprudence, human rights, fair trade, and other equitable forms of Western global norm- setting). For now, the focus should be on generating more scholarship that could contribute to better understanding among the member states.

BRICS Summits

The 1st Summit, Yekaterinburg, Russia, June 2009

Prime Minister, Dr Manmohan Singh, attended the first BRIC Summit in Yekaterinburg on 16 June 2009. The Summit adopted Joint Statement of BRIC Leaders and a Joint Statement on Global Food Security.

The 2nd Summit, Brasilia, Brazil, April 2010

Brazil hosted the second BRIC Summit in Brasilia on 15 April 2010; Prime Minister, Dr Manmohan Singh, led the Indian delegation which included Minister of Commerce and Industry. A Joint Statement was issued after the Summit. A Memorandum of Cooperation was signed among BRIC Development Banks (EXIM Bank from the Indian side). The First edition of the BRIC Statistical publication was also released.

The 3rd Summit, Sanya, China, April 2011

All five countries also called for an early conclusion to deadlocked talks an anti-terror law under UN auspices that would curtail funding for illegal groups that partake in violence against countries and deny their supporters access to funds, arms, and safe havens. A joint statement read: "We reiterate our strong condemnation of terrorism in all its forms and manifestations and stress that there can be no justification, whatsoever, for any acts of terrorism. In this context, we urge early conclusion of negotiations in the UN General Assembly of the Comprehensive Convention on International Terrorism and its adoption by all member states." The heads of government at the summit said that the UN's role was central in coordinating international action against what they labeled terrorism within the framework of the UN Charter and in accordance with principles and norms of international law.

The 4th Summit, Delhi, India, March 2012

The 4th BRICS Summit was held in New Delhi on 29 March 2012 under the broad rubric of BRICS Partnership for Global Stability, Security and Prosperity. The Delhi Declaration at The conclusion of the Summit was issued outlining shared

positions of BRICS countries on Global issues and giving a roadmap for further cooperation among BRICS countries.

The 5th Summit: Durban, South Africa, March 2013

The Fifth BRICS Summit, the last in the first cycle of Summits, was hosted by South Africa on 27 March 2013 under the overarching theme “BRICS and Africa: Partnership for Development, Integration and Industrialisation”. South Africa assumed the Chair of BRICS from India at the Durban Summit. The Summit was preceded by a number of pre-Summit events: meeting of BRICS Academic Forum in Durban on 10–13 March 2013; BRICS Financial Forum on 25 March 2013; meeting of BRICS Trade Ministers and BRICS Business Forum both on 26 March 2013. A meeting of BRICS Finance Ministers, though not a regular pre-Summit meeting was also hosted by South Africa on 26 March 2013.

The 6th Summit, Fortaleza, Brazil, July 2014

At the summit, the BRIC nations agreed to create the US\$100 billion New Development Bank (NDB) to allow states to pool resources for economic stabilization. The countries also set forth plans to acquire reserves of \$100 billion (€90.8b billion) through investment from the BRICS nations. The BRICS nations also signed an agreement on cooperation between the BRICS nations' export credit agencies: EXIAR (Russia); ABGF (Brazil), ECGC (India), SINOSURE (China) and ECIC (South Africa).

The 7th Summit, Ufa, Russia, July 2015

The summit coincided with the entry into force of constituting agreements of the New Development Bank and the BRICS Contingent Reserve Arrangement and during the summit inaugural meetings of the NDB were held, and it was announced it would be lending in local currency; and open up membership to non-BRICS countries in the coming months.

The 8th Summit, Goa, India, October 2016

A statement was issued that read the member states "strongly condemn terrorism in all its forms and manifestations and stressed that there can be no justification whatsoever." The group had also decided to set up a credit rating agency at some point in the future. They also called on the BRICS' New Development Bank to focus on funding specific development priorities and to create a network of angel investors. Other agreements included to set up research centers in the fields of agriculture, railways and a BRICS sports council.

Russia-China-India Triangle (RIC)

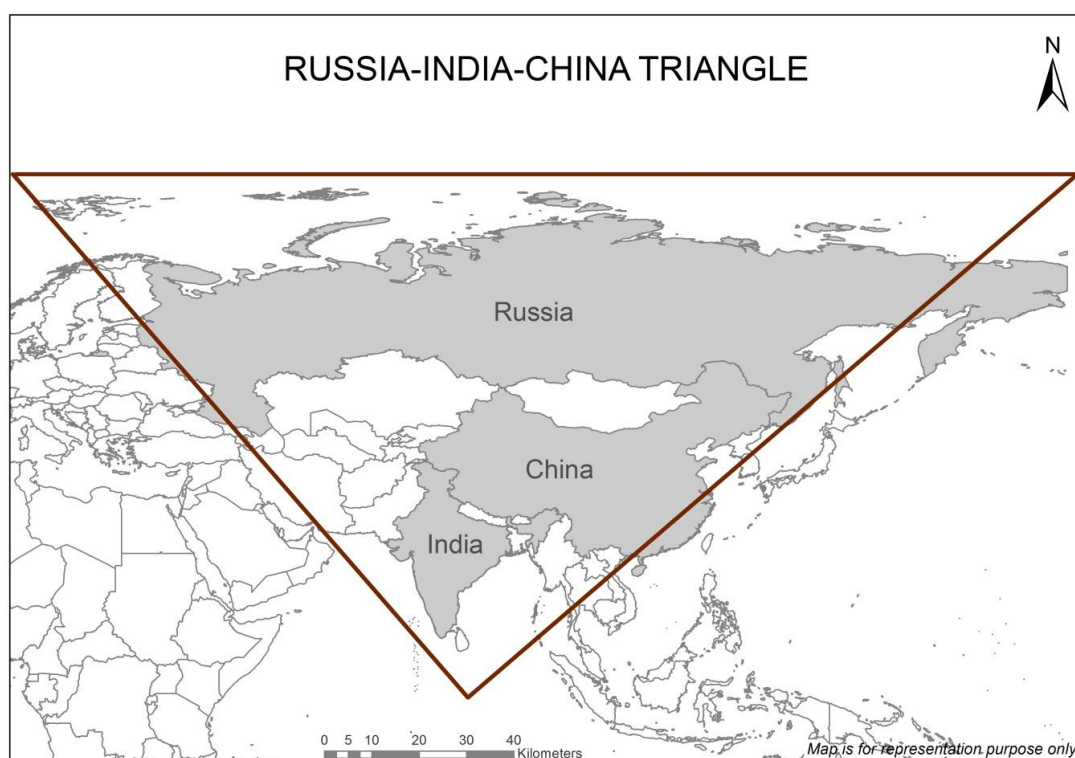
Historical Background

The idea of a Russia-China-India triangle is of relatively recent provenance. Although all three countries have never belonged to what might loosely be called the “Western camp”, neither have they offered an alternative consensus to the West. China and India participated in the 1955 Bandung Conference that led eventually to the formation of the Non-Aligned Movement (NAM), but their relationship broke down following China’s invasion of parts of northern India in a brief border conflict in 1962.

The Soviet Union and China were involved in the so called “unbreakable friendship” during the 1950s, but by 1960 this had unraveled, giving way to three decades of strategic confrontation and occasionally armed hostility and the Soviet-Indian relationship, although positive in significant respects, was never an alliance even at its height, and diminished rapidly in importance following the collapse of the USSR.

Against this unpromising background, Yevgeny Primakov, then Russian prime minister broached the idea of a Moscow-Beijing-New Delhi axis during a visit to India in December 1998. Primakov was unequivocal about his intentions to build a new consensus to counterbalance the hegemonic power, and unilateralist inclinations, of the United States. The Sino-Russian “strategic partnership” was already moving in that direction, but Primakov thought it important to enlist India in this enterprise partly because of its growing strategic weight, but mainly because it would broaden the normative and political appeal of multi polarity, thereby lending it greater legitimacy.

Unfortunately for Primakov and other advocates of a post-American multipolar order, New Delhi gave the idea short shrift. One reason for the negative Indian reaction was the presence of continuing tensions with Beijing over the border issue and China’s direct support for Pakistan in the disputed region of Kashmir. Another factor was an aversion to becoming embroiled in geopolitical games. New Delhi was concerned that India could become hostage to an overtly anti-American agenda, and be deflected from its traditionally non-aligned path.



Although tensions with Washington were high following America's condemnation of Indian nuclear testing earlier that year, there was no desire to adopt such a committal course. Following this reverse, the Primakov idea lapsed into hibernation. The Yeltsin administration moved to other priorities, such as tightening bilateral ties with Beijing and after Putin came to power, the Kremlin focused on mending relations with the West a move given added impetus following the events of 11 September 2001. Even after the Orange Revolution, and Putin's condemnation of the United States at the 2007 Munich Security Conference, Moscow's outlook remained overwhelmingly Western centric. India scarcely featured in Russian strategic thinking, and ideas of a Russia-China-India triangle appeared defunct, notwithstanding the formal existence of the RIC foreign ministers' troika since September 2001.

New compounds

In recent years, however, several developments have combined to revive notions of triangularism and trilateralism. The most influential was the global financial crisis of 2008 and the prolonged downturn in many Western economies. Virtually overnight, this challenged the legitimacy of the US-led order, and opened up space for serious consideration of alternative mechanisms of global governance. The idea that Moscow, Beijing, and New Delhi might cooperate on larger international

issues became both more plausible and necessary. It is no coincidence that the BRICS framework started to gain institutional momentum around this time.

Another critical development was the anti-Putin protest movement in late 2011 early 2012. This shocked the Kremlin out of its complacency, and pushed it in a much more actively anti-Western direction. The United States was accused of attempting to engineer regime change in Russia, and Putin reacted by giving renewed emphasis to Russia's relations with Asia. In a widely publicized article in February 2012, he highlighted the global role of China and India, and the importance of the Asia-Pacific region in general.

Although much of Moscow's "turn to the East" proved to be rhetorical, Russia-China-India strategic cooperation was once again back on the Kremlin's agenda. Moscow's annexation of Crimea, its military intervention in southeast Ukraine, and the imposition of Western sanctions on Russia have acted as further catalysts. In contrast to previous occasions, Europe became bracketed with the United States as part of a larger, hostile West and the East, principally China and India, became extolled as a counterbalance to the West in all its dimensions political, economic, strategic, and normative.

Of course, what the Kremlin wants and what it gets are two different things. It seeks Chinese and Indian support in Russia's struggle with the West, but many of the difficulties that Primakov encountered in 1998 remain, namely, a lack of enthusiasm in New Delhi, and strategic caution in Beijing. In these circumstances, the main conceptual challenge for Moscow is to reconcile (or at least mask) the contradictions between an overtly geopolitical goal counterbalancing the United States with an agenda that purports to work for better global governance. The issue is of critical importance, not just for reasons of international legitimacy, but also on a practical level amongst the partners themselves. An excessive emphasis on geopolitical balancing and countering US interests and Russia-China-India cooperation becomes unattractive to New Delhi, while also engendering concerns in Beijing. However, if the geopolitical purpose is removed altogether, then trilateralism loses much of its value for Moscow. As we shall see, the foreign ministers' troika is an attempt to balance these considerations, allowing each side to spin the process as they see fit.

The Sino-Russian relationship: A conditional entente

Irrespective of how one describes the Sino-Russian relationship as a comprehensive strategic partnership of coordination. The bilateral cooperative agenda

is by far the most advanced and comprehensive. Personal and institutional ties are considerably closer than in the other two relationships. After the EU, China is Russia's biggest trading partner, while Russia is now the largest source of Chinese oil imports. Military cooperation is developing space, on the back of the recent sales of Su-35 multipurpose fighters and the S-400 missile system, as well as several very public joint exercises. Moscow and Beijing are highly critical of US "unilateralism" and Western liberal interventionism, and oppose a number of specific Western policies, such as support for the Maidan revolution in Ukraine, attempts to unseat the Assad regime in Syria, and the deployment of missile defense installations in Eastern Europe and Northeast Asia.

They also share similar views on control of the internet and "information security." On the surface, the Sino-Russian relationship appears to be flourishing like never before; perhaps not yet an alliance, but certainly a genuine strategic partnership that is set to become still stronger and yet appearances can be deceiving. Along with the clear positives of the Sino-Russian relationship several significant negatives are also evident. The most important of these is the growing inequality of their partnership, which increasingly favours Beijing. In Central Asia, for example, China's Belt and Road Initiative (BRI) threatens to undermine Russia's long-time strategic primacy in the region. Similarly, the current global energy glut enables Beijing to call the shots in areas such as long-term gas cooperation, notwithstanding the apparent promise of the May 2014 gas supply agreement.

Such imbalances have not yet assumed critical proportions, and for the time being both sides identify a strong interest in emphasizing strategic congruence over incipient rivalry. For Moscow, the United States is the immediate preoccupation, while Beijing is far more focused in projecting Chinese power in the Asia-Pacific than in contesting Russian influence in Eurasia. Nevertheless, such imbalances are likely to become more salient as the economic and technological gap between the two "strategic partners" widens, and Chinese foreign policy extends its geographical horizons.

The second important caveat is that behind the façade of Sino-Russian strategic convergence there are some fundamental differences of view over the nature and demands of the international system. Moscow and Beijing agree in principle on the need for a multipolar order or "polycentric system of international relations". But their understandings of what this entails diverge substantially. Whereas Moscow sees

the world in largely tripolar terms, shaped above all by the balance of power between the United States, Russia, and China, Beijing's view is more akin to a bipolar plus arrangement, dominated by the one truly global relationship between the United States and China. Whereas the Kremlin believes in the imminent demise of a US-led order, Zhongnanhai is more circumspect both in its diagnosis and the implications for Chinese policy. Far from seeking to supplant Washington as global leader, Beijing seeks to operate within the broad parameters of the current international system, albeit with a much enhanced say in its management. It recognizes, too, that China has been the largest beneficiary of Western-led globalization over the past three decades; indeed, it sometimes complains that the West has sought to turn back the tide of globalization and trade liberalization a refrain that will become more insistent if US president Donald Trump follows through on his campaign promise to "protect American jobs". In this, its position could hardly be more different from that of Russia, which sees itself as a victim of globalization, and is therefore committed to overturning the existing international order, while becoming more inward looking in its own developmental model.

The authoritarian regimes in Moscow and Beijing see the world through realist eyes. They believe in the continuing relevance of geopolitics and the utility of hard power. They are profoundly irritated by Western lectures about values, the rule of law, good governance, perceiving rampant hypocrisy, ulterior geopolitical and commercial agendas. However, when it comes to converting these sentiments into concrete action, their approaches contrast markedly. Putin has shown an increasing disposition to use lethal force in Georgia in 2008, Ukraine in 2014, and Syria since 2015. On the other hand, has refrained until now from exercising such means, preferring instead to use the potential threat of military action to secure compliance with Chinese interests.

Although this may yet come, Beijing's relative moderation (compared to Russia) nevertheless reflects a more cautious, risk-averse mind set, as well as confidence in its ability to deploy other instruments effectively, such as development assistance programs, large-scale trade, investment, and cultural diplomacy. It is revealing that although China has benefited to some extent from the crisis in Russia-West relations following Moscow's annexation of Crimea and military intervention in Syria, such actions have nevertheless caused it some concern.

Despite appearances, Russia and China have very different attitudes toward cooperation with the United States. Moscow has shown diminishing interest in this, except in specific instances, such as “de-confliction” arrangements in Syria. This is partly a response to the modest economic substance in the US-Russia relationship even prior to the imposition of Western sanctions against Moscow. But it also highlights the Kremlin’s determination to reduce to the bare minimum Russian dependence on what many unequivocally identify as the enemy. Beijing’s attitude is almost the polar opposite. Despite rising tensions in the western Pacific, it has continued to regard US-China cooperation as essential, given the close interdependence of the two countries. As a result, their bilateral engagement takes place in three modes cooperative, competitive, and confrontational of which the first remains the most important.

Trilateralism to Triangularity: Prospects and Challenges

There are several factors that may push these three countries towards trilateral cooperation; there are at least four, according to a Chinese scholar. All of them advocate a multi-polar world and the establishment of just and fair new international order. Two, all the three countries need to develop their economy and develop close economic cooperation among themselves, because their economies are complementary to one another. Three, Russia has a special position among the three and can play an important role in converting trilateralism into triangularity, i.e., it is a traditional ally and partner of India and also has close ties with China. Four, the three countries have made efforts to come together and cooperation among them, even if it is in its infancy now, has gained strong momentum and is moving on right direction.

When Chinese President Hu Jintao visited Russia in March 2007, he and his Russian counterpart, Vladimir Putin, in their joint declaration, called for expanding trilateral cooperation with India as such interaction would enhance “mutually beneficial economic cooperation among the three nations, strengthen their coordination in facing new challenges and threats, especially that of international terrorism and contribute to the cause of promoting peace and stability in Asia and throughout the world.”

After examining the potentialities and possibilities of cooperation among the three players of the strategic triangle, one finds that there are a number of areas in which cooperation is realistic and easy. But there are some bilateral issues which could throw a spanner into the process of triangle formation. Moreover, the evolving

US grand strategy to contain and balance China may continue to create confusion in the minds of the leaders in these three countries and add to the mutual suspicions despite their desire for cooperation and friendship. As strategic triangle consists of three poles, problems are required to be seen on all the fronts which may create obstacles in the formation of strategic triangle. Indo-Russian front is moving satisfactorily and is well tested. It has stood the test of time.

However, in recent years, especially after the improvement in Indo-US relationship and India's bid to diversify its defence acquisition process, there is a palpable strain in India-Russian relationship. Sino-Russian front is manageable; however, there is a history of vicissitudes in their relationship due to border disputes, ideological clash, fight for dominance etc. But the biggest challenge could come from the mistrust prevailing on the Sino-Indian front. However efforts are on from both the sides to shed the previous differences and move forward to start a fresh beginning. The mutual suspicion between India and China, China's aversion to alliances, their desire for a close working relationship with the US separately, and the fact that Russia has little to offer in tangible, material terms to them beyond what they already receive, have impeded the formation of this triangle.

RIC: Issues, Roles and Challenges

- The five vectors of cooperation formulated in 2015 deeper interaction of business communities, think-tanks, cooperation in the spheres of agriculture and healthcare and elimination of natural disasters' consequences should be broadened to include energy, high technologies and environment protection.
- RIC should lead the way in formulating a forward looking agenda to address challenges pertaining to building a just, equitable and peaceful world keeping in view the year 2030, which has been earmarked by the UN to achieve the SDGs. Two of the SDG goals are very important.
- RIC countries share a common interest in ensuring the continuance of economic globalisation but are also committed to a process which seeks to reconcile regional demands for employment and resource allocation with evolving pattern of global trade.
- Urgent need to energies BRICS, the RIC and IBSA for promoting economic cooperation and meeting financial, environmental and technological challenges.
- Forums like NDB and AIIB must be used as platforms for cooperation.

- Active participation in the activities of the SCO, for Russia, India and China, gives their trilateral cooperation an international legal basis.
- Conscious efforts required promoting people-to-people ties; a special effort has to be directed toward increasing the numbers of students in each other's countries.

CHAPTER 5:
Conclusion

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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.

Indo-Russian political relations in the post-cold war international system developed on the basis of concurrence or proximity of their national interests. In both the countries, there exist a national consensus regarding the necessity and importance of further developing the interaction on the bilateral, regional and global levels. The post-cold war treaties between the two countries indicate that the prime factor behind the successful shaping of Indo-Russian political relations was the mutual understanding and proper appreciation of each other's policies. The foundation of the

post-cold war relations between India and Russia was laid during the Russian President, Boris Yeltsin's visit to India in January 1993 and Indian Prime Minister, P.V.Narasimha Rao's Moscow visit in June-July 1994. But, the peak point of this relationship was the conclusion of the "Strategic Partnership," signed during the Russian President, Vladimir Putin's visit to India in 2000.

An analytical observation of the historical background of the Indo-Russian relations clearly indicated that the political ties between the two countries developed since 1950's, particularly after the death of the Josef Stalin. And it came along with the changes brought about in the country's third world policy. India and Russia enjoyed a closed strategic relationship in almost throughout the Cold War period. The peak point of this relationship was the conclusion of the Indo-Soviet "Treaty of Peace, Friendship and Co-operation," signed in 1971. Both in diplomatic and security spheres, each country had gained from the support rendered by the other. These developments or supports were not total or unconditional, but were dependent on the perception held by each side of its own interests. It was the friendly ties between these two countries that neither side had complained or doubted the generally friendly disposition of the other. It shows the high degree of maturity attained in Indo-Soviet political relations.

One of the important factors, which brought the political ties between the two countries closer, was the Soviet Union support to India in the vital issues like Kashmir, Goa and Indo-Pakistan war of 1971. The western attitude towards India on these issues was hostile in nature. They complicated the Kashmir issues under the garb of proposals like plebiscite, demilitarisation and UN assistance. On the other hand, Soviet Union strongly opposed the western initiation and supported India by recognising Kashmir as its integral part. Furthermore, the coincidence of their views on various international issues, e.g. Korean War, Middle East Crisis, Indo-China Problem etc.

Additionally, throughout the Soviet era, the country capitalised India's status as a leader of the NAM (Non-aligned Movement) to bolster their policy in the third world countries, while India utilised the economic and military aids from Soviet Union to pursue its own regional goals; the most important of which was to check the hegemonic role of China and increasing influence of Pakistan in Kashmir.

The sudden breakup of the Soviet Union in the end of December 1991, and the subsequent conclusion of Cold War, and emergence of a unipolar world with US as

the sole superpower reduced the Indo-Russian political relations to a low ebb. India recognised Russia as a successor state of former Soviet Union, while Russia diverted its foreign policy toward the developed countries of the west with the hope of economic assistance from them in its economic transformations under the Foreign Minister, Andrei Kozyrev and President, Boris Yeltsin in early 1990's. Furthermore, the uncertainty of the post-cold war economic conditions deteriorated the resumption of the political ties between the two countries. Geo-politically, Russia had given importance towards Pakistan for some short period of time. However, this development did not undermine India's geo-strategic importance in Russian foreign policy in the post-cold war international system. In Russia, many leading bureaucrats opposed the Kozyrev policy both within and outside the Duma, and endorsed the continuation of political relations with India. In fact, during this period Russia lost its hold in south and former socialist zones. India, on other side, significantly strengthens its role in the world arena by launching the policy of economic liberalisation and expanding foreign policy toward the South-east Asian countries through its 'look east policy'.

Russia realized the geo-political significance and important role of India as a balancing force for Russian interest in Indian Ocean and South-east Asia-pacific regions. This development further coincided with Russia's growing disenchantment with the west. The conclusion of Indo-Russian treaty of 1993 during Boris Yeltsin's visit to India confirmed the rapprochement of Indo-Russian political relations. Sensitivity to each other's security concerns has been an integral part of these developing relations between the two countries. The understanding between the two countries over each other's security concern with increasing threat from the NATO and emergence of Islamic fundamentalism brought the political ties more closely.

The political relation between the two countries was further consolidated by the unambiguous Russian support for settlement on the Kashmir issue according to the Indian version. In fact, Russia's Kashmir policy was influenced by its own political and ethnic problems like the secessionist movement in the Chechen Autonomous Republic. In 1993, Pakistan accused the Indian army for human right violations and raised the Kashmir issues at the conference of the UN Human Right Commission in Geneva. Both the countries lobbied other countries intensively for support. It was at this juncture that the Russian Ambassador, Anatoly Andrapov supported India and condemned Pakistan for the use of Hazratbal shrine, other than

the purpose of worship. Another important development in Indo-Russian political relation was the signing of "Moscow Declaration" in 1994, which clearly show the increasing convergence of their interests. The relation between the two countries turned into a new dimension with the appointment of the Yevgney Primakov as the Foreign Minister of Russia in 1996. He made a change in its international relations with various states, which would guide the international system. Thus, Moscow strengthened ties with China and India in particular. In addition, India's position in the Russian foreign policy priority list improved since the Primakov period (1996-99).

It was with Boris Yeltsin's visit, followed by P.V.Narasimha Rao's visit in 1994 and Russian-Indian Summit in Moscow in March in 1997 that brought the task of promoting the bilateral relations to the level of strategic partnership. The increasing pressure from the reality of globalisation in their post-cold war economic uncertainty and the resurgence of a trend towards a multipolar world pushed Russia and India to strengthen their political ties.

India was a natural and an objective friend of Russia. The convergence of their view on the vast majority of world problems further strengthened the political ties between the two countries in late 1990s. Both the countries were facing the same problems regarding the system of interactions with the Islamic fundamentalism in its various form e.g. cross border terrorism and separatist movement. These developments posed a serious threat to the pluralist society with multi-lingual, multi-ethnic and multi-religious characteristics of India and Russia. Both the countries frequently made discussions on the political developments in Afghanistan since Taliban came to the power. A special reference to this political development was given in their strategic partnership declaration, signed in 2000, by constituting a body, Joint Working Groups on Afghanistan, to look over the above matter.

In the past India had not supported Soviet proposals for Asian collective security perceived to be aimed at China. But after the Soviet disintegration the Russian leadership, primarily urged by Yevgeny Primakov, took the initiative to establish a strategic partnership with India, and later with China. The result was RIC. In 1996, the three supported a trilateral Russia, India, China (RIC) dialogue mechanism. This dialogue mechanism was launched some years later. Russia also took the lead in proposing close coordination in the quadrilateral Brazil, Russia, India, China (BRIC) framework since the first G-20 summit convened by George W. Bush

in 2008. Russia has also supported India's full membership of the Shanghai Cooperation Organization (SCO).

It has reiterated its support to India becoming a UN Security Council permanent member. Russia has now considered that Pakistan is a major source and safe haven of terrorism and reaffirmed the position which was taken by Putin earlier in this regard. There are a number of other manifestations of the shared concerns and inter-locking national interests India and Russia. These will contribute to the stability of strategic partnership on the basis of which both countries can build their relationship.

The above mentioned scenarios represent a relationship where India and Russia would build on the complementarities of their needs and the stores of goodwill inherited from their historic ties to grow together into major power players. In the new era the cooperation of the political and, significantly corporate sectors in both countries is needed to make this appealing picture a reality. The relationships of the private players in India and Russia to each other should be significantly revived with the aid of new mechanisms or reorganized old mechanism (the India Russia CEOs Council and the India-Russia Chamber of Commerce), all working in concert. Although the private sectors are given an incentives and privileges by both governments such as tax breaks, state subsidies, and enabling regulations but both countries should make their policies more liberal. This is an essential part of revitalizing a strategic relationship.

The Indian government needs to actively and publicly invest the time and initiative to make ties with Russia applicable to the younger generations of their citizens, making them aware of the importance of their countries to each other in a new age. Russia should remain India's largest defence partner for at least several years given that the two countries have already signed arms deals worth some \$11 billion in future transactions and have established several important joint ventures.

Almost half of the Indian Air Force's inventory is considered obsolete and needs to be replaced with new acquisitions. Geopolitical ties also remain strong, with the two countries elevating their relationship in 2011 to that of a 'Special and Privileged Strategic Partnership'. Again Russian defence firms have been counting on continuing orders from India to help cushion the decreasing opportunities in China. Previously Russia had sold its arms to China but now lucrative arms sales relationship with China has significantly decreased.

But Russia does not want to avert a similar fall in the case of India, whose purchases now account for about half the value of all Russia's foreign military sales. However, the growing competition from Western companies, problems with past Russian sales, potential budgetary cutbacks, and the increasing difficulty of India's indigenous defence industry could lead New Delhi to buy fewer Russian weapons. The Indian Government has always tried to diversify its foreign weapons suppliers despite the higher costs and complexity involved in maintaining a variety of platforms. First time the Indian Government bought Soviet weapon in 1960s for its military but has always complimented these purchases with European (and later Israeli) systems. Now U.S. is also supplying weapons for the Indian Military. In recent years, the Indian Government has awarded non-Russian companies multi-billion dollar contracts for advanced military planes and helicopters. Indian officials have also tried, with limited success, to buy more indigenous defence systems. India's arms industry has become more complicated and now manufactures a wider range of weapons systems.

Thus the future of Russia-Indo relation is not certain issues. It will depend on the internal situation of both the countries. For instance Russia will remain a highly valued and preferred partner in defence cooperation. Both sides will have to work increasingly on the basis of international best practices and of competitive bidding for defense systems and of lifetime product support for ensuring high service ability. Both sides will have to honour all contractual commitments and accept penalty clauses for cost and time over runs. It will be difficult to sustain any relationship on the sole basis of core geo-political or security issues.

Both countries will have to give greater economic ballast to the relationship. Inter-governmental arrangements are no substitute for business to business ties. These in turn will require two way flows of trade and investments. India and Russia need greater commercial linkages to joint research and development projects, or commercial applications of already developed innovative technologies India has a vital interest in a strong, secure and prosperous Russia. It is clear that this interest is common in Russia with respect to India. The steady strengthening of Indo-Russian relations will benefit not just these two countries but have a wider positive and stabilizing impact in the world.

Of all the CIS states, Russia is likely to be India's most important trading partner and supplier of weaponry. But given the economic dependence of both

countries on the West and Russia's proximity to, and fast-expanding trade with, the Asia-Pacific region, it is unlikely that India and Russia will rank very high in each other's priorities. The democratic character of both states is not likely to change this or create a shared strategic outlook. Both are concerned about Islamic revivalism in west or Central Asia; both would like to see an early end to the war in Afghanistan; each regards the other as a stabilizing secular influence in Central Asia. Yet all this is not enough to foster common strategic or diplomatic objectives in the long run. Economic ties between India and the five Central Asian states have got off to a slow start, and will develop gradually. India's main aim is to prevent Central Asia from becoming a springboard for the activities of hostile countries, and it must contend with Pakistan's efforts to enhance its influence in the region. Given India's own large Muslim population, and the continuing secessionist movement in Kashmir, any increase in the activities of countries whose foreign policies have an 'Islamic' leitmotiv would be of concern to India.

But New Delhi has realized that religious fundamentalism is a distant prospect in Central Asia. Also, as several Middle Eastern countries are jostling for influence in the region, Pakistan will find itself being undercut rather than helped by them. New Delhi reckons that economic cooperation will give India its easiest entree into Central Asia. For the moment, India must live with the fact that Russia, Turkmenistan, Tajikistan, Uzbekistan, Kazakhstan and Kyrgyzstan remain areas of political, economic and diplomatic uncertainty, as they find their feet in the post-Cold War world they have helped to create.

A number of measures along several key parameters are needed to improve the bilateral relationship between India and Russia. Any efforts should involve significant political will and the involvement of key private sector sponsors on both side based on where they are in their development and the complimentarily of their needs, Russia and India both stand to benefit from a vigorous strategic partnership.

First and prime, judging from a track record of multiple agreements and memorandum of understanding that have not led to tangible results, there needs to be a new format for the annual summits, with greater emphasis on accountability. The recent comprehensive U.S-India Strategic Dialogue is a model to follow. There should be more meetings at the highest state level, regular annual reports on the progress of the working groups, and reinvigorated interactions among academic, business, and policy makers in both countries. The active and determined lobbying

from the Indian side that led to the end to boundaries on business and tourist visa necessities from both sides.

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 and regional engagements 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.

One of the most promising areas of the cooperation between the two nations is the energy sector. Russia being one of the leading giants in energy can lead singlehandedly 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.

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.

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.

In the light of the above detailed study it can be said that the Indo-Russian relationship goes beyond regional and bilateral relations, BRICS, SCO, RIC, defense and potential cooperation in the energy sector and is based on a similarity of world views regarding future world order and approaches with respect to resolving with issues like Iran's nuclear programme and common other global and regional problems. In this case the hypothesis tested positively.

In future both the countries will work together on the issues of security and energy on the global world, enabling them to have strong relationship on the current problems. To abolish these problems, both the countries can help each other's. In this way such adventure and responsibility will sort out such problems at worldwide level in coming time also, thus leading a path of peaceful experiment in nuclear use. Both the countries can help for the welfare of common mass at the worldwide level through the regional organizations like BRICS, SCO etc. In this way, these regional organizations will help to Develop and developing countries in the respect of energy, economic position, social and trade-based activities.

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