

International Aspects of Indo Russia Associations in Diversified Perspectives

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Abstract

The Soviet Union's strong relations with India had a negative impact upon both Soviet relations with the People's Republic of China and Indian relations with the PRC, during the Khrushchev period. The Soviet Union declared its neutrality during the 1959 border dispute and the Sino-Indian war of October 1962, although the Chinese strongly objected. The Soviet Union gave India substantial economic and military assistance during the Khrushchev period, and by 1960 India had received more Soviet assistance than China had. This disparity became another point of contention in Sino-Soviet relations. In 1962 the Soviet Union agreed to transfer technology to co-produce the Mikoyan-Gurevich MiG-21 jet fighter in India, which the Soviet Union had earlier denied to China. In 1965 the Soviet Union served successfully as peace broker between India and Pakistan after an Indian-Pakistani border war. The Soviet Chairman of the Council of Ministers, literally Premier of the Soviet Union, Alexei Kosygin,

met with representatives of India and Pakistan and helped them negotiate an end to the military conflict over Kashmir. The manuscript is presenting the assorted aspects of Indo Russia International Relations.

Keywords: India Russia Trade Relations, Indo Russia Trade Associations, Indo Russia Treaty

Introduction

The first major political initiative, since the collapse of the Soviet Union, between India and Russia began with the Strategic Partnership signed between the two countries in 2000. President Vladimir Putin stated in an article written by him in the Hindu, "The Declaration on Strategic Partnership between India and Russia signed in October 2000 became a truly historic step". Former Prime Minister Manmohan Singh also agreed with his counterpart by stated in speech given during President Putin's 2012 visit to India, "President Putin is a valued friend of India and the original architect of the India-Russia strategic partnership". Both countries closely collaborate on matters of shared national interest these include at the UN, BRICS, G20 and SCO. Russia also strongly supports India receiving a permanent seat on the United Nations Security Council. In addition, Russia has vocally backed India joining the NSG and APEC. Moreover, it has also expressed interest in joining SAARC with observer status in which India is a founding member.

The Soviet Union was an important supplier of defence equipment for several decades, and this role has been inherited by the Russian federation. Russia 68%, USA 14% and Israel 7.2% are the major arms suppliers to India (2012-2016), and India and Russia have deepened their Make in India defence manufacturing cooperation by signing agreements for the construction of naval frigates, KA-226T twin-engine utility helicopters (joint venture (JV) to make 60 in Russia and 140 in India), Brahmos cruise missile (JV with 50.5% India and 49.5% Russia) (Dec 2017 update). In December 1988, an India–Russia co-operation agreement was signed, which resulted in the sale of a multitude of defence equipment to India and also the emergence of the countries as development partners as opposed to purely a buyer-seller

relationship, including the joint ventures projects to develop and produce the Fifth Generation Fighter Aircraft (FGFA) and the Multirole Transport Aircraft (MTA). The agreement is pending a 10-year extension. In 1997, Russia and India signed a ten-year agreement for further military-technical cooperation encompassed a wide range of activities, including the purchase of completed weaponry, joint development and production, and joint marketing of armaments and military technologies.

Now, the co-operation is not limited to a buyer-seller relationship but includes joint research and development, training, service to service contacts, including joint exercises. The last joint naval exercises took place in April 2007 in the Sea of Japan and joint airborne exercises were held in September 2007 in Russia. An Inter-Governmental commission on military-technical co-operation is co-chaired by the defence ministers of the two countries. The seventh session of this Inter-Governmental Commission was held in October 2007 in Moscow. During the visit, an agreement on joint development and production of prospective multi-role fighters was signed between the two countries.

In 2012, both countries signed a defence deal worth \$2.9 billion during President Putin's visit to India for the 42 new Sukhois to be produced under licence by defence PSU Hindustan Aeronautics, which will add to the 230 Sukhois earlier contracted from Russia. Overall, the price tag for the 272 Sukhois - three of the over 170 inducted till now have crashed - stands at over \$12 billion. The medium-lift Mi-17 V5 helicopters (59 for IAF and 12 for home ministry/BSF) will add to the 80 such choppers already being inducted under a \$1.34 billion deal inked in 2008. The value of India's defence projects with Russia will further zoom north after the imminent inking of the final design contract for the joint development of a futuristic stealth fifth-generation fighter. This R&D contract is itself pegged at US\$11 billion, to be shared equally by the two countries. So if India inducts over 200 of these 5th Gen fighters, as it hopes to do from 2022 onwards, the overall cost of this gigantic project for India will come to around US\$35 billion since each of the jets will come for upwards of US\$100 million at least.

In October 2018, India inked the historic agreement worth US\$5.43 billion with Russia to procure five S-400 Triumf surface-to-air missile defence system, the most powerful missile defence system in the world ignoring America's CAATSA act. The United States threatened India with sanctions over India's decision to buy the S-400 missile defense system from Russia.

India and Russia have several major joint military programmes including:

- BrahMos cruise missile programme
- 5th generation fighter jet programme
- Sukhoi Su-30MKI programme (230+ to be built by Hindustan Aeronautics)
- Ilyushin/HAL Tactical Transport Aircraft
- KA-226T twin-engine utility helicopters some frigates
- Between 2013 and 2018, Russia accounted for 62% of arms sales to India, down from 79% between 2008 and 2012.
- Troops of the Indian Armed Forces during the 2020 Moscow Victory Day Parade.
- Additionally, India has purchased/leased various military hardware from Russia:
- S-400 Triumf (purchase pending)
- Kamov Ka-226 200 to be made in India under the Make in India initiative.
- T-90S Bhishma with over 1000 to be built in India
- Akula-II nuclear submarine (2 to be leased with an option to buy when the lease expires)
- INS Vikramaditya aircraft carrier programme
- Tu-22M3 bombers (4 ordered, not delivered)
- US\$900 million upgrade of MiG-29
- Mil Mi-17 (80 ordered) more in Service.
- Ilyushin Il-76 Candid (6 ordered to fit Israeli Phalcon radar)
- The Farkhor Air Base in Tajikistan is currently jointly operated by Indian Air Force and Tajikistan Air Force.

Bilateral trade between both countries is concentrated in key value chain sectors. These sectors include highly diversified segments such as machinery, electronics, aerospace, automobile, commercial shipping, chemicals, pharmaceuticals, fertilisers, apparels, precious stones, industrial metals, petroleum products, coal, high-end tea and coffee products. Bilateral trade in 2002 stood at \$1.5 billion and increased by over 7 times to \$11 billion in 2012 and with both governments setting a bilateral trade target of \$30 billion by 2025. Bilateral bodies that conduct economic relations between the two countries include IRIGC, the Indo-Russian Forum on Trade and Investment, the India-Russia Business Council, the India-Russia Trade, Investment and Technology Promotion Council, the India-Russia CEOs' Council and the India-Russia Chamber of Commerce.

Both Governments have jointly developed an economic strategy that involves using a number of economic components to increase future bilateral trade. These include development of an FTA between India & the EEU, a bilateral treaty on the promotion and protection of investments, a new economic planning mechanism built into IRIGC, simplification of customs procedures, new long-term agreements in the expansion of energy trade including nuclear, oil and gas. Finally, long term supplier contracts in key sectors such as oil, gas and rough diamonds. Companies such as Rosneft, Gazprom, Essar & Alrosa will act as long term suppliers respectively.

Russia has stated it will co-operate with India on its "Make in India" initiative by engagement in the development of "Smart Cities", the DMIC, the aerospace sector, the commercial nuclear sector and enhancement in manufacturing of Russian military products through co-development and co-production. Russia agreed to participate in the vast, over \$100 billion, DMIC infrastructure project which will eventually connect Delhi and Mumbai with railways, highways, ports, interconnecting smart cities and industrial parks. Russian President Vladimir Putin stated in an interview that one of his government's priorities was of building a smart city in India, "a smart city on the basis of Russian technologies." AFK Sistema will likely be

the primary Russian company involved in the project due to its previous experience in smart city projects in Ufa, Kazan and Rostov.

Both countries have also agreed to work together in the aerospace sector to co-development and co-produce aircraft, examples include the Sukhoi Superjet 100, MS-21, FGFA, MTA and Kamov Ka-226. Some of the co-developed aircraft will be jointly commercially exported to third countries and foreign markets e.g. FGFA and Kamov Ka-226. President of Russia's UAC Mikhail Pogosyan stated in an interview, "We are planning to sell in India about 100 passenger aircraft by 2030, which will account for 10 percent of the Indian market of airliners in the segment" and further stated, "The unprecedented scope of Russian-Indian cooperation in military aviation has created a scientific and engineering basis for undertaking joint projects in civil aviation."

India is currently the world's largest cutting & polishing centre for diamonds. Both countries have agreed to streamline their bilateral trade in diamonds through reductions in regulations and tariffs. Indian Prime Minister Modi stated in an interview, "I made three proposals to President Putin. First, I would like Alrosa to have direct long-term contracts with more Indian companies. I am pleased to know that they are moving in this direction. Second, I want Alrosa and others to trade directly on our diamond bourse. We have decided to create a Special Notified Zone where mining companies can trade diamonds on consignment basis and re-export unsold ones. Third, I asked to reform regulation so that Russia can send rough diamonds to India and reimport polished diamonds without extra duties". Analysts predict through streamlined procedures and initiatives bilateral trade in this area will significantly increase.

Russia has agreed to build more than 20 nuclear reactors over the next 20 year. Russian president stated in an interview, "It contains plans to build over 20 nuclear power units in India, as well as cooperation in building Russia-designed nuclear power stations in third countries, in the joint extraction of natural uranium, production of nuclear fuel and waste

elimination." In 2012 Gazprom Group and India's GAIL agreed to LNG shipments to India of 2.5 million tons a year for the period of 20 years. LNG shipments for this contract are expected to begin anytime between 2017–21. Indian oil companies have invested in the Russia's oil sector a notable example is ONGC-Videsh which has invested over \$8 billion with major stakes in oil fields such Sakhalin-1. In joint statement released by both governments they stated, "It is expected that Indian companies will strongly participate in projects related to new oil and gas fields in the territory of the Russian Federation. The sides will study the possibilities of building a hydrocarbon pipeline system, connecting the Russian Federation with India."

Officials from both countries have discussed how to increase co-operation between their countries respective IT industries. Russian Minister of Communication Nikolai Nikiforov stated in an interview, "The development of IT products and software has traditionally been a strong point of India. We welcome possible joint projects in the field and closer contacts between Russian and Indian companies."

Due to India simplifying recent visa rule changes for Russians travelling to India, the number of tourists increased by over 22%. In 2011 the Indian consulates in Moscow, Vladivostok and St. Petersburg issued 160,000 visas, an increase of over 50% compared to 2010.

Both the countries set the investment target of \$30 billion by 2025. Since they met the target by 2018, India and Russia expect to enhance the figure to \$50 billion. India also proposed to set up a special economic zone for Russian companies.

On 5 September 2019, India pledged a USD 1 billion line of credit (concessional loans) for the development of Russia's far east.

Russian imports from India amounted to \$3.1 billion or 1% of its overall imports, and 0.7% of India's overall exports in 2014. The 10 major commodities exported from India to Russia were:

Indian commodities exports to Russia (2014)

Product category	Quantity (\$ million)
Pharmaceuticals	\$819.1
Electronic equipment	\$382.3
Machines, engines, pumps	\$159.4
Iron and steel	\$149.1
Clothing (not knit or crochet)	\$135.7
Coffee, tea and spices	\$131.7
Tobacco	\$113.9
Vehicles	\$111.1
Knit or crochet clothing	\$97.9
Other food preparations	\$77.7

Product category	Quantity (\$ million)
Gems, precious metals, coins	\$1100.0
Machines, engines, pumps	\$707.4
Electronic equipment	\$472.7
Fertilizers	\$366.8
Medical, technical equipment	\$302.7
Oil	\$223.8
Iron and steel	\$167.4
Paper	\$136.8
Inorganic chemicals	\$127.4
Salt, sulphur, stone, cement	\$105.1

Energy sector is an important area in Indo-Russian bilateral relations. In 2001, ONGC-Videsh acquired 20% stake in the Sakhalin-I oil and gas project in the Russian Federation, and has invested about US\$1.7 billion in the project. Gazprom, the Russian company, and Gas Authority of India have collaborated in joint development of a block in the Bay of Bengal. Kudankulam Nuclear Power Project with two units of 1000 MW each is a good example of Indo-Russian nuclear energy co-operation. Both sides have expressed interest in expanding co-operation in the energy sector.

In December 2008, Russia and India signed an agreement to build civilian nuclear reactors in India during a visit by the Russian president to New Delhi.

India and Russia have both signed agreements for the cooperation and use of GLONASS

India's first Satellite Aryabhata was launched into space with the cooperation of the Soviet Union

Historically, there has been a long history of cooperation between the Soviet Union and India in space. Examples include Aryabhata it was India's first satellite, named after an Indian astronomer of the same name. It was launched by the Soviet Union on 19 April 1975 from Kapustin Yar using a Kosmos-3M launch vehicle. The only Indian to visit space, Rakesh Sharma, was also launched by the Soviet Union. During President Vladimir Putin's visit to India in December 2004, two space-related bilateral agreements were signed viz. Inter-Governmental umbrella Agreement on co-operation in the outer space for peaceful purposes and the Inter Space Agency Agreement on co-operation in the Russian satellite navigation system GLONASS. Subsequently, a number of follow-up agreements on GLONASS have been signed. In November 2007, the two countries have signed an agreement on joint lunar exploration. These space co-operation programmes are under implementation. Chandrayaan-2 was a joint lunar exploration mission proposed by the Indian Space Research Organisation (ISRO) and the Russian Federal Space Agency (RKA) and had a projected cost of ₹4.25

billion (US\$90 million). The mission, proposed to be launched in 2017 by a Geosynchronous Satellite Launch Vehicle (GSLV), included a lunar orbiter and a rover made in India as well as one lander built by Russia. But due to the repeated delays in the joint venture, the Indian side ultimately decided to develop its own lander and borne all costs of the mission by itself. Later on ISRO developed its own lander named Vikram and launched Chandrayaan-2 mission successfully on July 22, 2019 from SDSC SHAR, Sriharikota, Andhra Pradesh.

The ongoing collaboration in the field of science & technology, under the Integrated Long-Term Programme of Co-operation (ILTP) is the largest co-operation programme in this sphere for both India and Russia. ILTP is coordinated by the Department of Science and Technology from the Indian side and by the Academy of Sciences, Ministry of Science and Education, and Ministry of Industry and Trade from the Russian side. Development of SARAS Duet aircraft, semiconductor products, super computers, poly-vaccines, laser science and technology, seismology, high-purity materials, software & IT and Ayurveda have been some of the priority areas of co-operation under the ILTP. Under this programme, eight joint Indo-Russian centres have been established to focus on joint research and development work. Two other Joint Centres on Non-ferrous Metals and Accelerators and Lasers are being set up in India. A Joint Technology Centre based in Moscow to bring cutting edge technologies to the market is also under processing. An ILTP Joint Council met in Moscow on 11–12 October 2007 to review co-operation and give it further direction. In August 2007, an MoU was signed between Department of Science and Technology and Russian Foundation of Basic Research, Moscow to pursue scientific co-operation.

Conclusion

This year, the major focus will be on scaling up India-Russia economic ties, which have not kept pace with the high level and quality of strategic and security partnership between the two countries. In this regard, the two sides are intensifying negotiations for an early conclusion of the Free Trade Agreement between the Eurasian Economic Union (EAEU) and India. This issue will figure prominently in talks during Mr Lavrov's visit to India next week.

This agreement is crucial as it opens new avenues for third country partnership in the Central Asia-Eurasian regions. The EAEU is also bracing to begin talks on a preferential trade agreement with India. EAEU has signed free trade agreements with Serbia and Singapore. The next round of the Russian-Indian Strategic Economic Dialogue will be held this year, with the focus on transport, agriculture, small and medium enterprises, industrial collaboration and digital transformation.

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