



# **GS FOUNDATION BATCH FOR CSE 2024**

**International Relations- 12**

**(India-Russia Relations)**

## India- Russia Relations

Russia is among the most trusted partners of India. The relationship has stood the test of time and is spread across military, economic, scientific, energy, anti-terrorism etc. domains. Both nations enjoy special and privileged strategic partnership.

During the freedom struggle, Indian leaders had inclination towards socialism. They were influenced by the Bolshevik Revolution and impressed by the rapid economic development made by Russia through planning. After independence, India too went for planned economic development.

In the post-war era, the relationship was not strong initially. Stalin continued to view Nehru as a leader under the influence of the British and, the policy of non-Alignment pursued by India also caused apprehensions in his mind.

The relationship began to deepen with a visit by Prime Minister Jawaharlal Nehru to the Soviet Union in June 1955. During his visit to India in 1955, Khrushchev announced the Soviet Union support for Indian sovereignty over the disputed territory of the Kashmir region and over Portuguese coastal enclaves such as Goa.

The USSR stepped in when the Western countries refused or were reluctant to help India with its economic development. The first steel plants (Bhilai), chemical fertiliser factories (Sindri), Heavy Engineering establishment (Haridwar and Bhopal) and units to produce life-saving drugs and vaccines (IDPL in Rishikesh) were set up with Russian assistance.

In August 1971, India and USSR signed the **Indo-Soviet Treaty of Friendship and Cooperation**. Soviet Union assured to protect India from any intervention from China or Russia during 1971 Indo-Pakistan war. The treaty strengthened the relationship and tilted India towards USSR.

After disintegration of USSR, Russia economy was in tatters. Russia was trying to get closer to the west and India was also liberalising and trying to diversify its political and economic relationship. As a result, the relationship suffered. On the insistence of USA, Russia blocked the supply of cryogenic technology to India which delayed the GSLV programme.

The Strategic Partnership Agreement was signed between the two countries in 2000. In December 2010, it was further elevated to the level of "Special and Privileged Strategic Partnership".

As per former foreign secretary Ranjan Mathai, the Indo-Russian strategic partnership has been built on five major components: politics, defence, civil nuclear energy, anti-terrorism cooperation and space. Economy has emerged as the new dimension for engagement.

### Importance of Russia:

- Permanent member of UNSC, On Kashmir and multiple other issues, Russia has remained the biggest supporter of India in the UNSC.
- Shared vision of a multipolar world and key to ensuring a multipolar Asia.
- Second strongest military power

- Among the largest energy reserves and producer
- Leader in defence manufacturing, civil nuclear and space technology
- Supplies defence platforms without conditionalities
- Opportunity for investment in energy, diamond, timber sector etc.

### **Institutional level Engagements between India and Russia:**

- India-Russia Annual Summit between Indian Prime Minister and Russian President.
- 2+2 dialogue mechanism comprising the foreign and defence ministers of both countries.
- India-Russia strategic economic dialogue: To identify greater synergy in trade and investment
- India-Russia Inter-Governmental Commission on Military and Military-Technical Cooperation
- India-Russia Inter-Governmental Commission on Trade, Economic, Scientific, Technological and Cultural Cooperation (IRIGC-TEC).

India and Russia have agreed to revise bilateral air service agreement for more civilian flights from Russia to different Indian cities.

### **Economic Cooperation:**

- Trade between India and Russia reached the record level of 44.4 billion USD during the financial year 2022-23, surpassing the \$30 billion target by 2025. However, India's exports are just \$2.8 billion.
- Bilateral investment already reached the target of \$30 billion, has been revised upwards to \$50 billion. Both nations went for Rupee-Rouble trade, however negotiations have been suspended.
- Major items of export from India to Russia are pharmaceuticals, telecom instruments, iron and steel, tea, and chemicals, while imports include petroleum, pearl and semi-precious stones, coal, fertilisers, and vegetable oils. In 2023, Russia became largest crude supplier to India.
- In 2019, India pledged a \$1 billion line of credit for the development of Russia's far east (at Eastern Economic Forum).

### **Challenges:**

1. Huge trade deficit in the favour of Russia with lack of diversification. During 2022-23, the bilateral trade deficit was at \$43 billion.
2. USA sanctions on Russia add uncertainty to economic engagement between both nations.
3. Geographical distance and absence of connectivity linkages between India and Russia.
4. Law & order issues and poor contract enforcement in Russia and delays in investment on the part of India.
5. Absence of FTA and bilateral investment treaty (BIT) between India and Russia.
6. Russian economy is mainly dominated by government sector and is marred by high corruption.
7. Delay in operationalization of INSTC

### **Rupee-Rouble Payment Mechanism:**

Indian and Russian Central banks have been in talks Rupee-Rouble payment mechanism that will allow them to circumnavigate U.S. and European Union sanctions on Russia over the war. After months of negotiations, India and Russia have suspended efforts to settle bilateral trade in rupees.

## Defence Relations:

- Strongest area of cooperation.
  - Around 70% of Indian defence equipments are of Russian origin. Between 2016 and 2020, India bought 23 percent of Russia's weapons and has remained Russia's biggest customer.
  - Russian equipments are supplied without conditionalities.
  - Russia supplies state of the art military platforms to India and goes for joint development, technology transfer and licensed manufacturing.
  - Unlike USA, Russia supplies and permits licensed manufacturing of the most advance weapon systems to India. Joint development has added more substance to the partnership.
  - Government-to-government deals reduce procurement delays and unnecessary litigations.
- Joint Development: BrahMos Missile.
- Licensed production: Sukhoi-30 MKI, T-90 tank, AK 203 machine guns etc.
- State of the art platforms: S-400 Triumf missile defence system

## Challenges in defence cooperation:

1. In the past, there have been delay in timely supply of Spares by Russia.
2. USA sanctions on Russia limit scope for defence cooperation.
3. Russia has also started supplying weapon platforms to China. Since China is an adversary, this can create challenges to the cooperation.
4. Russia still lags in emerging technologies like UAVs.
5. For India, over dependence on one supplier may limit the space for diplomatic manoeuvring.
6. Some of the important joint development projects like FGFA could not take off.
7. India is going for diversification of imports by purchasing from France, Israel etc.
8. Ukraine Crisis has shown the limitations of Russian weapon platforms and superiority of the western ones.

## Energy Cooperation:

- ONGC-Videsh has invested over \$8 billion with major stakes in oil fields such Sakhalin-1. Gazprom and GAIL have collaborated in joint development of a block in the Bay of Bengal. Both nations are also engaged in exploration of the Arctic.
- Post Ukraine crisis, Russia has become largest crude importer for India. India is also looking for importing coal from Russia.

## Nuclear cooperation:

- The success and operationalisation of Kudankulam Nuclear power Plant is testament to cooperation.
- At Vladivostok summit, Russia agreed 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.
- Both nations are building a nuclear power plant at Rooppur in Bangladesh.

## Connectivity

### International North south Transport Corridor:

- India, Iran, and Russia had in September 2000 signed the INSTC agreement to build a corridor to provide the shortest multi-model transportation route linking the Indian Ocean and the Persian Gulf to the Caspian Sea via Iran and St Petersburg.
- From St Petersburg, North Europe is within easy reach via the Russian Federation.
- The route primarily involves moving freight from India, Iran, Azerbaijan and Russia via ship, rail and road. The objective of the corridor is to increase trade connectivity between major cities such as Mumbai, Moscow, Tehran, Baku, Bandar Abbas, Astrakhan, Bandar Anzali etc.
- INSTC will not only help cut down on costs and time taken for transfer of goods from India to Russia and Europe via Iran but also provide an alternative connectivity initiative to countries in the Eurasian region. It will be India's second corridor after the Chabahar Port to access resource rich Central Asia and its market.
- INSTC will make cargo transportation 30 per cent cheaper and 40 per cent faster vis-a-vis through the traditional transportation route of the Suez Canal. This means that the transit time of around 45 to 60 days for cargo shipment from Europe to India via the Suez Canal will be reduced to merely 23 days through INSTC.
- On July 7, 2022, Russian company RZD Logistics announced that it has successfully completed its first transport of goods to India via the INSTC.

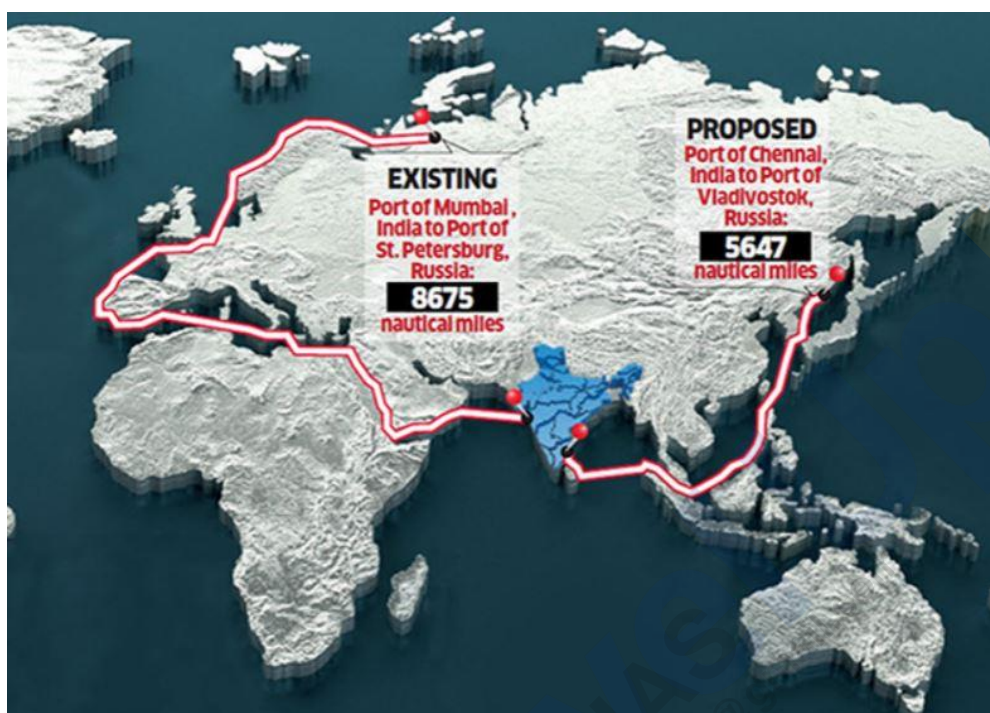


### Chennai-Vladivostok maritime corridor

- **Chennai-Vladivostok Maritime Corridor** is a proposed sea route covering approximately 10,300 km, aimed at increasing bilateral trade between India and Russia.
- The Vladivostok-Chennai maritime links were snapped after the breakup of the Soviet Union.
- An agreement was signed between the two countries for the trade route in 2019. In due course, more commodities like oil, liquefied natural gas (LNG), and fertilisers will be added for transported via the Eastern Maritime Corridor.



- The corridor allows India to have a presence in the South China Sea through a trade route, which is primarily aimed at the speedy transportation of coking coal.
- The corridor is estimated to bring down transportation time between Indian and Russian ports of the Far-East Region by over 50 percent (14 - 16 days from the current 40); as compared to the currently used Suez Canal routes.
- India is looking to use the corridor to export items such as automobiles to tap into far east markets.



### Convergence between India and Russia:

1. Mutual trust between both nations.
2. Shared vision of a multipolar world order and a multipolar Asia.
3. Economic complementarities in the face of western sanctions and withdrawal of western companies from Russia.
4. Complementarity in energy security: India is import-dependent for energy security and Russia is among the biggest producers.
5. Both nations enjoy strong defence relationship which has expanded to licensed manufacturing and joint development.
6. Indian eagerness to invest in Russia's far east, exploration in the Arctic and Russia's need for investment.
7. Stabilising Afghanistan and tackling terrorism in the region remains a key priority for both nations.
8. Joint investment in a third country- e.g.- Rooppur nuclear plant in Bangladesh

### Challenges to India-Russia Relations:

1. Relationship mainly dominated by defence and energy trade. Thus, lacks diversification.
2. Weak economic relationship: Bilateral trade had been stagnant prior to India's crude purchase from Russia. Even presently, energy trade forms the largest share in the trade.
3. Russian adventurism in its region and beyond puts India's diplomatic engagements in a tight spot.
4. USA and European sanctions on Russia put limits to cooperation between both nations.
5. Deepening of Sino-Russian relationship: No limits partnership with no forbidden areas between both nations has emerged as a concern to India-Russia relations.
6. While India is getting closer to the West and Russia is flirting with Pakistan. This has led to mutual suspicion between both nations about each other.
7. Both nations differ over Indo-Pacific and QUAD. Russia has taken the Chinese line and opposes these initiatives, rather than supporting it.
8. Both nations have differences on Ukraine crisis.

### Future of Relationship:

India going for neutrality during Ukraine crisis has reenergised the relationship and removed the emerging mistrust within Russia about India's membership of QUAD, Indo-Pacific and deepening engagement with the USA and the West.

### Suggestions:

1. Need for Russia to curb its adventurism and mend its relationship with the West
2. Need for both India and Russia to understand each other's strategic compulsions
3. Quick signing of the FTA and BIT to deepen economic engagements.
4. Operationalisation of connectivity projects like INSTC
5. Ensuring India's membership of EEU or concluding India- EEU FTA at the earliest.

### What should be India's approach:

1. Remain engaged with Russia with free and frank communication over each other's strategic imperatives.
2. Deepen the engagement in economic dimension to achieve the target of \$30 billion bilateral trade.
3. Diversify the relationship through FTA and BIT. \$1 billion line of credit for investment in far east is step in this direction.
4. Strengthen domestic capabilities to emerge as an alternative to China for Russia.
5. Completing the connectivity initiatives like INSTC to reduce time and cost of doing business.
6. Continue to maintain strategic autonomy while going for issue-based alliances.

**Pivot to Asia policy:** The policy aims to balance Russia's economic interests by deepening its engagement with Asia and reducing dependence on the West and tackle the challenges that have emerged after sanctions imposed after Crimea crisis.

**Eastern Economic Forum:** The Eastern Economic Forum was established by decree of the President of the Russian Federation Vladimir Putin in 2015 to support the economic development of Russia's Far East and to expand international cooperation in the Asia-Pacific region.

In 2019, India offered a USD 1 billion line of credit to develop infrastructure in the region.

### **New Russian foreign policy document:**

Russia will continue to build a particularly privileged strategic partnership with India with a view to enhance and expand cooperation in all areas on a mutually beneficial basis. Russia will place special emphasis on increasing the volume of bilateral trade with India, strengthening investment and technological ties, and ensuring their resistance to "destructive actions of unfriendly states and their alliances".

In the new foreign policy document, **Russia has identified India and China as its main allies at the world stage.**

### **Eurasian Economic Union (EAEU)**

1. The EAEU is an economic union that was established in 2014.
2. Member Countries: Russia, Belarus, Kazakhstan, Armenia and Kyrgyzstan.
3. It provides for free movement of goods, services, capital and labour, pursues coordinated, harmonized and single policy in the sectors determined by the member countries.
4. The EAEU is seen as an attempt by Russia to consolidate Russia's hegemony over the erstwhile Soviet Union countries. It is also seen as a counter measure of Russia against its isolation by USA and EU.
5. It will help India-Russia in strengthening their economic relations, tap the Central Asian markets and reduce Russia's dependence on China.

Both India and Russia have set up a joint study group (JSG) to explore the feasibility of a Free Trade Agreement between India and Eurasian Economic Union.

## **Ukraine Crisis**

### **Reasons behind crisis:**

#### **Historical:**

1. Russia considers Ukraine as part of common culture and descendency.
2. Ukraine is divided socially as the population in eastern Ukraine is more inclined towards Russia and are Russian speaking While western Ukraine is closer to other European nations like Poland.

#### **Security:**

1. Having a large territory but comparatively smaller population, Russia maintains its border security by ensuring the security of its neighbouring nations and keeping them within its own sphere of influence.
2. Russia has always been concerned about NATO reaching to its borders. At **2008 Munich security conference**, Russia had warned not to against including Ukraine.
3. If Ukraine goes with NATO, not only NATO weapons will reach up to Russian land borders, but even Russian naval ships in the black sea would be under threat.



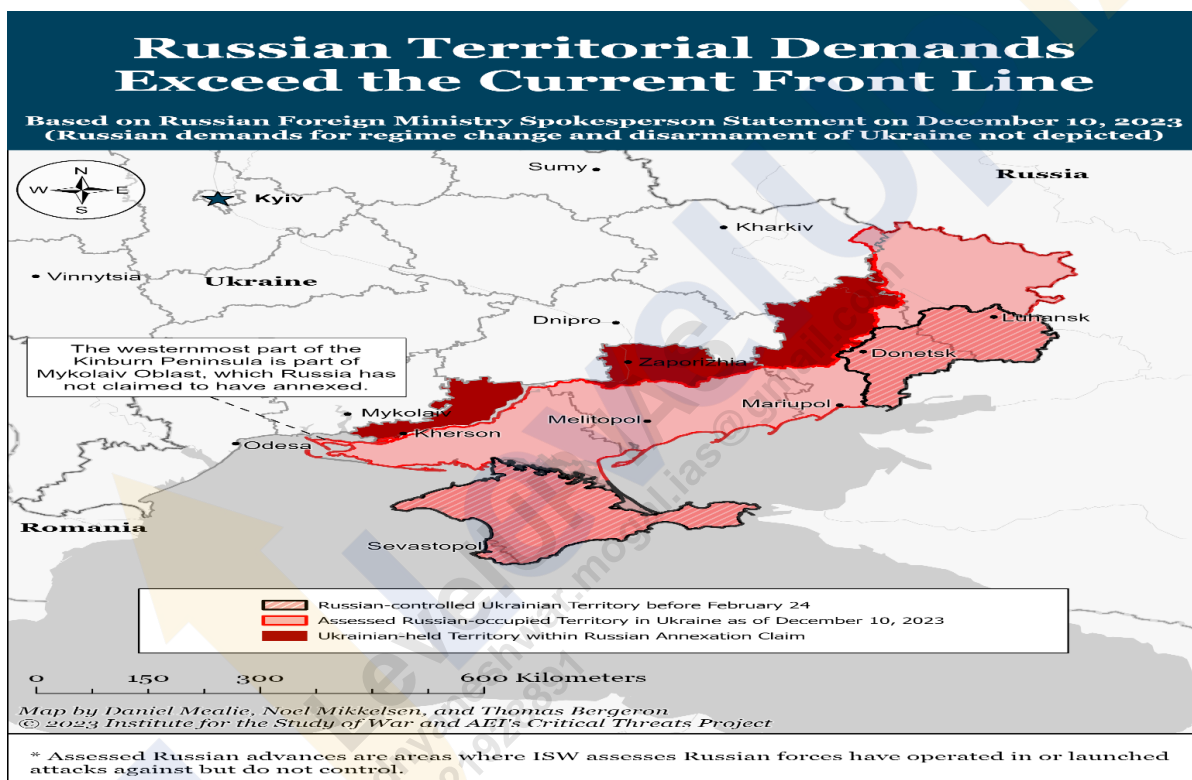
4. Pro-West Ukrainians have always been sceptical of Russia's intentions and wanted NATO's security umbrella.

#### Geopolitical:

1. The political elite in USA continues to see Russia as a challenger. They do not favour close the relationship between Russia and Europe as this will weaken the global position of USA.
2. Russia has always been sceptical of USA's intentions and continuous expansion of NATO.
3. Russia looks at Zelensky as pro-West and USA hand in removal of pro Russia Viktor Yanukovich.
4. By achieving a swift victory over Ukraine, Russia wanted to send message to the European nations about limitations of dependence on US alliance and NATO.
5. After having succeeded in Syria, this was also an attempt by Russia to establish its geopolitical pre-eminence.

#### Current impasse:

USA cannot let Russia win as this will be a loss of face for USA after hasty Afghanistan withdrawal. Russia cannot afford to lose as that will be politically very costly for Putin regime.



#### Impact of Ukraine crisis:

1. High inflation across the globe due to spike in energy and food prices.
2. It has exacerbated the economic recovery post Covid-19.
3. It has exposed the limitations of international rules and organizations like UN and UNSC.
4. It can give rise to a new era of arms race.
5. It can lead to fragmentation of global economy and dedollarization of a large part of global trade.
6. It has reenergised NATO. Finland has joined NATO and Sweden is expected to join, taking the number to 32.

7. It can increase insecurity among smaller nations with stronger neighbours. Economic crisis in smaller states like Sri Lanka and Nepal can be linked to Ukraine crisis.

### Evolution in India's position On Ukraine Crisis:

1. India has not taken sides but has advocated for immediate end of war and resolution of dispute through negotiations. However, India's position has evolved gradually.
2. Initially, India talked about legitimate security concerns, which were seen as pro-Russia.
3. India did not condemn Russian actions at any platforms. At UNSC, India abstained from voting.
4. Later, India condemned killings in BUCHA and called for impartial inquiry to fix accountability.
5. Recently, India has also started talking about respect for international law, territorial integrity; which are seen as Pro-Ukraine.

**Modi's statement:** The Time is not for War (statement made publicly)- seen by the West as shift in India's position on Ukraine Crisis and increasing diplomatic pressure on Russia.

### India's Gains:

1. India could underscore its strategic autonomy by withstanding the US and western pressure to take sides and condemn Russia.
2. It has elevated India's diplomatic profile and established India as an indispensable partner in geopolitics.
3. India has been able to deepen the stagnant Economic Cooperation with Russia by importing cheaper Russian crude and exporting medicines and other manufactured products to Russia.
4. There has been a demand from Russian side for Indian businesses and retail sector to replace the western ones.
5. Export of wheat to new markets like Egypt has been another success.

### India's Challenges:

1. Diplomatic balancing between Russia and the West over the Ukraine issue.
2. Fear of western sanctions on defence imports from Russia. Example: S-400 Missile defence system.
3. Humanitarian Challenges: Bringing back students and citizens from Ukraine.
4. High inflation due to increased crude prices has dampened the economic recovery.
5. It has resulted in economic crisis in India's neighbourhood. E.g.- Sri Lanka.
6. Increased insecurity in India's neighbourhood since it also has smaller neighbours who have been sceptical of India's intentions.
7. Russia has been unable to honour commitments in delivering vital defence supplies to India. Due to this, IAF has slashed planned capital expenditure by nearly 1/3rd for FY 24.

### Ukraine 10-point Peace Plan

- Radiation and nuclear safety
- Food security
- Energy security
- Prisoners and deportees

- United Nations Charter and Ukraine's territorial integrity
- Russian troops and hostilities
- Justice: Establishment of the Special Tribunal regarding the crime of Russia's aggression against Ukraine and the creation of an international mechanism to compensate for all the damages caused by this war.
- Immediate protection of the environment
- Prevention of escalation
- Confirmation of the end of the war

### China 12-point peace plan for Ukraine:

In February 2023, In the paper, "China's Position on the Political Settlement of the Ukraine Crisis", Beijing has lists 12 principles.

1. Respecting the sovereignty of all countries
  2. Abandoning the Cold War mentality.
  3. Ceasing hostilities.
  4. Resuming peace talks.
  5. Resolving the humanitarian crisis.
  6. Protecting civilians and prisoners of war (POWs).
  7. Keeping nuclear power plants safe.
  8. Reducing strategic risks.
  9. Facilitating grain exports.
  10. Stopping unilateral sanctions.
  11. Keeping industrial and supply chains stable.
  12. Promoting post-conflict reconstruction.
- Russia has welcomed the plan saying that the plan "correlates to the point of view of the Russian Federation."
  - USA has been sceptical of the plan expressing that it could be "stalling tactic" to help Russian troop on the ground in Ukraine.
  - Ukraine has cautiously welcomed that plan but said that it would only be acceptable if Russia pulls out troops from all occupied Ukraine territory.

In March 2023, Russian President Vladimir Putin's announcement that he intends to deploy tactical nuclear weapons on the territory of Belarus. It appears to be another attempt to raise the stakes in the conflict in Ukraine.

Russia has argued that it is deploying in response to US deployments across Europe.

### Price Cap on Russian Oil

G7 nations have put a cap on Russian oil at \$60 per barrel to restrict Russia's revenues from Oil sales.

- G7 joint statement: decision was taken to "prevent Russia from profiting from its war of aggression against Ukraine".
- USA: With Russia's economy already contracting and its budget increasingly stretched thin, the price cap will immediately cut into Putin's most important source of revenue.
- Russia: Russia would "not accept" the price cap. it would not supply to countries enforcing it.

- Ukraine said the Western-proposed cap should be halved.
- Western allies also plan to deny insurance to tankers delivering Russian oil to countries that do not stick to the price cap.

**Purpose:**

- Way to limit Russia's earnings while keeping Russian oil flowing to the global economy.
- Hurt Moscow's finances while avoiding a sharp oil price spike if Russia's oil is suddenly taken off the global market.
- Push Russia towards withdrawal from Ukraine and negotiate the peace.
- Deter Russia's partners from purchasing Russian oil for the fear of sanctions and western displeasure.
- Even with off the book sale using dark fleets, the cap would make it "more costly, time-consuming and cumbersome" for Russia to sell oil around the restrictions.

**Challenges to the price cap:**

1. Russia, the world's No. 2 oil producer, has already rerouted much of its supply to India, China and other Asian countries at discounted prices.
2. A \$60 cap will not have much impact on Russia's finances because it would be near where Russian oil is already selling.
3. Russia has said it will not observe a cap and will halt deliveries to countries that do. Thus, resulting in energy crisis in Europe during winters.
4. Buyers in China and India might not go along with the cap, due to their energy needs.
5. Russia or China could try to set up their own insurance providers to replace those barred by U.S., U.K. and Europe.
6. Russia also could sell oil off the books by using "dark fleet" tankers with obscure ownership, as have Venezuela and Iran.
7. Other OPEC nations don't agree as they see this as shift of power from sellers to buyers.