

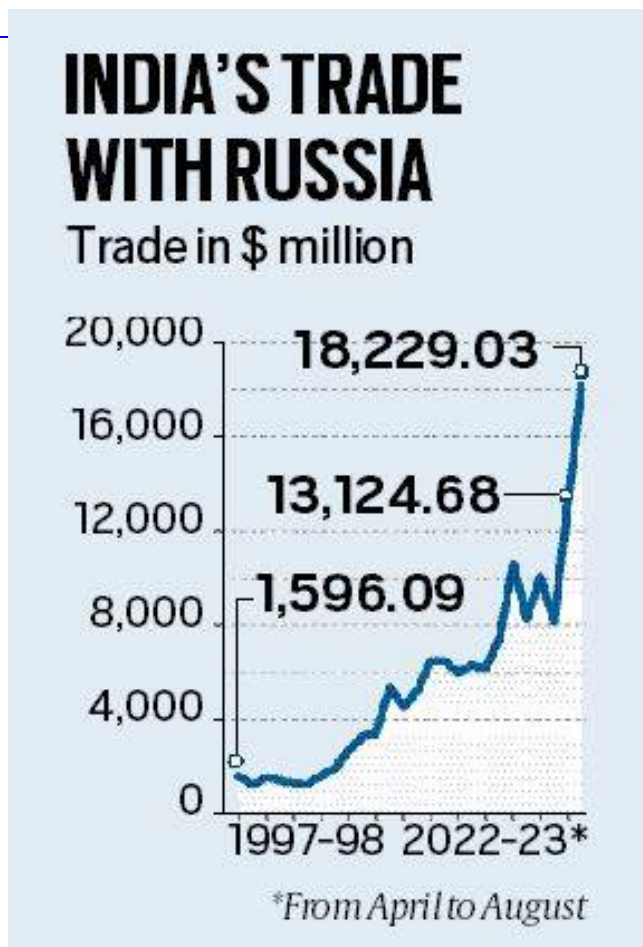


India-Russia Trade

Why in News?

Recently, the Ministry of Commerce and Industry has released data showing that India's bilateral trade with [Russia](#) has soared to an all-time high of **USD 18,229.03 million in just five months (April-August)** of FY 2022-23.

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What are the Findings?

- **Overview:**

- The **total annual bilateral trade between the two countries** stood at USD 13,124.68 million in 2021-22, and USD 8,141.26 million in 2020-21.
 - Pre-Covid, it was USD 10,110.68 million in 2019-20, USD 8,229.91 million in 2018-19, and USD 10,686.85 million in 2017-18.
- Russia has now become **India's seventh biggest trading partner** — up from its **25th position last year**.
 - The US, China, UAE, Saudi Arabia, Iraq and Indonesia were the six countries which

- recorded higher volumes of trade with India during the first five months of 2022-23.
- Of the total USD 18,229.03, India's imports from Russia accounted for USD 17,236.29 million, while India's exports to Moscow were only worth USD 992.73 million, leaving a **negative trade balance of USD 16,243.56 million.**
- An analysis of the data shows that Russia's share in India's total trade has increased to **3.54%, up from 1.27% in 2021-22.** While Russia's share in India's total trade was 2.1% in 1997-98, it has hovered below 2% for the last 25 years.
- **Drivers:**
 - It is mainly due to a **sudden jump in imports from Russia, mainly oil and fertilisers,** which began to surge earlier in 2022.
 - There was an over 500% increase in three months – 561.1% in June, 577.63% in July and 642.68% in August – as compared to the same months of the previous year.
 - Petroleum oil and other fuel items (mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes) **accounted for 84% of India's total imports** from Russia.
 - Fertilizers were second, fertilisers and fuel together **account for over 91% of the total imports** from Russia this year.

What are the Different Aspects of Indo-Russia Relations?

- **Historical Background:**
 - During the **Cold War, India and the Soviet Union** had a strong strategic, military, economic and diplomatic relationship. After the Dissolution of the Soviet Union, Russia inherited its close relationship with India which resulted in both nations sharing a Special Strategic Relation.
 - However, the relations have taken a steep downfall over the past few years, especially in the post-Covid scenario. One of the biggest causes for this is **Russia's close relations with China and Pakistan,** which have caused many geopolitical issues in the past few years for India.
- **Political Relations:**
 - In 2019, Russia signed the **Executive Order on awarding PM Narendra Modi Russia's highest state decoration** – The order of St Andrew the Apostle. The order was presented to PM for his distinguished contribution to the development of a privileged strategic partnership between Russia and India and friendly ties between the Russian and Indian peoples
 - Two Inter-Governmental Commissions – **one on Trade, Economic, Scientific, Technological and Cultural Cooperation (IRIGC-TEC), and another on Military-Technical Cooperation (IRIGC- MTC),** meet annually.
- **Trade Relations:**
 - The two countries intend to increase bilateral investment to USD 50 billion and bilateral trade to USD 30 billion by 2025.
- **Defence and Security Relations:**
 - Both countries regularly conduct the Tri-Services exercise '**INDRA**'.
 - The joint military programmes between India and Russia include:
 - **BrahMos cruise missile programme**
 - 5th generation fighter jet programme
 - Sukhoi Su-30MKI programme
 - Ilyushin/HAL Tactical Transport Aircraft
 - KA-226T twin-engine utility helicopters
 - some frigates
 - The military hardware purchased/leased by India from Russia includes:
 - **S-400 Triumf**
 - **Kamov Ka-226 200 to be made in India under the Make in India initiative**
 - **T-90S Bhisma**
 - **INS Vikramaditya aircraft carrier programme.**
- **Nuclear Relations:**
 - Kudankulam Nuclear Power Plant (KKNPP) is being constructed within the scope of the Russia-India Inter-Governmental Agreement.

- Both India and Russia are implementing Rooppur Nuclear Power Project in Bangladesh.

What is the Significance of Russia for India?

▪ **Balancing China:**

- The Chinese aggression in the border areas of eastern Ladakh, **brought India-China relations to an inflection point**, but also demonstrated that Russia can contribute to defusing tensions with China.
- Russia organized **a trilateral meeting among the foreign ministers of Russia, India, and China** following deadly clashes in **the Galwan Valley** in the disputed territory of Ladakh.

▪ **Emerging New Sectors of Economic Engagement:**

- Apart from traditional areas of cooperation such as weapons, **hydrocarbons, nuclear energy, and diamonds**, new sectors of economic engagement are likely to emerge — mining, agro-industrial, and high technology, including robotics, **nanotech, and biotech**.
- India's footprint in the Russian Far East and in the Arctic is set to expand. Connectivity projects may get a boost too.

▪ **Combating Terrorism:**

- India and Russia are working to close the gap on Afghanistan and are calling for early finalization of the **Comprehensive Convention on International Terrorism**.

▪ **Support At Multilateral Forums:**

- Additionally, Russia supports India's candidacy for permanent membership of a reformed **United Nations Security Council** and of the Nuclear Suppliers Group.

▪ **Russia's Military Exports:**

- Russia has been one of the largest arms exporters to India. Even as Russia's share in India's arms imports fell by over 50% in the last five-year period compared to the previous five years (2011-2015).
- In the last 20 years, India imported arms and weapons worth USD 35 billion from Russia, according to the Stockholm International Peace Research Institute which tracks global arms trade.

Way Forward

- Russia will remain **a key defense partner for India** for decades to come.
- On the other hand, Russia and China are currently in a quasi-alliance setup. Russia repeatedly reiterates that it does not see itself as anybody's junior partner. **That's why Russia wants India to act as a balancer.**
- The two countries have been discussing how they can cooperate in using India as a production base for exporting to third countries **Russian-origin equipment and services**.
 - To address this, Russia has made legislative changes allowing its companies to set up joint ventures in India to address it following an **Inter-Governmental Agreement signed in 2019**.
 - This agreement needs to be implemented in a time bound manner.

UPSC Civil Services Examination Previous Year Question:

Prelims

Q. Recently, India signed a deal known as 'Action Plan for Prioritization and Implementation of Cooperation Areas in the Nuclear Field' with which of the following countries? (2019)

- (a) Japan
- (b) Russia
- (c) The United Kingdom
- (d) The United States of America

Ans: (b)

Mains

Q. What is the significance of Indo-US defence deals over Indo-Russian defence deals? Discuss with reference to stability in the Indo-Pacific region. (2020)

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