

Russia and India: Navigating Uncertain Times

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Abstract

Russia and India have enjoyed a particularly close strategic relationship over the last half century of time, which has withstood geopolitical pressures of the Ukraine operations. The two countries continue to have common interests as they look for a multipolar world, and support each other closely in various multilateral fora such as the Shanghai Cooperation Organisation (SCO), Brazil, Russia, India, China, and South Africa (BRICS) United Nations General Assembly (UNGA) etc. While trade and technology cooperation did take a hit with post-sanctions Russia, other opportunities presented themselves to the benefit of both. There is much to learn from recent geopolitical experiences of either country, even as they steer their individual course through an uncertain world situation.

Introduction

Number 'Six' is a unique number in relations between India and Russia! Six times India abstained on UN resolutions against Russia over the last one year or more, despite pressure from the West.¹ Six times the USSR used its veto to rescue India at the UN, between 1957 and 1971. When times get difficult and uncertain, the two nations have resolutely stood by each other against attempted isolation at this multilateral forum.

The pandemic in 2020, military operations in Ukraine, and heightened tensions in the Indo-Pacific Region have made the last three years tumultuous. Vaccine 'apartheid' during the Covid

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pandemic shook the faith of the Global South in its hopes to receive any support by developed nations of the Global North. Indeed, the chimera of global equality and equitable growth opportunities has faded. Human rights as a diplomatic pressure tool, to be used selectively, is now recognised as a skewed approach to international relations even as the debate on alternate forms of governance deepens. Weaponisation of economies has permanently altered the, so-called, inevitable path to an inter-dependent globalised trade system. Bretton Woods institutions are seemingly powerless, weakly manoeuvring their way through great power contestation in obvious attempts to survive or remain relevant. Seemingly robust global supply chains have been suddenly disrupted, with nations scrambling to 'de-risk' and improve resilience in trade strategies. The current global order is in the throes of a long-drawn process of re-ordering, as all nations, big or small, re-evaluate their positions in realigned groups. Yet, uncertain times throw up big opportunities; and strong relationships get an opportunity to grow. Will Russian and Indian relations enter a phase of re-evaluation towards growth, or fall into ferment? Time alone will tell.

President Putin visited India in Oct 2000, when India and Russia signed the declaration of 'Strategic Partnership', enhancing levels of cooperation in 'almost all areas of the bilateral relationship' viz., political, security, defence, trade and economy, science and technology, and culture.² In 2010, it was elevated to 'Special and Privileged Strategic Partnership'. Ukraine has put this relationship to test, and India has proved to be a staunch support to Russia, even as it believes that boundaries between nations need to be respected and issues resolved by other means. Prime Minister Modi's statement that "today is not the era of war" needs to be seen in this context.

Multipolar World Order

There is a notable convergence on the pressing need to usher in a multi-polar world order which allows a say to other major global powers, and emerging players despite being part of the Global South. The containment strategy of proxy players in Ukraine against Russia, has, in the short term, succeeded in unifying Europe, increasing its expenditure on developing defence capabilities with greater contribution to the NATO coffers. This may not last over the long term, as many of them could return to depend on Russian resources and energy supplies, even if indirectly. However, the

crisis and broad swathe of sanctions by the West, and its allies, are bound to take its toll on the Russian economy and military. As Russia turns its focus to Eurasia, the 'heartland' and its Asian partners offer opportunity.³

The US and its western allies view India as a balancer in the Indo-Pacific, creating an alternate power centre to China in a regional context, and wish to see its involvement in a possible military confrontation. While India is in the process of resolving its border issues with China, it perceives its national interest to keep away from any direct military confrontations over Taiwan or the South China Sea (SCS). Border issues with China are being dealt under bilateral arrangements.

Multi-lateral Fora

Apart from the strongly institutionalised interaction between them, Russia and India also participate in a number of larger groupings; most intimately at the Shanghai Cooperation Organisation (SCO), grouping of Brazil, Russia, India, China, and South Africa (BRICS) and the Russia-India-China (RIC). A number of points of convergence emerge between the two nations as elaborated below:

- **SCO.** This has huge implications on trade possibilities in Eurasia. Under its aegis, the North South Corridor from Moscow to Mumbai, International North–South Transport Corridor and Vladivostok-Chennai Sea Link, if operationalised, present possibilities as emerging 'corridors of prosperity'. The SCO also enables India to raise anti-terrorism issues, which sooner than later affect all participants. Days ago, in May 2023, at the Foreign Minister's meet in Goa, Mr Jaishankar, India's Foreign Minister, reminded the members that terror was one of the original mandates of the SCO and that 'state actors cannot be allowed to hide behind non-state actors'-directly alluding to Pakistan.⁴ A collective approach would be beneficial to all members, rather than opportunistic leveraging of this double-edged sword by countries, like China, who turn a blind eye to epicentres of terror in Asia. A common anti-terror agenda is inevitable if these groupings are to engage in meaningful interaction.
- **BRICS.** This is a vibrant grouping in which all five states are also members of the G20 grouping. Representing 41.5 per cent of the global population, and 32.5 per cent of global GDP (PPP), it is the closest rival to the G7, now seeking to

represent the voice of developing nations. After the first formal summit held in Yekaterinburg in 2009, the idea of a new global reserve currency was mooted, resulting in a fall in the value of the dollar. The current refrain of 'de-dollarisation' is bound to have a similar impact, although contemplating a de-coupling from the dollar in the mid-term is not practical. However, unprecedented sanctions against Russia and weaponisation of the dollar has exacerbated the need to reduce dependency on a single reserve currency. BRICS nations did focus on the issue during the summit in South Africa in Aug 2023. 19 countries had expressed their desire to join the BRICS, out of which six were inducted during the Aug summit. Clear guidelines were to be followed to ensure coherence in the group.⁵

- **RIC.** While SCO and BRICS have gained traction, RIC has languished, mainly due to divergences between India and China on their border issues. The recent SCO meet was also an opportunity for the foreign and defence ministers of India and China to meet on the sidelines. The Chinese side sought to project the border situation as 'generally stable', and that everything else could continue between the two countries. India, however, categorically stated that the border situation was 'abnormal' and countered that until the disengagement process is carried forward, and peace and tranquillity remain disturbed, other activities cannot be considered under the pretence of normalcy. China's possible strategy to bleed the economy of India and tire out its army by enforced deployments along its 3,500 km long Line of Actual Control (border) over prolonged periods (akin to the breakup of the USSR) is not only misplaced but also counterproductive. In its current predicament caused by the Ukraine crisis and broad swathe of sanctions by the West, Moscow is already being shown as 'Beijing's junior partner' seeking economic and, possibly, military assistance. Russia, as the third player in this trilateral, has a weighty role to play in pressing upon the two sides to resolve issues bilaterally, in the larger interest of RIC becoming a Eurasian multi-pole. This is predicated to the understanding that 'all three players in this trilateral enjoy equal status'. China needs to understand that any perceived tilt of India towards the US, by joining the QUAD, does not guarantee India's military participation in

the SCS. India is acutely cognisant, as are South Korea and Japan, that they do not wish to be the next Ukraine-like proxy of any power struggle over Taiwan in the Indo-Pacific.

Trade and Technology

Currently the fifth largest globally, the Indian economy, with a projected annual growth rate of about 6 per cent, is likely to be the third largest by 2030 as per an Ernst & Young Report of January 2023; even as fears of recession loom over other major economies. India is not only digitally enabled across its 1.4 bn population, it is now poised to be a manufacturing powerhouse in the next few years, as the 'Make in India' policy is enforced. Its internal demand is enough to drive growth and sustain the economy. Two thirds of India's energy consumption will come from renewable sources by 2030. Massive investment opportunities await those who do business with India.

Western businesses have aggressively begun to look for joint ventures and co-production arrangements. Russia has traditionally been India's biggest defence equipment supplier. Earlier pegged at 68 per cent, it is now down to around 59 per cent and likely to go lower unless delayed deliveries are expedited despite the Ukraine crisis. In keeping with government policy, Indian defence industry is looking for self-reliance, banking on technology transfers, collaborative R&D (such as the Brahmos missile), and co-development and co-production in state of art technologies. Dependence on any one country is not an option. Economic interests coupled with geostrategic convergences will define its path. France and the US are possible technology and manufacturing partners, provided their overtures to India are sincere. Yet, Russia must note that India is a proven reliable long-term partner in maintaining Intellectual Property (IP) and technology transfer arrangements, and must be trusted. Cooperation in licensed production and co-development has been fruitful.⁶ Brahmos missiles, nuclear power generation, T series tanks, frigates and corvettes, fighter aircraft etc., are good examples but these now need to be taken to the next level of collaborative R&D in state of art technologies such as the fifth-generation stealth aircraft and frigates, metallurgy, high performance engines, air independent propulsion technologies for naval vessels and the like.

Russian and Indian business have reached out to each other, but working arrangements and some changes in law need to be streamlined before trade gets a substantial boost. There is a need

to find a faster mechanism to synergise Russian and Indian requirements. The old slow processes enshrined in the India Russia Inter governmental Commission for Trade, Economic, Scientific & Cultural Cooperation and Military Technical Cooperation need to be revised and made more business friendly and agile. Should there be any delays in these processes, the close defence dependence relationship will drift apart as India will be forced to maintain its operational readiness by falling back on alternative sources available with the West.

Currency

Issues like the Rupee-Rouble trade arrangement need to be addressed. While India benefits from the low cost of oil from Russia, the latter benefits by earning revenue despite the sanctions regime. Even as the balance of trade is tilted towards Russia, it needs to consider investing the same Rupee back into Indian companies to establish a win-win paradigm. Mr Lavrov, Russia's Foreign Minister, is on record in the Indian press, during the SCO meet in Goa, that Russia has little use for the Rupees accumulated due to the sale of oil to India over the last year. Solutions to this lie in encouraging Russian business investments in India, and benefitting from their export to Russia to offset the trade imbalance, or exporting to third countries and sharing profits in those alternate currencies. Indian business could be encouraged and incentivised to cater to Russia's specific import requirements, to reduce the trade imbalance, putting the Rupee surplus with Russia to good use.⁷ This could also be done by re-balancing trade or goods imported from other countries currently. Trust and goodwill are great instruments to maintain the value of relationships and mutual interests between friendly nations, through innovative solutions.

It may be quite some time before a common BRICS currency is floated, duly counter-weighted against their five-member country currencies. The proposal to trade in each other's currencies at the earliest may be feasible and holds merit. It is to be understood that the dollar is not going away as a reserve currency for a while, but creating a blockchain based common currency may be feasible in the medium-term.

Reviewed Nuclear Deterrence

The Ukraine crisis has changed the existing nuclear deterrence paradigm. Forward deployments of weaponised vectors on the western borders of Russia have drastically reduced reaction times

and raised the chances of a nuclear conflagration, re-starting the nuclear arms race, and raising the spectre of use of tactical nukes and dirty bombs.⁸ Its implications have been felt not only in Europe but also in the Indo-Pacific, as Western allies review the efficacy of the US umbrella, and their stakes in a possible armed conflict over Taiwan. A survey in South Korea, almost a referendum, reflects the mood of the people-almost 70 per cent of the youth feel the need to develop an indigenous nuclear deterrence program. India faces two nuclear armed neighbours as well and has much to learn from the experiences of its partners. Intelligence sharing over safety of nuclear assets in other countries would create greater levels of confidence and build deterrence capabilities.

Conclusion

Russia and India share a strategic relationship built on trust over a period of time. The current uncertain times call for strong efforts to retain this trust and build pathways to take forward the mutually beneficial relationship to a new level.

Endnotes

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