CHAPTER-I

INTRODUCTION

International relations keep on changing and the scope and nature of the changes is very complex. This complexity sometimes gives rise to the tendencies towards greater interdependence. Scope of interdependence is so wide that it always embraces circumstances and conditions in the physical world that shape and limit the course of human events. These changes and interdependence bring new associations and organizations into the political arena which extend and intensify the pace of world affairs. There is debate related to these changes and interdependence that nation state no longer remains important unit, whereas some scholars focus on continuing importance of nation-state.¹

International relations have been addressed from different perspectives invoking diverse theories. Changing nature of nation-state, the influence of transnational actors, economic liberalization, structural adjustment and privatization are the dominant issues in international relations in the 21st century.² Scholars have tried to understand international relations for centuries, especially since the separate academic discipline of international politics was established in 1919 and the Department of International Politics was set up at the University of Wales. At present there are different theories to understand international relations which try to grasp domestic and international aspects according to different paradigms and established principles. Idealism, known as normative and extreme version of liberalism, upholds the goodness of human nature. It argues that evil is the product of the bad institutions and organizations.³ Realists describe international politics as an arena of struggle for power between and among states, in which each state tries to protect its

national interest. States are legally sovereign actors, which means that there is no actor above the state which can compel it to act in specific ways. The concept of power being related with national interest, the potential for conflict is always present.\(^4\) Liberals have a different view of world politics. There are many variants of liberalism, but the main theme of the liberal thought is that human beings are rational and democracy is necessary for that perfectibility to develop. They believe in progress and question the supremacy of the state as the main actor in the world politics. The multinational corporations, transnational actors like terrorist groups and international organizations are also considered as important actors in world politics. Marxist theory views that state, multinational corporations and international organizations represent the dominant class interests. The key feature of international economy is the division of the world on class lines and all states play role as per rules of capitalist economy. Constructivism, a new theory of world politics, developed in the late 1980s and becoming influential since the mid-1990s, highlights set of events after the collapse of the Soviet Union. This theory focuses that human agency had a greater potential role in world politics than explained by realism and liberalism. Constructivism holds that it is fundamental mistake to take the world politics as something that cannot change.\(^5\)

As international relations are based on mutual interdependence, states want to extract maximum benefits from such relationship. Foreign policy is the main tool to realize such goals. Different scholars define foreign policy in different ways. According to Hartman, “It is a systematic statement of deliberately selected national interests”.\(^6\) Columbus and Wolfe write, “foreign policies are synthesis of the ends (national interests) and means (powers and capabilities) of nation-state.”\(^7\) Foreign policy and diplomacy have been described as wheels on which the process of international relations operates. No state can live in isolation. National interest is a keystone in foreign policy and a state’s foreign policy mainly revolves around it. Realist scholar Hans J. Morgenthau is of the


\(^5\) Baylis n. 3, pp. 3-6.


\(^7\) Ibid.
view that nothing is more important than the national interests and he explains national interest in terms of power. So foreign policies are the strategies used by the governments to guide their actions in international arena, thereby, spelling out the objectives of the states.  

New dimensions have been added to international relations in the 21st century in the era of globalization. The events of 11 September 2001 (9/11) i.e. terrorist attack on the world trade centre influenced international relations in a big way. New threats and challenges have appeared such as nuclear proliferation of North Korea, Iran and Pakistan; global recession; regime change in democratic guise, pre-emptive action, decreasing role of the UNO; humanitarian interventions; gun-boat diplomacy to no-fly zone; terrorism, islamic fundamentalism and pre-eminence of economy in international relations. Apart from these threats and challenges, vast range of non-military and soft security threats are shaking the world such as migration, environment decay, energy depletion, climate change and drug trafficking etc.  

The world is witnessing decline of Atlantic era and the advent of Asian century. Laurent Cohen Tanugi, author of The Shape of the World to Come describes it as “a historic change.” He says that for the first time wealth and population are concentrated at the same place. In the new emerging global order, the Western domination is not likely to be replaced by another form of domination. The Western coercive paradigm itself rejected by single power’s domination of the world seems unlikely. American President Obama expressed the view that no world order that elevates one nation or group of people over another would succeed. End of bipolarity with the collapse of the mighty Soviet Union and now the unipolar world gradually phasing out. China and India are reclaiming their lost glory. The two Asian giants were major economies in the 17th and 18th centuries. According to one estimate, India and China could be back by contributing 50 per cent of the world’s GDP by 2020. Combined GDP of India and China in Purchasing Price Parity context is bigger than that of the US and BRICS countries, GDP is larger than the European Union. India’s GDP is project to become bigger than that of

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all 10 ASEAN nations within a decade, India could overtake Germany and Japan. At the G-20 Summit at Cannes, questions related to governance, competence and credibility of existing economic system were raised.

Besides the Eurozone Crisis, world is already divided on climate issue. 16\textsuperscript{th} Conference of Parties under the United Nations Framework Convention on Climate Change was held at Cancun (Mexico) in 2010 at the conference Annex 1 developed countries were held responsible for climate crisis. On the other hand, Non-Annex 1 developing countries demanded legally binding principles for developed countries, transfer of environment friendly technology and setting up of Green Climate Fund. India’s stand on climate issue is based on the principle of common but of differential responsibility. Still there have not been specific target set-up for the industrialized countries especially when they are largely responsible for the problem. War on Terrorism reached at its zenith with the killing of Al-Qaeda Chief Osama-Bin-Laden in an 'Operation Geronimo' at Abottabad in Pakistan. But the spectre of terrorism still hovering over international community. The challenges and threats such as war on terror, global recession, climate change, nuclear proliferation, religious fundamentalism, humanitarian intervention, regime change, democratic surge in Arab nations, non-military threats and soft security threats such as drug trafficking, environmental decay, migration and energy depletion. have created cooperation as well as conflicts among nations. These challenges are creating inter-dependence and have brought new associations and organizations into the political and economic arena such as Shanghai Cooperation Organization (SCO), India-Brazil-South Africa (IBSA) and Brazil-Russia-India-China-South Africa (BRICS).

The centre of gravity of global politics is shifting from the North Atlantic to the East and South. The rise of China and India is a game-changing phenomenon. The great potential of “Chindia” is that both have mega market for almost every product, services and demographic dividends. India has got integrated with global economy. India is now a

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\textsuperscript{11} M. Dejevsky, “Credibility Required to survive Crisis”, \textit{The Tribune}, November 5, 2011.
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member of G-20, ASEAN, BRICS, IBSA and RIC. With Indo-US Nuclear Deal (2006) India has been recognized as a responsible nuclear power (de facto). Besides Civil nuclear deal with USA, it has signed civilian nuclear agreements with other countries such as France, Kazakhstan, Mangolia, Namibia and Argentina.

The primary objective of the foreign policy is to maintain a stable and suitable external environment for country’s continuous economic growth. The former Foreign Secretary Shivshankar Menon explained that 6 to 8 per cent economic growth has enhanced the internal capacity of the country to play a greater role on the world stage.\textsuperscript{13} Still hunger, diseases and poverty limit India’s role. The rise of China is also a factor as per IMF estimates. It will be world’s largest economy in just five years. By 2035, China will use one-fifth of all the global energy. It has only three trillion dollars of international reserves and a sovereign wealth fund with 200 billion dollars. India’s urge to become a global power depends on how successfully it handled its domestic problems. In its foreign relations, it also has to retain strategic autonomy. Strategic autonomy has little meaning unless our defence production and innovation capabilities qualitative and quantitative are improved, which is a real challenge for India.\textsuperscript{14}

Indo-Russian relations are a very important aspect of international relations. A new dawn has ushered in Indo-Russian relations when Vladimir Putin assumed the leadership of Kremlin in 1999 as Prime Minister and as President in 2000. Fast changing scenario of world politics, emerging new threats and challenges such as global terrorism, nuclear activities of USA, decay of United Nations, climate change, unfair trade regime under the WTO, globalization, security threats and Central Asia are shaping Indo-Russian relations. Putin opened a new chapter in country’s relations with South Asia in general and India in particular. He valued Moscow’s ties with Washington. He was not an Ultra-Westernizer as Yeltsin and Kozyrev nor was a Eurasianist as Primakov was. In foreign policy, he was guided by pragmatic pursuits of Russia’s national interest bereft of on any


ideology. He is breaking away from the ideological posture of Soviet era as well as lopsided pro-western policies of the Yeltsin years.\(^\text{15}\)

Political and strategic relations between the two countries are on high level but economic relations are not at par with political and strategic relations. There are annual summits and visits at high-level between the two countries. After the collapse of the Soviet Union, World has entered into a new phase. This phase has been described as US dominated world. United States unilateral pre-emptive actions, regime change in democratic cloak, use of UN as an instrument to promote American interests and, NATO expansion towards Eastern Europe are the main examples. Beside these, there are many issues in Indo-Russian bilateral relations which provide a wider framework for shared vision about the future and convergence between two the countries such as terrorism, multipolar world order, reforms in United Nations, Chechanya and Kashmir issue, SCO, South Asia and Central Asia etc.

The idea of UNSC reforms has been vigorously pursued in the past few years. India has called for the expansion of the Security Council in both permanent and non-permanent categories and an improvement in its working methods. She was among the early protagonists for UN reforms. She was the member of the two groups, devoted to early reforms of the Security Council, namely G-4 (India, Brazil, Japan and Germany) and L-69 (group of 40 countries from Africa, Latin America and the Carribean, Asia and the Pacific).\(^\text{16}\) During Putin’s visit to India in December 2004, both the countries committed themselves to be reliable and key partner in bilateral, regional and international matters. Putin held that both nations had shared vision in global politics and were jointly fighting international terrorism which challenge our civilizations and we are ready to coordinate in promoting global human rights, global and regional stability and sustainable development. In response, Indian President Abdul Kalam stressed, “we have a shared vision of multipolar world”.\(^\text{17}\) During Indian Prime Minister


\(^{16}\) The Tribune, November 10, 2011.

Vajpayee’s visit to Moscow on November 6, 2001, attention was paid to the creation of a multipolar world based on the principle of “mutual respect” within the framework of the United Nations and International Law. Both countries hope that a multipolar world would reduce the threat to international peace and security.\(^{18}\) Russia wants multipolarity from the former Soviet space point of view.\(^{19}\) Multipolarity is the kind of world order, both Russia and India prefer. Primakov, who became Foreign Minister in 1996, floated multipolarity as an alternative line to US policies. The US factor influences Russian policies towards India. Russia considers that USA is strengthening unipolarity by inter-state relations. However, India voted thrice against Iran at the International Atomic Energy Agency (IAEA) in 2005, 2006, and in November 2009. US main strategic policy at international level is that each country should have closer relations with the US than with each other.\(^{20}\) Recently, India terminated Asian Clearing Union (ACU) swap system unilaterally to pay Iran under the pressure of USA. This mechanism was established at the Initiative of the United Nations Economic and Social Commission for Asia and Pacific (ESCAP) and is in operation since 1974.\(^{21}\) In the context of unipolar world, Putin expressed, “The unipolar model of world is not only unacceptable but also unrealized because in today’s world, nobody has enough political or economic resources to enforce it”.\(^{22}\) Expansion in the UNSC emerged as a new issue between India and Russia. Russia wants expansion in UNSC for multipolarity and India wants to expand its role as a major power from South Asia’s point of view.\(^{23}\) Putin, during his


\(^{21}\) Atul Aneja, “Oil Payment Row and India-Iran Ties”, *The Hindu*, Delhi, August 2, 2011.


visit to India from December 3-5, 2002 said that in the Security Council, the South has little or no say.\textsuperscript{24}

India and Russia not only face the threat of terrorism but also suffer from it. Russia, at present, is facing terrorism in Chechanya and India in Kashmir. Terrorist activities increased in Chechanya after the collapse of the Soviet Union by the forces of religious fundamentalism and cross border terrorism. These activities impeded the growth of nascent democratic institutions and civil society in Russia.\textsuperscript{25} After the collapse of the Soviet Union, there was the demise of political structures. These events created vacuum in Russia only to be as filled by religious extremism. Chechanya became the main generator of the surge of terrorism in Russia throughout the 1990s and a major armed conflict occurred, from 1994 to 1996 and in 1999. The 11 September 2001 terrorist attack on World Trade Centre and US led anti-terrorist campaign are the most significant international developments. USA started many unilateral actions which were not favoured by Russia especially its effort to establish hegemony in Central Asia which the latter considers its sphere of influence.\textsuperscript{26} As the menace of terrorism is faced by both the countries, therefore, both sides emphasized the importance and relevance of the Moscow Declaration on International Terrorism signed on November 6, 2001. Both the countries jointly decided to activate their efforts against terrorism. For this purpose, during the 2002 summit, a Joint Memorandum on Fight against International Terrorism was signed and a Joint Working Group to deal with this issue was formed.\textsuperscript{27}

When terrorist attack took place in Moscow Theatre in October 2002, Prime Minister Atal Bihari Vajpayee addressed a letter to President Vladimir Putin,


expressing full solidarity of the government and the people of India with the Russian Federation. Putin condemned terrorism and held that same individuals, same terrorist and extremist organizations are involved in terrorist acts from Philippines to Kosovo including Kashmir, Afghanistan and Chechnya. He emphasized on the need to establish mechanism for cooperation in the struggle against international terrorism which has become a matter of concern not only for India and but also Russia and other countries. Political cooperation between India and Russia is imperative for their security.

With the disintegration of the Soviet Union, Central Asia has emerged as a new hub for super powers. Being rich in mineral and energy, this region is also important from economic, political and strategic point of view for both India and Russia. The central Asian countries have attracted much international attention and great powers have been making an attempt to influence the politics of the region. For such geo-strategic reasons and an access to hydrocarbon resources, India can gain access to this region primarily through Russia. USA too got interested in Central Asian Republics (CARs). The colour revolutions of 2004-05 that led to regime changes in Ukraine, Georgia, Kyrgyzstan and violent uprisings in Uzbekistan were considered by the Central Asian Republics as US sponsored. The US is also worried about the SCO, believing that it can become an alternative its hegemonic designs. India can take advantage from Central Asia by becoming a full member of the SCO. Central Asian region is an area of great importance and both have a shared future vision for the area which is rich in oil, gas and mineral but is under threat from fundamentalist Islamic groups based in Afghanistan, Pakistan and also from US hegemonic design. Both have a shared vision to check the American design to dominate the region. This can only be ensured with the close

cooperation between Russia and India.\textsuperscript{31} India’s role for infrastructural development in Afghanistan is considered as a means to realize its central Asia mission. Central Asia is very significant for India from Silk route point of view.\textsuperscript{32} Central Asia can become oasis for both India and Russia. Its political, economic and strategic cooperation is beneficial for both nations.

As we are witnessing the fast changing parameters of international relations in the 21\textsuperscript{st} century, the relations among nations are becoming more and more complex due to dominance of economic factors in international relations. Power is shifting from West to East mainly towards Asian giants India and China. This is also bringing new challenges to South Asia like piracy in Indian Ocean and instability in Afghanistan. Chinese are blatantly challenging international navigation principle in South China sea. China seeks hegemonic position in the Asian continent and wants that no other power should counter it. From this perspective, China is taking Indo-US nuclear deal as an effort on the part of India US to encircle it. It continues to help Pakistan in nuclear and military spheres. Recently held BRICS Summit (2011) at Sanya in China is very significant as 2001 Gladman Sachs paper entitled “Building Better Global Economic BRICS” signaled the forthcoming shifts of global power away from the G-7 led developed world to the emerging fast growing economies of Brazil, Russia, India and China. At this Summit, China wanted alternative to Western dominated Bretton Woods System in the form of Chiang Mai Initiative (alternative to IMF) but India showed interest in Dollar.

India wants multipolar world but China favours bi-polar world with America as the competitor. China has told America that while the US Pacific Fleet should wield power in the Eastern Pacific, it should recognize the Western Pacific and Indian Ocean regions as China’s sphere of influence.\textsuperscript{33}

India and Russia both share vision about multipolar world as declared on June 16, 2009. The first BRIC Summit in Yektarinburg (Russia) called for the establishment of an


\textsuperscript{32} M.K. Bhadra Kumar, “Islamic Fighters on the Silk Road”, The Hindu, Delhi, July 20, 2009.

equitable and democratic multi-polar world. Both nations want to achieve the target of $100 billion bilateral trade by 2015. The total trade have gone up from $2.3 billion in 2000-01 to $19.62 billion in 2010-11. But issues like multipolar world, Chinese interference in Central Asia, Chinese claim of South China Sea as her sphere of influence are relevant for Indo-Russian cooperation.\(^{34}\) Another challenge in South Asia is instability in Afghanistan which is not in the interest of both the nations. Both the countries know the strategic importance of Afghanistan. US declaration to phase out its military troops from Afghanistan by 2014, is a matter of concern for both the countries. India is playing an important role in Afghanistan as it participated in Bonn Conference where it did not agree with Western idea to include good Taliban in Afghanistan. India is a major participant in recently held Istanbul conference on Afghanistan. Part of the explanation is that India had no direct connectivity with the region. The shift in international politics from Europe to Asia and abundant wealth of natural resources of Central Asia including energy resources, began to attract attention of the world powers.\(^{35}\) Russia knows well that Taliban’s rapid expansion, religious fundamentalism and drug trafficking is harmful for Central Asia, which it considers its sphere of influence.\(^{36}\)

The changing power balance in Asia, the role of oceans in shaping a country’s foreign, defence and economic policy, developments in the Indian Ocean and the South China Sea are the issues in South Asia where both nations may have shared vision and they cannot exclude these issues from the area of cooperation.\(^{37}\) Besides these, other issues and challenges such as nuclear proliferation, nuclear disarmament, democracy, soft security threats such as drug trafficking, piracy and non-military threats are where both can cooperate with each other, which may be beneficial.

\(^{34}\) The Hindu, Delhi, November 4, 2011.


\(^{37}\) Rajiv Bhatia, “Growing Proximity between India and Japan”, The Hindu, Delhi, November 7, 2011.
After the collapse of Soviet Union, Indo-Russian defence relations reached a very low level. First, due to Moscow’s pro-Western tilt and secondly, the diversion of interests of both the countries. More than half of the Indian defence requirements were fulfilled by the Soviet Union. After its disintegration, the percentage of supply for its defence needs reduced and India had to approach other suppliers. Indian Defence Minister Sharad Pawar visited Ukraine in 1992 and made agreement for the supply of spare parts to India for various types of armaments which it purchased from the former Soviet Union. Ukraine agreed to supply armaments and spare parts in lieu of medicines and textiles and a partial payment in hard currency. During Yeltsin visit in 1993, both countries signed the Treaty of Friendship and Cooperation, to be valid for 20 years.\(^\text{38}\)

Indian Prime Minister P.V. Narasinha Rao’s Moscow visit in June 1994 further strengthened the ties. Both the countries signed Moscow Declaration which committed to protect the interests of pluralistic societies. Another important development that took place in the same year was denial of arms supply to Pakistan. The Primakov tenure as Foreign Minister in 1996 and as Prime Minister in 1998 witnessed a further boost to bilateral relations. Primakov described pro-Western policy as ‘mistake’ which was followed by his predecessors especially Kozyrov. He also floated the idea of a strategic triangle (Russia, India and China) to counter the US’ hegemony and as a strong pillar for the multipolar world structure.\(^\text{39}\) During the visit of Prime Minister H.D. Deve Gowda to Moscow in March 1997, Russia gave full assurance that it would provide full help in the process of establishing nuclear power plant in Kudankulam (Tamilnadu).

Russian President Putin visited New Delhi in 2000. Putin’s visit further strengthened defence ties. Since then Indo-Russian cooperation intensified in political and economic sphere. It is very important to mention here that India is the only country with which Russia is engaged in joint development and production of high technology and complex weapon system. The ‘Brahmos’ missile is noteworthy. Defence relations are


not limited to buyer-seller relationship, rather entered into new stage of development, design and business in third world countries. Kudankulam nuclear reactor in Tamilnadu has been established with the help of Russia under the Integrated Long Term Programme. Agreement was signed in the field of oil, Science, technology and metallurgy. Indian investment in Sakhalin-I, costing about $1.5 billion is one of the major achievements in the energy sector.\(^{40}\)

The relations at political and military level between the two countries can be termed as best in the world. Soviet military aid began even before the Sino-India war in 1962. Normally military aid involves only the sale of armaments but in the context of Soviet military aid willingness was shown to establish production facilities. India’s dependence over Russian spare parts were 40, 64 and 80 percent for the army, airforce and navy respectively.\(^{41}\) Indo-Soviet military and defence ties had reached its zenith with the signing of “Indo-Soviet Treaty of Peace, Friendship and cooperation” in August 1971. According to one of the provisions of the treaty, both countries were to help each other in case of any attack. The Soviet intervention during Indo-Pak war in 1971, sending its fleet to Bay of Bengal to counter the US pressure is well known. Collapse of the Soviet Union badly affected Indo Soviet defence relations. The repair companies got scattered which are now in Ukraine, Belarus and Kazakshtan. The collapse of Soviet Union and subsequent-emerging scenario, imposed considerable logistics problems for India. The defence cooperation started growing in late 1990s only.

The Putin era would be noted as a transformational period for Russia as well as for the Indo-Russian strategic partnership. From changing paradigm in bilateral defence relationship, it moved from buyer-seller interaction to joint production of weapons such as Brahmos, Supersonic Cruise Missile with 280 range Km based on 3m 55 only x missile designed by Russia NPO Mashino-stroyenia. Brahmos, test fired in Chandipur, Orissa on 12 June, 2001 was jointly developed by Russia and India. It reflects the increasing significance of Indo-Russian defence collaboration. The two countries also

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\(^{40}\) *The Times of India*, November 17, 2003.

\(^{41}\) Mahapatra, n. 38, p. 78.
decided to send it in the markets of other countries by 2007. For several years, the two sides have been considering joint development of 5th generation multi-role fighter aircraft and transport aircraft. This is a new step towards the defence relations. It is also showing interest in 5th generation fighter plane. Joint Military exercises are also important component of India-Russia military relations. Inspite of close defence relations between India and Russia, Indo-US military to military cooperation has expanded greatly. But recently, Russia has also shown greater interest in boosting military to military ties. In October 2005, the armies and navies of the two held joint exercises in the desert of Rajasthan and at the coast of Vishakhapatanam respectively. Five warships from the Russia Pacific Fleet, including a missile cruiser and two amphibious assault ships, took part in “Indra-2005” joint naval exercise. The main aim of these joint exercises was to counter terrorist threat, whose both countries are victims. Exercises focused more on tactical part rather than on using weapons.

Political and defence relations between the two marked high level. From political point of view, there are many issues of convergence such as terrorism, reforms in the United Nations Security Council and multipolar world. There are also newly emerged areas which are equally important for both the countries such as Central Asian region, Afghanistan and Russia’s Central Asian region, Afghanistan and Russia’s far Eastern which have plenty of resources and need to be tapped. After the collapse of the Soviet Union, defense relations between the two countries reached at nadir. Russia adopted pro-west policy and it also market economy. But with the efforts of Primakov, Indo- Russian relations showed improvement. Under Putin, new dawn in Indo- Russian relations started. Military relations now entered in joint military production from just buyer-seller relations. However, still there are some retarding factors in smooth military cooperation and need to be removed. From military and political point of view, a convergence is


taking place at the bilateral, regional and global level. This provides the basis for a well balanced relations in the 21st century.

Indo-soviet trade started on the basis of barter agreement. The main principles on which Indo-soviet trade was based were complete equality of all countries, non interference in each other’s internal affairs, respect for sovereignty of each state, help to the oppressed nations and fighting against exploitation.\textsuperscript{45} Soviet economic and technical aid programme, starting in 1955, made far-reaching impact on India. In 1953, total trade had grown up to $94.6 million. Indian imports from soviet union were 2.5 percent of its total imports and its exports to the Soviet Union were 4.2 percent of its total exports.\textsuperscript{46}

First agreement between India and the Soviet Union was signed on February 2, 1955 under which the Soviet Union granted India long term credit to the tune of Rs 101.96 cores to build a huge steel plant of Bhilai. Before Soviet Union, USA and UK had refused to give financial credits to India for building a steel plant under the state sector. First Indo-Soviet trade agreement was signed in 1958 and third trade agreement was signed on June 10, 1963. It came into force on January 1, 1964. Bhilai agreement created disturbance for the Western monopolies. Besides the industries and coal field, Soviet Union also helped in setting up the central mechanized farm at Suratgarh and the Indian Institute of Technology, Bombay.\textsuperscript{47} During the Annual plan 1966-67, Russia provided financial resources for Bokaro steel project financed credits for the construction of new fertilizer plants, and expansion of capacity in existing projects.\textsuperscript{48} Significant feature of Soviet-Indian trade was that it had a balanced form and all


financial and currency transitions were effected in Indian rupee enabling India to save foreign exchange.\textsuperscript{49}

India received more economic assistance than all other non-communist third world countries of rest of the South Asia.\textsuperscript{50} Trade with the Soviet Union helped India to reduce its economic dependence on the West. The Soviet Union even purchased Indian Goods at lower price and then reselling them to hard currency market which hurt Indian interests .\textsuperscript{51}

In 1986, Gorbachev visited New Delhi to set Indo-Russian relations under the new thinking. Gorbachev encouraged joint ventures. However, the relationship between the USSR and India was not without difficulties. First, during that period, both countries moved into the world market and as individual enterprises. There was need to find some new ways to conduct business. Neither the Indian nor the Soviet economy performed well in the second half of 1980. Both became more indebted having little hard currency. USSR badly needed consumer goods for its own population. So, under these conditions, USSR in 1991 moved towards conducting all trade on a hard currency basis. Secondly, economic liberalization and rationalization also affected the arms trade. USSR announced that India like other buyers, now should deal in hard currency. On the other hand, there was pressure from within the Indian armed forces to diversify arms imports. Thirdly, both countries were facing political instability and separatist movements at domestic level giving further setback to economic relations.\textsuperscript{52}

The former USSR, being an important trade partner, had strengthened the backbone of Indian economy. Soviet Union kept foreign currencies out of all their trade transactions. As a result, trade between the two countries increased from 1.3 crore in 1956 to Rs. 71800 crores in 1990-91. Trade, determined in Indian rupee benefited both the countries. Soviet Union derived greater advantage as it needed imports without


\textsuperscript{51} Horn, n. 46, pp. 116-146.

\textsuperscript{52} Racioppi, n. 50, pp. 164-170.
spending foreign exchange. India obtained crude oil, kerosene, defence equipment and spare parts from the erstwhile Soviet Union. Other items imported from the USSR, were ferrous and non-ferrous metals, news print, fertilizer and chemical products. India’s exports consisted of processed foods, species, jute, hosiery, leather goods, chemicals, cosmetics, tea, coffee, pepper, tobacco, drugs and pharmaceuticals, detergents and toiletries.

Despite having solid economic and trade relations in the past, 1990’s was a period of difficult adjustment, for both Indian as well as Russian business. After the collapse of Soviet Union, there was economic transformation in Russia from a centrally planned economy to a market economy. Yeltsin and his pro-west team appreciated economic liberalization in India. These developments changed the nature and character of foreign economic relations of both the countries.

When Putin assumed Kremlin leadership, a new era began in Indo-Russian economic relations. At the time of assumption of power by Putin, Russian economy was on the rise due to rising world oil prices. He endeared Russia for economic stability after the anarchy and robber barn capital of the Yeltsin era. After the collapse of USSR, emergence of the market economy and of privatization not only increased oil oligarchist new elite class but also plummeted the living standards of common man. In this terrible situation, Putin played very important role.53 Another important factor for Putin’s popularity in Russia is his aggressive “Cold war Style”. He directly appeals to national pride.54 By the time he visited India in 2000, there was also a change in Indian leadership. New Prime Minister was Atal Bihari Vajpayee is past experience of interacting with Soviet Union as Foreign Minister in 1977 proved useful.

During President Putin’s visit to India in December 2002 both sides signed Joint Declaration on strengthening and developing economic and commercial relations. He agreed to use “Rupee Rouble Debit funds for investment into specific projects in India. Oil and gas was identified as an important area of cooperation including joint activities in

53 Zafar Imam and N.V. Ramanovsby, Eltsyn years in Russia 1990-99: Political History of Mid-20th Century Russia, USSR, (New Delhi: Sanskriti, 2002), pp. 57-93
Third world countries. However despite good historical legacies in political, military and economic relations, both states failed to utilize these legacies for improving economic relations. Economic relations between the two continue to remain in nosedived positions. Though both countries adopted liberal model of economy and India is rising as emerging power but trade between the two countries was merely $8.5 billion in 2010 threefold since 2005 (2.83 billion) falling short of the $10 billion target, the two countries had set for 2010. New Delhi and Moscow now hope to increase bilateral trade to $20 billion by the year 2015. On the other hand, India continued to make free trade agreements such as Comprehensive Economic Preferential Agreement (CEPA) with Japan. It aimed at boosting bilateral trade between the two to the tune of to $25 billion by 2015. India-Australia bilateral trade was aimed during this period to $20 billion. Despite the territorial conflicts, India and China wanted to achieve the goal of $100 billion trade by 2015. The trade volume has gone up from $2.3 billion in 2000-01 to $59.62 billion in 2010-11.

Economic cooperation at regional level might help India, Russia and China to perform better in the economic field. The setting up of regional associations can help to boost the economies. The regional associations such as Russia, India and China (RIC), Brazil, Russia, India, China an South Africa (BRICS) and Shanghai Cooperation of Organization (SCO) are efforts in that direction. Jim O’Neill, who used the term BRIC in 2001 has said, “China and India have better prospects than Russia and Brazil.”

India recognized Russia as liberal economy which helped the Russia to enter into the WTO. Russia, with $1.9 trillion GDP is the largest economy outside the WTO and its entry marked a great step in world trade liberalization. Russia’s joining of WTO opened the way for India to sign Comprehensive Economic Cooperation Agreement (CECA), a free trade pact, the two countries finalized but could not function because Russia was not WTO member. It is expected that CEPA pact can give a boost to bilateral trade between

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57 The Hindu, November 4, 2011.
58 Olag Mityayev, “BRIC Countries Catch up and Overtake G-7”, The Hindu, Delhi, June 19, 2009.
India and Russia by providing greater market access for the partners.59 On the other hand, Russia is raising the strong voice for India to upgrade its status from observer to full-fledged membership in Shanghai Cooperation Organisation. So there may be progress in this matter in the nearest future.60

Currently, India ranks the world’s sixth largest energy consumer. There is large imbalance between energy and oil production and consumption. The question then arises about the prospects of diversification of energy sources by opting for collaboration with other energy rich countries like Russia. Energy is the most fundamental element for every society or nation’s development. No doubt, once it reaches a relative degree of development, the energy demand becomes more stable. But, India is still in transitional phase. It is predicted that the Indian economy will be double i.e $2 trillion by 2016 and again redouble to reach the $4 trillion by 2025.61

During the Putin visit to India in October 2000, under Integrated Long-Term Programme of Scientific and Technical Cooperation (ILTP), both countries undertook more than 150 joint scientific projects and joint venture projects. The most notable are the Sakhalin-I in Russia where OVL has a stake of 20 percent. Other partners in this projects are Exxon mobile, Sadaco and Russian Companies RN Astra and SMNG. India was also interested in the exploration of oil and gas in Sakhalin Phase-III.

Besides these areas, there are many other areas where both have great potential for mutual benefits such as cooperation in science and technology, medicines and pharmaceuticals. The emergence of Indian pharmaceutical firms as Ranbaxy, Glenmark, Lapin prove the contention that India has emerged as the world’s leading nation in IT sector with 40% annual growth. Putin’s visit to India in 2004 clearly indicated Russian interest to use Indian experience in that area.62

60 Vladimir Radyuhin, “India, Russia differ on Foreign Presence in Afghanistan”, The Hindu, November 18, 2011.
There is a major change in the composition of India’s exports to Russia. Traditionally a supplier of low value items like black pepper, tea, ginger, jute, sugarcane, handloom etc. India now has emerged as supplier of non-traditional and value added items to Russia. During the year 2001-02, readymade garments constituted about 39 percent of Indian export to Russia and has witnessed a five times increase over 1995-96. It shows that the Indian garments have wide acceptance among Russian consumers and is continuously growing. India succeeded to diversify its exports to Russia since 2000. But in the areas of tea, coffee and tobacco, there is stiff competition from other global suppliers like Sri Lanka. Other potential items in the India’s export basket to Russia include drugs, electronic goods, machinery and instruments, plastic, coster oil etc. There is also shifts in import composition. Fertilizers constitute one-fourth of India’s total imports from Russia. It has dropped by 16.4 percent and 3.3 respectively. On the other hand, demand for synthetic and rubber rose nearly eight times during 1995-96 to 2001-08.\(^{63}\) Recently, for the first time, Indian pesticide manufactures have achieved greater foothold in the growing agro-chemical market of Russia. The Indian pesticides industry is the second largest in Asia after China and the third largest in the world. On the other hand Russia is the rapidly growing consumer with $1.2 billion market.\(^{64}\) Russian leaders wanted to transform the economy from resource-dependent economy to a knowledge based economy. At present 80% Russian economy is based on oil, gas and minerals. Russian leaders want that till 2020, role of innovative industry should be 30 percent which is at present nearly 5 percent.

In the 1990’s, Indian business class missed a chance to enter the Russian nascent manufacturing industries such as automobile, food and tobacco. It has an opportunity to grab innovation market of Russia.\(^{65}\) Despite having solid economic and trade relations in the past, 1990 was a period of difficult adjustment, for both Indian as


\(^{64}\) Vladimir Radyuhin, “Indian agro-chemical Industry reaches out to China”, The Hindu, October 11, 2011.

\(^{65}\) Vladimir Radyuhin, “The Emerging Innovation Capital of Russia”, The Hindu, Delhi, October 18, 2011.
well as Russian business. After the collapse of the Soviet Union, economic transformation of Russia from a centrally planned economy to a market economy took time. Yeltsin and his pro-west team appreciated economic liberalization in India. These developments changed the nature and character of foreign economic relations in both the countries. The lackluster Indo-Russian ties in post 1991 phase are in sharp contrast to the earlier phase. The history of Russian relations with Indian sub-continent goes back to October Revolution of 1917 which provided a new direction to the relations. Indo-Russian, Indo-Uzbek, and Indo-Armenian relations also paved the way for close Indo-Soviet friendship.66 With the October Revolution of 1917 and the birth of the USSR, a new phase emerged. Jawaharlal Nehru described the Bolshevik Revolution in his Glimpses of World History, as “essentially a victory of the self confidence, the faith, the self-sacrifice and the unflinching determination of the Russian people.”67 If the Tsarist Russia had ignored all the efforts of Indian revolutionaries, the Soviet power welcomed all such Indians and wished for the liberation of India from the British yoke. The Soviets openly declared their opposition to all forms of colonialism. Diplomatic relations between the two were declared four months (April 13, 1947) before the formal independence of India. After the October Revolution, Nehru made a first visit to the Soviet Union in November 1927 along with his father Motilal Nehru.68 With the success of the Soviet people, impressed by social reconstruction, back at home, he started to popularize socialist ideas. He strongly believed that multi-dimensional social and economic problems in India could only be solved through socialist path. When he became the Prime Minister, his first step was to lay the foundation of future India on a socialist base.69 USSR, too needed the liberation of India because of ideology as well as

from strategic viewpoint. Another main event during this period was the emergence of China as communist country in 1949. Assistance to China in various forms acquired priority over other developments.

It was the period when the west considered India as socialist in outlook while communist bloc led by Moscow perceived India as essentially a capitalist economy. During 1951-52, Soviet Union saw some positive sign in Indian foreign policy such as New Delhi’s support for the seat to the communist China in the United Nations. India was not in favour of condemning China in the context of Korean War, and the to signing of Japanese Peace Treaty in San Francisco in 1950. These policies clearly indicated that NAM does not want to hinder close relationship between India and the Soviet Union. Soviet perception about India changed after Stalin’s death.

Nehru visited USSR in June 1955 and there was return visit to India in November of the same year by Khrushchev, the first Secretary-General of the Soviet Union and Bulgarin, the Premier or Chairman of the Council of Ministers of the USSR. Khrushchev supported India on Kashmir issue. Most writers on the Indo-Soviet relations have emphasized that Indo-Soviet friendship started with Khrushchev coming to power. There were many reasons which brought change in the Soviet foreign Policy. After Korean crisis, Soviet Union felt the necessity of friends in the non-communist world. There were many other reasons for this major shift in the policy. Pakistan was under the protective umbrella of the US through SEATO and CENTO. On the other hand, Soviet Union was impressed by the development that had been taking place in Kashmir during Sheikh Abdullah regime.

Conflict over the Jammu and Kashmir got converted into full scale war between India and Pakistan in 1965. After the ceasefire, the Indian Prime Minister and Pakistani

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President met in central Asian city of Tashkant on 4 January 1966. Result of this meeting was Tashkant Agreement, signed on 10 January 1966. But during Sino-Indian War (1962), the Soviet Union referred to “fraternal friendship” with China and “friendly cooperation with India. It is clear that Soviet Union leaned more towards China.

USSR wanted reduction/elimination of western influence in particular state and region. Soviet Union aimed to reduce China’s involvement in the area. This had been the major goal of USSR since 1959 and USSR developed relations with India as a counter to China. Soviet Union wanted close relationship with India as an Asian power. Also, it wanted India to play as an intermediary in the third world. On the other hand, Indian goals were different and complex from the Soviet Union. First, India wanted security mainly from Pakistan and China. It had faced crisis and war from both countries in 1947 and 1965 with Pakistan and in 1959 and 1962 with China. Second, India wanted independence and Non-alignment to have firm roots. Third major goal for India was to keep great powers away from the Indian Ocean and South Asia. Fourthly, establishing Indian leadership in the region and the last but most important goal was that it wanted assistance for economic development. In 1969, a turning point in Indo-Soviet relations came to the fore. Moscow’s policy of balance in relations with India and Pakistan adopted in mid-1960s, had to be abandoned in 1971, because of the growing conflict between New Delhi and Islamabad. The result was the twenty years Treaty of Peace, Friendship and Cooperation signed in August 1971 between the two. This treaty expressed Soviet commitment in political, economic and military terms to India against Pakistan. With the conclusion of the treaty, relations between the two countries reached its peak. East Pakistan crisis turned into a full fledged war between India and Pakistan in December 1971. It created history, as the new state Bangladesh appeared on the world map. This got polarized into political crisis, one pole was US-China-Pak and other was India-USSR-Bangladesh. As 1970 progressed, Indo-Soviet relations flourished in the


76 Horn, n. 51, pp.13-14.
fields of defense, energy and trade sectors. Before Indo-Pak war, Brezhnev had proposed a system of collective security in Asia in his lengthy speech before the international meeting of communist and workers parties at Moscow in June 1969. The arrangement was mainly directed against People’s Republic of China. India rejected Brezhnev plan but welcomed economic cooperation. On May 18, 1974 India took a very bold step, from her security point of view, blasting a nuclear device in the Rajasthan desert. Moscow avoided from criticizing India. Soviet press published a brief report and described that the explosion was for peaceful purpose.

With the results of the 1977 elections, Moscow felt uneasiness as the new Prime Minister Morarji Desai declared that the country would adopt a policy of “genuine non-alignment.” Within a month, Russian Foreign Minister, Gromyko visited India to establish personal contact with New Delhi. Morarji Desai paid a successful visit to Soviet Union in October 1977. During the visit, Desai emphasized that Indo-Soviet relations were “not based on personalities or ideologies, but on equality, national interest and common purposes.” The Janata Government, no doubt, continued its ties with Moscow, simultaneously, it also tried to improve India’s relations with both US and China. American President Jimmy Carter visited India in 1978. This government also tried to diversify the sources of arms supply when India signed a deal Britain for the purchase of Jaguar Planes.

The 1980s was a period of remarkable changes as much in the Soviet Union as in India. In January 1980 elections, Indira’s coming back to power was a welcome development from the Soviet point of view. She was seen as a trusted friend. Gromyko visited India in February 1980. In December of the same year Brezhnev came to India and Mrs. Gandhi visited Soviet Union in October 1982. During 1983-84, India faced

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79 The Hindustan Times, July 1, 1969.
80 Surya Narian Yadav and Indu Baghal, “India’s Foreign Policy: Opportunities and Obstacles,” (New Delhi: Global vision, 2009), pp.259-261.
many problems like secessionism, terrorism and communal violence particularly in the state of Punjab and Assam. Mrs. Gandhi was assassinated by her bodyguards in October 1984. Rajiv Gandhi became Prime Minister after her mother’s assassination and he made a first official visit to Soviet Union in 1985. In USSR, Mikhail Gorbachev had assumed power as General Secretary of the Soviet communist in March 1985 who declared the Brezhnev period as “era of stagnation.” Gorbachev not only assumed power as General Secretary of the Soviet communist party but also assumed a lot of social, economic, political and international problems bequeathed by his predecessor. To handle these problems, Gorbachev adopted two new policies Perestroika and Glasnost. He committed a big blunder of removing or weakening three main load-bearing “bricks” in the structure, he was trying to rebuild. These were the central bureaucratic apparatus, the official Marxist-Leninist ideology and party’s active role in the economy. Without these “bricks”, the entire Soviet structure was totally damaged. Gorbachev’s failure to provide any alternative model ultimately resulted in the collapse of communism. Under Gorbachev, Soviet Union’s overall policy and approach towards the third world countries underwent a big change. New political thinking focused on deideologization of the Soviet policy. He wanted revolution from the top and hoped that entire super structure of Soviet Union would remain intact which proved wrong and mighty socialist superpower collapsed in December 1991, giving rise to new fifteen independent states. There are many explanations which describe the collapse of the Soviet Union such as totalitarian school of thought, dismal economic performance, Bhupinder Brar’s Gramscian Notion of hegemony, nationality factor, and denial of democracy in the political system as well as in the Communist Party of the Soviet Union. The impact of the Soviet disintegration on Indo-Russian relations was enormous, including every aspect of bilateral relations. In the 1990’s, Indo-Russian relations witnessed unexpected changes. After the collapse, its social relations with India were over. In the immediate post-Soviet aftermath, it was not clear for Russia as to what place India should occupy in the Russian foreign policy.


So, Indo-Soviet relations have been very close though there were many ups and downs. It witnessed from the phase of initial hesitation to develop closer relations. The Soviet Union realized the importance of India in the cold war context. Pakistan’s decision to join US bloc was the major factor for the Soviet Union to search for partner in the third world and in this context what could have been the better alternative than joining hands with India. Geography of India, its leadership of NAM were some of the obvious distractions for the cold war era. During the Indo-Pak war in 1971, Soviet Union signed friendship treaty with India which was a clear proof that the Soviet Union was interested in special relations with India. This policy was continued till the collapse of the Soviet Union in 1991.

After the collapse of the Soviet Union, the initial two years (1991-93) were the most difficult years in bilateral relations. Russian economy was passing through a difficult phase of transition from a socialist economy to a market-oriented economy. In this difficult scenario, it was natural that Indo-Russian relations were facing difficult situation. After the collapse of the Soviet Union, Russia became the legal successor state, facing several political, economic and domestic problems. Collapse of the Soviet Union meant collapse of special arrangement between India and Soviet Union in political and economic sphere too.\(^84\)

After the collapse, Boris Yeltsin, took over as President of Russia, who alongwith his Foreign Minister Andrai Kozyrav adopted pro-west policies. Yeltsin was eager to abandon the old soviet approach towards developing countries which he took as an unnecessary burden on Russia’s resources and did not serve its national interests. The main issues during Yeltsin era were India-Soviet debt; fate of Indo-Soviet Treaty and the sale of cryogenic rocket engines and rocket technology.\(^85\)

Indo-Russian relations during Yeltsin era can be divided into two phases. The initial two years were difficult in shaping the bilateral relations while the later showed gradual evolution of relations in a steady manner. The Russian foreign policy in first

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\(^84\) Kuldip Singh, “Reorienting of India’s Foreign Policy from Soviet to post-Soviet Times, World Focus, Vol. XXXI, No.11-12, November-December 2010, p.556.

phase was totally guided by enlightened pragmatism. But, Yevgeny Primakov former Russian Foreign Minister, who later on became Prime Minister, described it as neither enlightened nor pragmatic. The Russian honeymoon with west particularly USA proved very costly. As a result, the short lived first phase had to enter into the second phase. In this phase, Russia started considering itself a “Eurasian country” because more of its part lies in Asia than in Europe. Indo-Russian relations revived in the second phase. The two countries revived relations in the context of changing world order. The Yeltsin visit to India in 1993 was considered as a first step in that direction. The overall Russian perception and attitude during Yeltsin period remained friendly. Barring the initial two years (1991), Russia distanced itself from its old stand regarding Kashmir issue. During Yeltsin visit, many agreements were concluded.

President Boris Yeltsin replaced the Sergai Kirienko with Yevgency Primakov who floated the idea of triangle of Russia, India and China. But Primakov’s government proved to be short lived and replaced with Vladimir putin, who after brief tenure as head of the government, was elected President of the country in 2000. Putin’s period from 2000-2008 is very meaningful period. During this period, Russia emerged as a petrodollar economy due to sharp rise of oil prices in the world market. When Putin assumed the leadership in Kremlin in 2000, a new era started in Indo-Russian relations. Continued political visits and annual summits took place. On political and military level, the relationship between two countries can be termed as special and privileged but the economic relations were not at par with political and military relations.

Both nations have shared vision about political and military goal. Both are working to achieve the goal in the field like Central Asia, multipolar world, global terrorism, reforms in United Nations. Both the countries are making collective decisions

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in various forms such as BRICS and SCO. A new geopolitical paradigm is taking place in the world which witnesses the end of the Atlantic era and advent of Asian country. Emergence of the two giants-India and China in the world politics has made the relations its more and more complex. Besides these complexities, both nations have many areas where both can help each other such as common consensus about “sick man of south Asia” (Pakistan) and Afghanistan export of narcotics, trafficking and Islamic radicalism. India wanted peaceful and stable neighborhood for its continued growth and Russia was worried about continuing turmoil in Afghanistan. It has complicated Russia’s policy of economic and political reintegration of the former Soviet space.

In the Indian ocean, certain developments are taking place which are not in favour of both the nations. Piracy, terrorism and Chinese navy’s growing presence in Indian Ocean and South China Sea as part to expand Chinese influence in Eastern and Southern Africa China also bluntly violates the international navigation principles. The defence and military relations between the two can be described as privileged nature. It is very important to mention here that India is the only country with which Russia is engaged in the joint development and production of high tech and complex weapon system such as Brahmos, supersonic cruise missile with the range of 280 km. Another milestone in Indo-Russian defence cooperation is the Indian production of the Su30 MK jet fighter under Russian license for sale to Malaysia. Russia was also interested in cooperation with India in one fifth generation fighter aircraft, advanced warship and submarines. The Putin era will be noted as a transformational period for Russia as well as for the Indo-Russian strategic partnership. For changing paradigm in bilateral defence relationship, it moved from buyer-seller interaction to joint development of weapons system between the two countries and their marketing all over the world such as Brahmos, 5th generation Fighter Aircraft and medium transport Aircraft programme (MTA). India also become the first country to get access to Russia’s Glonass navigation network for military use.

The former USSR was an important trade partner of India which strengthened the backbone of Indian economy. Soviet Union kept foreign currencies out of all trade transaction. As a result, trade between the two countries increased from 1.3 crore in 1956 to Rs. 71,800 crores in 1990-91. Despite having solid economic and trade relations in the past, 1990’s was a period of difficult adjustment both for India as well as Russia’s
business. Both nations had adopted the liberal policies but their economic and trade relations are not at par with military and political relations. To some extent, their economic and trade relations are based on military and defence relations providing fillip to their economic relations. Despite liberal economy, the trade between the two was merely $ 3.1 billion in 2005 and $ 8.5 billion in 2010. Now New Delhi and Moscow hope to increase bilateral trade to $ 20 billion by the year 2015. In comparison with other countries, India’s bilateral trade is continuously establishing new milestone as India-China bilateral trade had gone up from $ 2.3 billion in 2000-01 to $ 59.62 billion in 2010-11. Now both target 100 billion bilateral trade by 2015 inspite of their territorial dispute. Indo-European Union trade is $ 75 billion. Many areas have potential for economic cooperation through regional associations such as Russia, India and China (RIC) Brazil, Russia, India, China and South Africa (BRICS), Shanghai Cooperation Organisation (SCO). Russia with GDP of $ 1.9 trillion is one of the largest economy in the world and in Indian context, it is predicted that the Indian economy which is near about $ trillion will double again to reach the $ 2 trillion mark by 2016. This economic growth would need massive energy. And in the energy context, both nations are fit for each other. Russia can fulfill Indian demands related to energy and the latter can help Russia’s exploration of energy resources in Far Eastern Region. Sakhalin-I project is good example in this context. Both want reforms in the present world economic order, which is under the hegemony of IMF, WB and WTO. Russian entry into the WTO will facilitate the Comprehensive Economic Partnership Agreement (CEPA) between the two nations.

Besides these, there are many other areas of cooperation such as science and technology between the two. The agreement on Integrated Long Term Programme (ILTP) was signed on July 3, 1987 by Mikhail Gorabachev, the then President of the Soviet Union and Rajiv Gandhi, the then Prime Minister of India. It had been renewed for another 10 years on 3 October 2000. Both have the potential in medicine and pharmaceuticals, diamond and gold, coal, high construction, banking, shipping, infrastructure development, civil aviation, telecommunication, financial services, financial consultancy and textiles.

Both nations can include new items in their import-export basket as recently, Indian pesticide manufacturers achieved greater foothold in the growing agro-chemical
market of Russia which is the fastest growing pesticide market about $1.2 billion. Russian leadership has announced the goal of transforming the resource-dependent economy into knowledge-based economy. Today, oil gas and minerals account for 80 percent of Russia’s export earnings. But inspite of great potential, Indo-Russian economic ties remain far from satisfactory. There are several factors which affect Indo-Russian economic relations. There is great need to remove the retarding factors for smooth functioning of relations between the two.

**REVIEW OF LITERATURE**

Davendra Kaushik in *Soviet Relations with India and Pakistan* 89 analyses Soviet policy towards India and Pakistan before and after the Tashkant Agreement which was an important milestone towards the normalization of relations between India and Pakistan. Unlike the Western powers, Soviet Union always considered that Indians and Pakistanis have same traits- ethnically, culturally and historically. Unfortunately they are divided by the colonialists. Therefore, it tried to establish relations between the two countries as they are two brothers and help them to broke the vicious circle of problems produced by the British rule.

Linda Racioppi’s book *Soviet Policy towards South Asia Since 1970* 90 explains how the regional constraints and circumstances in the South Asian countries influenced the policy process in Moscow. The author touches three aspects of the Soviet foreign policy a perceptual aspect which focus on regional and international environment, the second is the formulative aspect in which aims and strategies are developed and the third is implement aspect. The book explains Soviet policy aims and instruments in different historical phases. The first phase between 1970-1978 includes Indo-Pakistan war and bilateral relations, attack on Afghanistan and its impact on regional politics. The second phase 1985-1991 includes the Gorbachev period and withdrawal from Afghanistan Issues.

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Robert C. Horn in *Soviet-Indian Relations: issues and Influences*\(^91\) explains that Soviet Union is always interested in special relations with India since its independence in 1947 because it knew that it has the potential to be a leader of the Asian and African countries. Soviet Union wanted to dissuade India from Western camp. For this, it provided a lot of economic aid to India and set up Bhilai Steel Plant in 1955. Besides economic aid, Moscow also provided political and military support to India on many issues. Horn analyses Indo-Soviet relations since the late 1960 and describes how the policies of both the countries influence each other from domestic and International point of view.

Zafar Imam and N.V. Romanovsky’s book *Eltsyn Years in Russia 1990-1999: Political History of Mid-20\(^{th}\) Century Russia, USSR*\(^92\) analyses the last decade of the 20\(^{th}\) century in the context of change in Russia and development of human societies. With the disintegration of the Soviet Union, the process of nation-building started in Russia. This last decade is known as Eltsyn years in Russia. He presents it as the defining moments for new Russia. The book also includes various perspectives such as political, economic, social and external behaviour. There is record of recurrent crises, failures and successes during the period of Yeltsin as a President. The book also analyses the changes in Russian society after the disintegration of the USSR.

P.L. Dash and Andrai M. Nazarkin in *India and Russia: Strategic Synergy Emerging*\(^93\) consists of essays, which deal with Indo-Russian bilateral relations. As there is potential of cooperation in various fields, there is a hope that old days of intensive cooperation between the two may emerge again. The various areas are IT, cinematography, space exploration alongwith interdiction measured to combat narcotic trafficking and the menace of terrorism which according to the authors, may help the two countries in ushering a new era. The study, analyses the role of both the countries in the changing circumstances in the new millennium.

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\(^{92}\) Zafar Imam and N.V. Romanovsky, *Eltsyn Years in Russia 1990-1999: Political History of Mid-20\(^{th}\) Century Russia, USSR*, (New Delhi: Sanskriti, 2002).

P.L. Dash and Andrai M. Nazarkin’s work *Indo-Russian Diplomatic Relations: Sixty Years Enduring Legacy* \(^{94}\) contains articles of the different scholars, which focus on and after the collapse of Soviet Union many ups and downs in Indo-Russian relations. When Putin assumed power in Russia, regular bilateral meetings took place. Both countries have well established basement and the need is to build new building according to present circumstances. Both countries have warm political relations but economic relations are not at that level. From military and strategic point of view, both countries reached in new phase from buyer-seller to joint production. But there is need to tap the economic potential which is still untapped.

Jyotsana Bakshi in *Russia and India: From Ideology to Geopolitics* \(^{95}\) focus on the idea that India is still relevant for Russia as it was earlier. After the collapse of the Soviet Union, Russia became the successor state. The Central Asian region which emerged after the Collapse of the Soviet Union, has been considered as “its sphere of influence’. According to the author, Central Asia has emerged as global flashpoint for the super powers. There is convergence in Russian and Indian Interest from Central Asia perspective. In nutshell, Moscow could not ignore Asian subcontinent generally and India particularly from geopolitical point of view.

Shams-ud-din in *India and Russia Towards Strategic Partnership* \(^{96}\) analyses relations between the two from 1947 to the collapse of the Soviet Union in 1991. The author argues that despite the different political and social systems both has the ability to understand each others’ point of view from regional level to international level. With the collapse of the Soviet Union, Indo-Russian relations reached at nadir. Russia’s foreign policy tilted towards west in general and US in particular. Indo-Russian relations came to backburner. But Yeltsin’s visit to India in 1993 created new hope. There are many issues at regional and international level on which both countries have common concerns such as security threat, terrorism in Central Asia, Globalization, military trade etc. With


the assumption of power in Kremlin by Putin, relations between the two further strengthened in all spheres.

Debidatta Aurobinda Mahapatra’s book *India-Russia Partnership: Kashmir, Chechnya and Issues of Convergence*\(^97\) explains that with the collapse of the Soviet Union the special relations between the two old time tested friends also collapsed. The economic anarchy pushed Russia towards the West at the cost of traditional friend. But the scenario changed at International level with the emergence of terrorism and Islamic extremism. Both the countries are suffering from terrorism—Russia in Chechnya and India in Kashmir—providing common platform for cooperation. Besides these issues, other areas have been also identified such as multipolar order, strengthening of democracy, changes in globalization having western orientation etc.

Deep M. Ollapolly’s article “India and Russia: Renewing the Relationship”\(^98\) describes how India and Russia have issues of convergence at three levels the global, bilateral and regional. It starts with how India and Russia have common interests to counter the American predominance which then turns to the bilateral arena where defence and commerce is being taken to new height. At regional level, there is yet another area of convergent interests. Rising Chinese influence at global level is a matter of concern for both the nations.

R.G. Gidadhubli in “Russia’s Renewed Interest in Southeast Asia”\(^99\) argues that during the Soviet era, communist ideology was the major standard of measure of the USSR’s foreign policy towards the South East Asian Countries. But after the collapse, the Russian leadership tilted more towards the west than to the east. Therefore, Russian Interests towards the South East Asian Countries took low position. However, under the leadership of Putin, Russia adopted balanced foreign policy towards South East Asian countries which is evident from the interest of the APEC and ASEAN. At the same time,

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Russian export of sophisticated defence weapons to China has generated concern among many South East Asian Countries.

Rajen Harsh'e’s article “India and Russia in a Changing World”\(^{100}\) describes the Indo-Russian relations after the collapse of Soviet Union in the context of changes that occur at international level. The article tries to analyse the changing dimensions of Indo-Russian relations in the context of International relations after the cold war. It also describes the Impact of such changes on India and Russia. It presents an analysis of Indo-Russian relations in political-strategic, economic and military sphere.

Anuradha M. Chenoy’s article “India and Russia”\(^{101}\) focuses on the major changes in International sphere which challenged traditional paradigms of hegemony and balance of power. The concept of great power, earlier related mainly with military and economic capacity, now includes human development and human security. It also acknowledges the role for non-state actors at International level. In this arena, India wanted a greater role for itself in the International system. For this new role, India required new allies and partnership including with the dominant superpower. This assumption raises questions about India’s traditional partnerships including its relations with Russia and new alliance system that is emerging at the regional and global level. This article also focuses on the relations between the two countries in the light of recent trends in global and regional politics.

Gulshan Sachdeva in “India-Russia Economic Relations: Gradual Shifts from State Dominant Linkages to Private Initiatives”\(^{102}\) attempts to understand the present realities of Indo-Russian trade and other economic aspects. It is considered that economic changes in both countries had harmful impact on bilateral economic relations. However, economic relations are still surviving because of defence purchases, protection to


exporters and some public sector investment by India. Special relationship is limited only to arms trade, defence technology and lack of private commercial initiatives. This article also focuses on the problems in Indo-Russian ties in the economic field and describes future possibilities in economic relations.

Debidatta Aurobinda Mahaptra’s article “Indo-Russian Defence Cooperation: Emerging Issues and Concerns”\(^\text{103}\) focuses on the paradigm shift in Indo-Russian relations. The first part describes the shift in relations governed by Ideology to those governed by pragmatism. Second part focuses on Indo-Russian defence cooperation from historical perspective and describes how it provides background to understand the present state of affairs. Third, it mentions the factors which were hurdles in bilateral defence cooperation. Fourthly, it emphasizes on the Indian attempts to diversify arms sources to meet the demand of its defence needs.

Mohammad Monie Alam in “India-Russia Cooperation in Central Asia”\(^\text{104}\) focuses on Indo-Russian strategic cooperation and its reassertion in the changing geopolitical environment of Central Asia. This paper is broadly divided into two parts. The first part is concerned with Indo-Russian interests and their engagement with Central Asia after the collapse of the Soviet Union and the second part focuses on the policy of both the countries in the context of USA military intervention in Afghanistan and its military presence in the region.

Kuldip Singh in “Russia’s Deideolized Drive for Globalization”\(^\text{105}\) describes the changes in the foreign policy of Russia, the success or state of the former USSR in the era of globalization. Russia is now focusing on national interests, based on pragmatism rather than ideology as was the case during the former Soviet Union. He focuses on the emergence of new elite in both the countries and their role in foreign policy. Russia’s journey towards globalization is not very smooth because of drastic changes in socio-economic setup of the country. The country under the leadership of President Boris


Yeltsin adopted pro-western policies. But shift in Russian foreign policy took place when Yevgany Primakov and Vladimir Putin assumed the leadership in Kremlin. Putin era from 2000-2008 is very eventful in Russian history because during this era, Russia emerged as petrodollar state. In the era of globalization, Russia adopted the policies of liberalization and cultivating economic and political ties with countries in different parts of region. Today, Russia is supporting the multi-polar world rather than the unipolar. The writer also explains the nature and form of Soviet towards India as compared to the western countries. Now, Russia has replaced the extreme ideological position with pragmatic consideration.

RESEARCH QUESTIONS

1. On politico-military level, the relationship between the two countries can be termed very close, but the economic relations are moving at slow pace. Why this is so?
2. The period of 1991-92 is the darkest phase in Indo-Russian relations. What factors motivated Russia to look towards old partner India?
3. Why Russia changed its position on the Kashmir issue?
4. What factors are responsible for the convergence of approach between India and Russia?
5. Is there possibility for the emergence of new areas in Indo-Russia relations?
6. What was the nature of Indo-Russian relations during 2000-08?
7. What are the areas where both fit for each other?

HYPOTHESIS

Indo-Russian relations during putin era has emerged to a new height. Political and defence relations could be termed as special privileged nature in the world. Both countries are cooperating in political issues such as such terrorism, reforms in UNSC, control over Asia, multipolar world, soft security threats etc. But economic relations are not at par with political relations. Bilateral trade between the two nations is very low as compared to their trade with other countries. The economic cooperation lacked because of different perceptions of the two countries on economic aspects such as their move towards privatization, change of trading actors, emergence of elite class between the two
countries, Russia replacement of the extreme ideology with pragmatic consideration, and obstacles in economic cooperation. Both nations have potentials to add new items in their import-export basket. Russia started looking at India because of India’s emergence as a dominant power in South Asia and its dominant say in international sphere. The change at the international level is responsible for convergence between the two and there are many areas where both can cooperate with each other.

**CHAPTERIZATION**

**CHAPTER 1: INTRODUCTION**

The first chapter is an introductory one to the whole study. This chapter traces the historical background of the Indo-Soviet relations till 1990. This chapter includes the review of literature, research questions, hypothesis, methodology and chapterization.

**CHAPTER 2: INDO-RUSSIAN RELATIONS DURING YELTSIN ERA: 1991-2000.**

This chapter deals with Indo-Russia relations after the collapse of the Soviet Union in December 1991 and its impact on Indo-Russian relations. This chapter also focuses on the problems and tumultuous during this period.

**CHAPTER 3: INDO-RUSSIAN POLITICAL AND DEFENCE RELATIONS: 2000-08.**

This chapter describes the issues of political cooperation such as multipolar world, changes in UNSC etc. It also focuses on defence relations which are in new phase from buyer-seller to joint production e.g. as Brahmos Cruise Supersonic Missile. This chapter also deals with the factors which are retarding smooth functioning between the two.

**CHAPTER 4: INDO-RUSSIAN ECONOMIC RELATIONS: 1947-2008**

This chapter traces the Indo-Russian Economic relations from 1947 to 2008. It includes every aspect such as potential of cooperation, new areas for cooperation and also certain problems.

**CHAPTER 5: CONCLUSION**

This chapter sheds light on the findings of the study. The chapter provides the answers to the research questions as mentioned in the first chapter.
METHODOLOGY

The study will be based on documentary method (content analysis) to analyse the above mentioned research objectives. The sources would consist of reports of government of India and Russia and other sources such as books, journals magazines, newspaper articles and clips. The historical analysis would be made to make continuity in the post-cold war era. The comparative analysis would be made in the form of India and Russia’s relations with the countries such as US, China, Pakistan and at international forums such as UNO.

PURPOSE AND SIGNIFICANCE

It is descriptive-cum-analytical study to bring out the real nature of Indo-Russian relations during Putin era and its impact on the present scenario.

The study is significant because it is aimed at in-depth study of issues of cooperation in political and defence areas and also tries to identify retarding factors in the way of smooth functioning in economic relations. The study, therefore, could be relevant for academics and drawing conclusions for the future.