CONCLUSION & SUGGESTION

In this research work an attempt has been made to objectively and critically examine Indo-Russian relations after the disintegration of the Soviet Union in the new historical conditions. The work has been conceptualized in totality to make an assessment of the various dimensions of Indo-Russian relations within the framework of India and Russia's relations with other countries and their impact on shaping Indo-Russian relations. In this sense an effort has been made to study Indo-Russian relations in the fast changing international environment and its impact on these relations. Therefore, Indo-Russian relations should not be seen in isolation. They have been examined in this research as an integral part of the current and cross-current trends of international forces.

The main merit of this work is that I have examined Indian-Russian relations without any preconceived notions and old parameters. An attempt has been made to examine Indo-Russian relations in the new historical conditions, though it has been kept in the forefront that these relations have no legacy of conflict and contradiction in the respective history of the two countries nor are their any territorial and border disputes between the two countries. On the other hand both the countries have commonality of interests in certain vital areas such as creating a pluralistic world order, consolidating secular edifice, both on the regional and international plane and fight against terrorism. Above all, both being developing nations have certain common economic interests, including in the area of defense cooperation. This is the main thrust of this research.
There is yet another aspect of this study. It examines regional importance of Indo-Russian relations. These relations from the long-term point of view will influence the developments in this entire region. If Indo-Russian relations have a special significance in the Asia-Pacific region, the emerging triangular cooperation between India and Russia, Russia and China and India and China is of far reaching importance. Above all, there is commonality of interests between India and Russia in the Central Asia. These three components of Indo-Russian relations, if they continue to develop and deepen, they will mould the course of events in this entire region. The study brings into focus the international and regional significance of Indo-Russian relations.

Concluding Observations and Suggestions

From the mid-fifties till the collapse of the Soviet Union at the end of 1991, Indo-Soviet relations grew from strength to strength. In spite of the different socio-political systems there was considerate mutual understanding of each other’s point of view on almost all international issues. One could describe the Indo-Soviet relations as extremely cordial and warm based on a broad convergence of national interests of both the countries.

The break-up of the Soviet Union and the end of the Cold War brought a drastic change in the geo-strategic scenario of the world. Coupled with this the Russian policy of looking West-ward and a benign neglect of the East resulted in pushing the Indo-Russian relations to the back-burner. Moreover, disruption and closure of many Russian industries had an adverse impact on its economic cooperation with all the
countries including India. The early 1990’s witnessed both political chaos and economic disruption in Russia making it difficult to keep up its strong relations with the developing countries.

However, it did not take long for the Russian leadership to realize that its excessive reliance on Western support for democratization and economic reforms had been illusory and it started taking steps to improve relations with its Asian neighbors, including India. Starting from the 1993 President Yeltsin's visit to India, the two countries have exchanged numerous high powered visits, signed a large number of protocols and agreements, issued joint communiqués and taken numerous other steps to once again strengthen Indo-Russian relations.

The above discussion clearly indicates that if Indo-Soviet friendship has become a page in history so has the initial years of stagnant Indo-Russian relation. India and Russia have both with time adjusted to the new realities and reoriented and reacquainted themselves with one another. Russia on its part realized after much hardship that the US contrary to its public postures had little interest in building a strong Russia. Restoring the greatness of Russia is one of the central foreign policy goals of Mr. Putin. India must prepare itself for a more assertive and pragmatic Russian foreign policy. Russia, though a pale shadow of the former Soviet Union matters even today because it possesses a vast nuclear arsenal abundant quantities of fissile material and the technology and know-how to build weapons of mass destruction. Its geo-strategic location bordering Europe, Middle East and East Asia make it difficult to be ignored. Moreover Russia retains veto in UN Security Council, last but not the least it is richly endowed with natural resources and well-
educated population which together give it considerable economic potential over the long run. For India, therefore, it makes sound sense to befriend this largest Eurasian power which can be a source of useful technologies and is itself on the look for markets and economic collaborations.

The life breathed into Indo-Russian relation by the Yeltsin visit of 1993 has reached a new peak with the recently concluded visit of Russian President Mr. Putin. Moscow and New Delhi are rapidly warming towards each other. The ruling elites in both the countries have begun to look at these relations with an open mind and without any ideological overtones. This is reflected in the recent tendencies in the relations between the two countries, both in geo-economic and geo-strategic terms. These relations have both continuity and change, though it will be incorrect to equate Indo-Russian Relations with the Indo-Soviet Relations. The driving force behind Indo-Russian relations in the beginning of the 21st century is commonality of geo-political and geo-economic interests of both the countries in the new historical conditions. Notwithstanding that both the countries are witnessing changes in their internal economic and political structures. It is relevant to mention here that India and Russia have reaffirmed a long-standing friendship through the adoption of the Delhi Declaration on Further Consolidation of Strategic Partnership and the other protocols signed and decisions taken in the course of the visit by the Russian President, Vladimir Putin in the beginning of December 2002. With both countries struggling to define their relations with other major players on the global stage—in a situation where the rules of international politics are in a state of flux and where the terms of the economic interaction between nations are being reset.
This summit between the Indian and Russian leaderships was of significance for the affirmation of continuity and mutual reassurance that it symbolized. What has added substance to it is the reinforcement of the faith that there is a real convergence of perspectives on issues as wide-ranging as the phenomenon of terrorism, ensuring the security of nuclear weapon stockpiles in a world facing a new assortment of threats and challenges, the conservation and promotion of multipolarity in global politics. Besides this it underlined the need for both the countries to make adjustments in the course of globalization, and on issues specific to South, Central and West Asia. Russia's belief that India can and should make a substantial contribution to the evolution of a strong global consensus on these issues was revealed in its open support of the Indian campaign for a permanent seat in the United Nations Security Council. It is also pertinent to mention here that Russia during Delhi summit reaffirmed "its support to India as a deserving and strong candidate for the permanent membership in an expanded UN Security Council".

The harsh reality is that in the beginning of the present century organized terrorism and religious fundamentalism are threatening the stability of a large number of countries and in this sense it is the most dangerous development in world politics. Both Russia and India are victims of violence fuelled by fundamentalist ideology and it is natural that the two countries should strengthen their cooperation on the issue for mutual benefit. The terrorist movements in various countries are not localized problems, but feed each other through ideological and material support flowing across international borders. Russia and India have emphasized that the open societies of their countries have been vulnerable to the threats posed by globalization of terror, including new
manifestations of linkage between terrorism and weapons of mass destruction. President A.P.J. Abdul Kalam in his banquet speech on the occasion of President Putin's visit recalled how the Russian President Putin on his previous visit to India had referred to the "arc of instability" stretching from the Caucasus to Southeast Asia. The Indian President pointedly mentions that "the epicenter of this arc is of course in our common neighborhood". President Putin was equally forthright when in a strong and clear message, he asked Pakistan to put a stop to infiltration across the Line of Control in Jammu and Kashmir and liquidate terror infrastructure within its boundaries. He further said "Islamabad should cut all routes of infiltration across the Line of Control and increase its efforts to dismantle terror infrastructure in the region" at a press conference in New Delhi. Mr. Putin further said the international community should be sensitized on the dangers spread of weapons of mass destruction and it's falling into the hands of terrorists. Another significant achievement of the summit was that the concept of "strategic partnership" between India and Russia was not only reiterated but given a concrete content. This has to be seen in the context of the fact that there are no areas of conflict of interests between the two countries. The Indian interests demand that New Delhi takes initiatives for broader strategic understanding with Moscow. It would be pertinent to point out that Russia has shown a greater understanding of India's security concerns; whatever its formal position on non-proliferation nuclear weapon issues. If Russian and US cooperation on nuclear issues grows into a strategic arrangement, Moscow may distance itself from India. Russia has still not changed its stand on desirability of India to sign the CTBT; neither Russia has intentions of recognizing India as nuclear power. However
Russian is likely to assist India to meet its requirement of nuclear energy, for peaceful purposes. Russian Deputy Prime Minister has made it clear that international restrictions would not come in the way of Indo–Russian nuclear cooperation.

The concept of 'Strategic Partnership' between India and Russia has put Indo–Russian relations at a qualitatively higher level. The importance of the declaration of strategic partnership between India Russia is that it promises, economic, political, scientific and cultural cooperation, it broadens the areas of relationship between Russia and India but shifts away from a privileged defense oriented relationship. This is an important component of concept of the strategic partnership. This was to be expected as Russia is no longer in a position to extend long term defense related security assistance to India.

The importance of the declaration of strategic partnership signed in the end of year 2000 between India and Russia is that it promises economic, political, scientific and cultural cooperation. Equally significant is that the two countries will not only share vital information, old consultations on important issues and evolve joint decision to face international terrorism. The establishment of an inter–governmental commission on defense matters between the two countries is another fact of this partnership. Above all India and Russia have pledged to work for a multipolar world based on sovereignty equality of states. India and Russia have pledged to work for a multipolar world based on sovereign equality of states. The relations asserted that international relation should be democratized and legitimate security interests of the nations be recognized. In the same context concern was expressed by Russia about
the doctrine of humanitarian intervention being propagated the US administration. These are areas where strategic partnership between India and Russia will benefit both the countries.

Geo-strategic interests of Russia and India coincide in many spheres and they share special security concerns regarding Islamic fundamentalism. A link between Russia and India to limit the Talibanisation of the Central Asian states is necessary. The hegemonic designs and unilateral threats of use of force by USA and China is another area of convergence of Russian and Indian interests. Both for India and Russia constructive engagement of China and a non adversarial relationship with the USA are strategic necessities. However it may be difficult to engage the USA and China constructively at the same time and it is in this sphere Russia and India have to achieve long term strategic consensus. The Indo-Russia "strategic partnership" cannot be directed against other countries. It is designed to moderate the rigors of any dominances in this region, to promote a better political and economic balance, to create a healthier atmosphere for cooperation in this region and to push for peaceful but somewhat more equal role for various countries in the world.

Finally, in the area of bilateral relations, strategic cooperation between the two countries growing defense cooperation should not be underestimated in the larger national interests of the two countries for peace and security. However, this study shows that in the sphere of economic cooperation, there is a big lag. The two countries are making an effort to address the deficiency in bilateral trade which stands in such marked contrast to the very wholesome relationship they share in almost every other sphere.
It would be best for India to develop a lasting bilateral relationship with Russia based on long-term convergence of interests rather than several short-term agreements. In the current strategic environment the United States and its European allies are following the policy of marginalizing Russia, taking advantage of its current economic difficulties. The growing Chinese power and its affect on the global security have degraded Russia's standing as the second most powerful country in the world. However Russia may be out of the woods soon and new global equations may emerge. India should reassess its security requirements and re-evaluate, its political and economic ties with Russian in this light.

India and Russia will have to develop their relations beyond the present defining moment. In a seminar on Indo-Russian relations the visiting Russian Chairman of the Duma Committee on Security Affairs said that such a possibility of Indo-Russian collaboration could be thought of in the future. India, along with Russia, has to develop a strategy of joint interdiction. If it exists for fighting terrorism, it could also be worked out for larger geostrategic long-term interests. The advantage of this would be the following. Firstly, it will show to what extent the US is prepared to go with us on the Pakistan issue and Central Asia. This may also draw Russia out of its parameters of the Chinese strategic partnership. Currently both Russia and the US have closer relation with China and Pakistan respectively than does India has. But there is a prediction that because of Oil the West and Russia may have conflict from Iraq to the Caspian Sea through Central Asia. Since we notice that the oil interests dominate the global politics a higher level relationship with Russia may be worth its futuristic while in geopolitical and geostrategic terms.
Central Asia has emerged with new national identities and aspirations. They collectively form a key area of great international significance because of economic potential, rich oil resources that rival the Middle East. During the past decade this region has been the target of direct and indirect attacks of the Islamic fundamentalist regime based in Afghanistan. India has yet to make a serious effort to build appropriate economic and strategic ties with the countries of this important region. Russia remains the most important player in this region despite the efforts of the US and its allies to establish themselves here, India should develop a cooperative programme with Russia to gain influence in this area. India will also require Russia's cooperation to combat obstacles that would be created by Pakistan with the help of Islamic extremist groups to discourage India's access to Central Asia. The propagation of the concept of a multi-polar world is shared by Russia and India, strategic partnership between the two countries will be necessary for evolving this concept. The expansion of NATO and the latest American strategy of pre-emptive military action against those countries that do not share the American worldview have lent urgency to an integrated approach to counter hegemonic policies of the US administration. The issues that have brought the countries close in the past are strategically vital for both the countries. In the foreseeable future the issues of common interest such as USA's hegemonic designs, international terrorism and sponsored Jehadi terrorist movements will remain of vital concern both to Russia and India.

Long-term strategic ties between Russia and India will be idle for the interest of both the countries and they can forge closer ties on the following lines.
1. A formal agreement for close cooperation in countering Jehadi movement and terrorism is necessary under the present environment as both the countries face a long-term threat from a common source.

2. Joint training by the special forces of the two countries and combined intelligence operations will help both the countries and put the terrorists and the Jehadi groups on the defensive. Joint operations for cutting off the sources of finances and arms supplies to terrorists if carried out successfully will hamper terrorist operations greatly.

3. A mutual security arrangement to curb low intensity conflicts in either country, preparation of joint doctrines to combat separatist movements sponsored by external agencies such as Islamic Jehad. Sharing of intelligence to uncover insurgent's plans and movements.

4. Tie up on research on weapons and armaments and exchange of information on new weapons systems and technologies. This should be managed by norms and principles laid down by the joint working groups for achieving quicker results.

In the area of defense cooperation, the relations between India and Russia are being upgraded. Long-term military and technical cooperation agreement till 2010 has already been signed between the two countries. This agreement was signed in December 1998. This agreement if implemented may have a far reaching significant both for regional security and international stability. This agreement should be assessed in the context of rise of terrorism, secessionism and ethnic conflicts.
In the past India had relied on the Soviet Union as the most reliable strategic partner and weapon supplier. India sees Russia as a source of supply for defense equipment. The export controls, nonproliferation policies and unreliability of supplies and denial of key military technology to India by the West, make Indo-Russian defense cooperation a long-term stable option.

In today's world weapons trade is a unique type of business in the international market. Leading industrial powers as well as a few developing countries focus on their defense industries by actively promoting R&D in order to modernize, upgrade and consolidate their defense industrial base for national security and economic returns as well. In the era of intense competition in the international arms market which has been dominated by the United States-Russian defence companies are seeking to supply any armaments from basic to the highly sophisticated ones and many developing countries see Russia as a source for their military equipment. The stress on arms exports is taking place in conditions where the macroeconomic situation is grim. Russia requires hard economic reforms for its growth. The government is committed to radical economic reforms aimed at integrating Russia to the global economy. Developing new armaments through joint collaboration with other countries is a salient feature of the present Russian corporate policy.

There is a feeling, I do not know how far correct, that Russian technology is outdated and more expensive. But I can firmly say that Russian armaments and military hardware are the most competitive in today's world market. The combat characteristic are in no way inferior to the armaments and military hardware being sold by the West. The combat
aircraft of Su and MIG family are known in the world for their unique flight characteristics. Diesel electric submarines of the 877EKM and 636 models are in great demand. 'Smerch' multi-launch fire systems, 'BMP-3' infantry combat vehicles, 'T-80U' and 'T-90S' tanks, air-defence systems 'S-300PMU-1 'S-300- V' 'Buk-M-1', 'Tunguska self propelled SAMs' and 'Igla' are in good demand in the international arms market.

The bilateral defence relationship included joint research and development, scientist to scientist interaction and service to service contacts between the two countries have begun to take a concrete shape. President Dr. Kalam, for instance, pointed out at a banquet that "the joint supersonic cruise missile is a unique example for the partnership between our two countries in critical areas of research and development". This shows Indo-Russian cooperation in this strategic area is growing. This is further confirmed by the fact India and Russia have signed a protocol under which exports of armament system manufactured in India under licence from Russia to third countries will be considered on a case by case basis. Hindustan Aeronautics Limited (HAL) had already exported MiG. 21 spares to 17 countries under various agreements this protocol would enable future exports of missiles and spares of advanced fighter jets.

In the conclusion I would say, our trade relations are not absolutely commensurate to our mature political relationship and fall short of huge potential. We can have a really matured, enduring relation if our political co-operation matches to our trade and economic relations. Plenty of opportunities are there for taking our trade and economic ties to a new plateau. The opening of Russian economy and the process of economic
reform in India create a lot of new opportunities to invest in each other's economy and go for the business ties. But lack of right information about each other's yet stands an obstacle on the way of the big business. We should create an atmosphere of trust between ourselves through a long-term joint venture co-operation between different sectors of our economy.

Several important agreements have been signed between these two countries during the last couple of years. An intergovernmental Russian Indian committee on trade economical scientific-technical and cultural cooperation has been functioning since 1994. I think serious legal basis and real economical interest of both countries provide good objective conditions for expansion of mutually beneficial co-operation in future.

I feel Indian manufacturers, traders and exporters should adapt themselves to change conditions, if they do not want to lose the Russian market further. The new realities are now the entry of Americans, Europeans, Chinese and South East Asian countries in a big way in the Russian market, both in light and high tech industrial fields and there are stiff competitions. These countries provide sophisticated and high quality goods. In the last few years, Russians have become quality conscious and their tastes and liking have changed considerably. It particularly applies to big cities like Moscow and St. Petersburg, with the new rich class of Russians. Indian goods have limited scope of finding favor with such buyers, so we must improve our quality and take some other measures to compete successfully with the rivals.
In the years to come India will have to do a number of things to increase its trade turnover with Russia. Its business houses will have to have an effective presence in Russia to explore and study the possibilities of widening trade relations as well as taking them to a new high. It will face competition from countries like China, South Korea and others. In the fields like information technology, it can do better. There is no dearth of Russian speaking trained engineers in India who are familiar with the environment and prevailing needs in Russia. Meantime, financial sector seems to be more organized and stabilized. Besides, there are great possibilities in areas like tourism and scientific and technological collaboration. The two countries take steps to modernize and technologically update enterprises set up during pre-1991 eras.

Thus on the assumption that Russia under the leadership of Vladimir Putin will be able to invigorate the economy and solve at least major problems mentioned above, there can be a window of opportunity for India to promote and boost trade relations with Russia. But for achieving this it may be necessary for the Indian policy makers and business community to work out appropriate strategy for promoting trade.

India has a pending debt of about $4 billion to be repaid in the next 5 years. Moreover, with fresh defence purchases of $3 billion, the total debt burden will increase to more than $7 billion in the coming years. Hence if serious efforts are not made, India will have to suffer persisting adverse trade balance with Russia. Therefore, it is in India's own interest to make all efforts to boost exports in Russia. In this context it is worth appreciating that against total trade turnover of $1.57 billion in, 1999, a
target of $5 billion has been set by the Indian business community. While this target seems to be rather ambitious but it is not unachievable if an appropriate strategy is worked out and implemented. But for achieving this target several serious efforts are to be made.

Some points for consideration as suggestions are the following:

1. There is urgent need for transparency and regularity in the utilisation of Debt Repayment funds by the Russian authorities. This would promote exports from India by established and reputed Indian firms on a competitive basis and this will be in the interest of both India and Russia to ensure supply of right quality products and maintaining punctuality of delivery schedules etc.

2. Against the traditional approach of promoting and emphasizing only on export trade, it is necessary that greater attention be given to promote economic activities pertaining to joint ventures and production sharing etc. Areas of activity identified by the CII and FICCI such as IT, pharmaceuticals, diamond cutting etc. deserve particular attention.

3. There are other areas and branches such as exploration and exploitation of non-ferrous minerals, exploitation of forest based products (including paper manufacturing, and manufacture of consumer goods including textile fabrics and apparels, knitwear garments, food processing etc. in which India can be competitive in the Russian market and has an advantage. Similarly, in areas such as soft-wear sector, development of tourism etc. hold some promise and need to be explored for the mutual benefit of both India and Russia.
4. Needless to emphasize those due legal and financial guarantees be obtained from the Russian side both from appropriate Russian organisations and official bodies to ensure that joint ventures function without major obstacles.

5. Russian policy makers are now giving greater emphasis on promoting small and medium enterprises in their country. India has a fairly good record of long experience in this regard which may be of some relevance for the development of entrepreneurship skills in different regions in Russia. At the same time, it is desirable and even necessary that in the growing dynamic and promising Russian economic context, large and reputed Indian industrial houses which have withdrawn or shied away from the Russian market should take a fresh look and initiative in undertaking joint ventures and/or production sharing activities to make a significant impact on India–Russia economic relations. A part of Debt Repayment Funds (DRF) can be utilised for promoting such joint ventures to be set up in Russia for which machinery and equipment can be exported from India. It will be worthwhile to create 'India–Russia Venture–Capital Fund' of say $5 billion for promoting joint ventures in Russia and India. The Governments of both India and Russia should contribute in creating such a fund. In fact, some part of the balance of the DRF can be earmarked for this purpose. In addition to these, banking and other financial institutions and the private sector organisations in India and Russia should also be associated in this regard both for creating such a fund and for managing it on sound business principles.
In the oil sector the scope for collaboration can be explored. This will benefit both the countries. We should pay special emphasis on building strategic alliances with Russia in the energy sector as an area of priority attention in the area of bilateral cooperation. This is also a crucial element in our goal of energy security. Russia today is the leading oil and gas exporter of the world. Quite opposite is the situation with fuels in India. By 2020, according to Observer Research Foundation, 45% of the growth in demand for oil is anticipated from India. Most of India’s oil will have to be imported by that time. There is also a large potential demand for imported gas in India.

Indian entrepreneurs can collaborate with their Russian counterparts in infrastructure sector like building metro railways, setting up power plants, constructing and operating hotels, etc.

Another area of Indo-Russian cooperation could be the import of Russian gold and joint production and sales of gold jewellery not only for meeting the requirements of the local population of the two countries but also exporting them to third countries. Indian entrepreneurs can collaborate by importing gold, rough diamonds and gems from Russia and refining and converting them into ornaments for export to the world market. Indian craftsmanship has already established its reputation. While Russia is among the largest producers of diamonds, India possesses the largest diamond processing capacity and excellent skills. The same may be said about gold. One of the important items that could be added to Russian exports is high-quality stones. In the past, Indian and
Russian diamond industries only worked together via De Beers. With the dismantling of De Beers' global monopoly in diamonds, this could add a new sparkle to Indo-Russian ties. Indian diamond merchant would be able to obtain diamonds at a cheaper rate.

9. India should continue to benefit from Russian equipment and technology in exploration, extraction and transportation of hydrocarbons, construction of thermo-hydro nuclear power plants and high tension transmission lines, modernizing and widening highways and space exploration.

10. Collaboration in aircraft manufacture could be another field of Indo-Russian cooperation. Russia is still the only country apart from the USA and the European Union to have capacity to manufacture aircraft. While Boeing (USA) and Airbus Industries (European Union) are the only aircraft manufacturers, Russia has the capacity for manufacturing aircraft for short-haul routes.

11. Moreover in the sphere of science and technology there are tremendous possibilities for collaboration. This is another important area where Indian and Russian can work together in CARs. Both the countries can develop the human resource potential in this region. India and Russia has the best scientific manpower but the need is to pool this manpower. In this context, example of Tajikistan can be given. There is dire need of electricity in Tajikistan whereas Russia has surplus electricity. Therefore Indian manpower can work with Russia (which has the technology) and the whole of Tajikistan could be lighted with this collective effort.
12. Export of Indian software and hardware such as IT including advanced computing to this region could be another important area of cooperation. India has already shown its desire to build a major software development center in Central Asia.

13. There are other areas of cooperation. For example in their assessment, given skilled manpower from India and Russia's strong R and D base coupled with hardware design capabilities, there is vast scope for the two countries to collaborate in areas, biotech (including pharmaceuticals), telecommunication, training of personnel in managerial and financial services and so on.

14. Potential in the auto manufacturing, mainly the light motor vehicles (LMVs) also exist.

15. There is a great possibility of translating and publishing literary and scientific works written by Indian and Russian scholars in their respective languages.

Possible Measures for Greater Cooperation

Some possible measures for greater cooperation between India and Russia could be:

➢ Exploration of Production Possibilities

Indian and Russian firms could enter into co-production and sales arrangements for the conversion into finished goods of mutually supplied raw and other materials, their packaging and delivery to end users. A beginning has already been made in Russia's light and food industry and
in packaging and sales of medicines, tea, office and spices bought in India. Such co-production and marketing can be extended to other India made products. There are ample opportunities to collaborate for Indians to have joint ventures in Russia. The areas include petrochemicals, telecommunications and development of port facilities in the Black Sea region. Departmental stores, fast food chains and hotel industry also offer investment possibilities in Russia. Indian joint ventures in Russia can also help us in penetrating the European market. Many Indian firms have gone to Russia in a big way. Lakme had several distribution outlets there. Hindustan Lever and Ganpati Exports have increased their efforts substantially. Lupin Laboratories and Nirma have their ventures in Russia. Alpha Group, Procter and Gamble and BPL are also setting up their manufacturing units.

**Establishment of Joint Ventures**

Russia and India have agreed to set up a joint venture to make the spares necessary to maintain aircrafts of Russian origin in India. Again, India is still heavily dependent on Soviet arms and there have been problems connected with the availability of spare parts. Joint ventures could be established to produce these parts in India for use in India and export to other countries that use Soviet Equipment. Though 256 joint ventures with participation of Indian firms with an investment of $18 million were registered in Russia, they were engaged mainly in short-term trade operations and not in setting up industrial ventures in Russia. Indian companies should find it interesting to step into Russia with joint venture arrangements. Companies like Ranbaxy or Cipla in the field of pharmaceuticals, Hindustan Lever in the field of detergents and Britannia
in the field of biscuits, could find it interesting to work out joint venture arrangements with suitable Russian private enterprises. Financing of some of these joint ventures could come from the Rupee Debt finds available to the Russian enterprises.

**Oil and Energy Sector**

The most important area where India and Russia can work together is energy sector. In recent years, joint collaboration has assumed a new meaning in the energy sector. Russia is a major energy power with rich experience in energy diplomacy. Its reemergence as an energy power is an important change in international energy security structure.

**Sakhalin oil Projects**

Indo-Russian cooperation in the field of oil and energy production will help meet India's growing demand for import of oil. Indian companies are venturing aggressively in to the Russian energy market. ONGC Videsh, the foreign investment subsidiary of the ONGC, signed a deal with Russian oil company Rosneft on 10 February, 2001 to invest $1.75 billion on a 20 per cent stake on Sakhalin-I project along with Japan's Sodeco and Exxon Mobil Corporation, who have 30 per cent stake each. Russia itself has just 20 per cent share. The target year for start of production is 2005 and India expects to get 2.5 to 5 million tons of crude oil per year as its equity share.9 The Sakhalin is an ongoing programme with at least five different projects of oil exploration conceived at present in different stages that will keep India engaged with Rosneft for many years to come. Negotiations are... for Sakhalin 11 project and Bharat Petroleum would participate with Rosneft at a later stage for full-fledged exploitation of Sakhalin oil and natural gas.
There is yet another factor which has to be taken into account. Russia is today the second largest oil exporter and third largest producer after the US and Saudi Arabia. Its production is 7.25 mbd. Oil production is crucial for the country’s economic revival. Its proven oil reserves is 49 billion barrels (bb) though according to some estimate proven reserves are closer to around 60–70 bb. Russia is in a position to be one of the world's major oil suppliers. It provides 16 per cent of Europe's oil requirement. It is trying to establish an energy corridor along—with other Central Asian countries to East Asia. We should pay special emphasis on building strategic alliances with Russia in the energy sector as an area of priority attention in the area of bilateral cooperation. This is also a crucial element in our goal of energy security. Russia today is the leading oil and gas exporter of the world. Quite opposite is the situation with fuels in India. By 2020, according to Observer Research Foundation, 45% of the growth in demand for oil is anticipated from India. Most of India’s oil will have to be imported by that time. There is also large potential demand for imported gas in India.

Kudankulam joint venture

In the nuclear energy sector, Kudankulam joint venture along a 25 kilometer strip from Kanyakumari across the Gulf of Mannar, is by far the biggest one in recent years. Initially signed between the former USSR and India in November, 1988, India is to finance 46 per cent of the construction cost, while Russia provides a credit for the rest of the 54 per cent at 4 per cent interest to be repaid after commissioning of the power plant in 2007. Designed to be built at a cost of 140 billion rupees, this nuclear power plant was projected to provide India 2000 Mwe nuclear
power from two reactors. However, subsequent induction of a new Light Water Reactor, based on latest technology could provide a fillip to the proposed facility, enabling the project to produce another 6000 Mwe of nuclear power by 2020.8 Thus, when India will receive an additional 8000 Mwe of power from Kudankulam, the project would be a salutary addition to Indo-Russian joint ventures. It would immensely benefit the state of Tamilnadu and its neighboring states and boost India’s energy security system. But for now, the work is in full swing, while everyone is looking forward to the target year of power production –2007 for the first reactor and 2008 for the second one.

> **North–South Transport corridor**

Both India and Russia want central Asia to be part of an extended trade network through North–South Transport corridor. This intergovernmental agreement between India, Iran and Russia was signed in St. Petersburg on 12 September 2002. This agreement has been ratified by all the three signatory states and came into force on 16 May 2002. This corridor will facilitate easier movement of goods along the corridor connecting India through the sea route to Iran and then via the Caspian Sea to the Russian Federation and to Europe. This route will follow the path taken by Russian traveler Afnasy Nikitin who performed his overland and sea route from the Russian city of Tver in North Russia to India across the Caspian and the Arabian Sea. Work is underway for construction of a 250 kilometer–long railway line linking Bakdash on the Korobogozgol Bay on the Caspian Sea in Turkmenistan to Yeralievo in Kazakhstan. From Yeralievo to Russia the railway line is already functional; ships will carry the railway train across the Arabian Sea from
the Persian Gulf port of Bandar Abbas. This route will not only open the
corridor for trade between Russia and India but also to CARs. India has
also agreed to construct a 200–kilometer stretch of road in Afghanistan to
facilitate transport of goods from the Iranian port of Chabahar to
Afghanistan. India, Iran and Afghanistan signed a memorandum of
The memorandum provides for the building facilities on roads and at
ports via Chabahar–Zabol–Zaranj Delaram route. This route would
increase the connectivity not only with Afghanistan but in future through
Tajikistan with Central Asian states as well shorten the transportation
time by 10 days in comparison to the route through the Suez and will be
much cheaper.

Role of Chambers of Commerce

The Federation of Indian Chambers of Commerce and Industry
(FICCI) have been playing a major role to promote cooperation between
Indian and Russian businessmen. FICCI has set up a composite agenda
for firms and Governments of both the countries to be implemented in the
first decade of this century, CII also organized a delegation to Russia in
September 2000. It organized another delegation to Russia in September
2001 with the participation of major Indian companies, to examine ways
of setting up joint ventures, joint investment, joint marketing of each
others' products, etc. To enhance bilateral trade relationships, the Russian
Federation, the Confederation of Indian Industry (CII) has opened a
representative office in Moscow in October 2001. All these efforts will
definitely lead to improvement in Indo-Russian trade and economic
relations.
Let us hope that the visit of President Putin, the greatest friend of India as he himself declared at the time of his meeting with our Defense Minister George Fernandes will be useful and fruitful in different spheres of our time-tested friendly relations. But lot depends on Indian side too especially in the economic and trade field. We have to be more professional and realistic in our business outlook. India has great potentialities but they have to be used properly, scientifically and rationally with combined efforts of all the parties concerned. Of course the Russian side also has to contribute a lot in this effort.

Moreover, India and Russia have a common perception on many issues of vital importance of international peace, security, ethnic conflicts, international terrorism, drug trafficking and menace of religious fundamentalism. It is in this background that I have in this research attempted to critically evaluate the new tendencies in the Indo-Russian relations and in the internal changes which Russia is undergoing both in its political superstructure and economic system. It is too early to make futuristic predictions about these developments because they are still in a formative stage.

Indian experts on Russia on the basis of research work seem to have come to the conclusion that the United States and other Western countries have yet to get over their old assessments about the Soviet Union and the pre-Soviet era. Above all, all said and done Russia continues to be a major military power and its nuclear and space technology cannot be ignored. Therefore, even after the disintegration of the Soviet Union, militarily Russia continues to be a super power.
Despite ups and downs, India's relations with Russia have developed in a unique and specific way and future relations would be sustained by commonality of interests. Without any doubt it can be said that the current Indo-Russian relations are based on the new global reality.

In conclusion it can safely be said that mid-and long-term prospects of Indo-Russian interaction give cause for cheer and optimism. Moscow and New Delhi are now clearer on the main advantages of cooperation, which is now mature enough and close enough to start assuming the dimensions of a cooperative partnership. In order to keep pace with the potential for further cooperation, national leaders from both the country need to exercise political wisdom, pragmatic courage and revolutionary vision. To their advantage, they enjoy overwhelming sympathies and friendly feelings between our two nations that, besides geography, constitute an integral part of real geo-politics.