

BEAR HUG: ON INDIA STRENGTHENING RELATIONS WITH RUSSIA

Relevant for: International Relations | Topic: India - Russia

Unveiling the Russian edition of India's 'Look East, Act East' policy, [Prime Minister Narendra Modi pledged on Thursday to extend a \\$1 billion Line of Credit to Russia's Far East region](#) (RFE). Speaking at the Eastern Economic Forum in Vladivostok, [set up by Russian President Vladimir Putin to attract investment](#) to the farthest outlying East Siberian and Arctic-pole areas of the country, Mr. Modi said that the announcement of the LOC, expected to help finance Indian business projects in the region, will be the "take-off point for Act Far East", and will further strengthen bilateral ties. Mr. Modi's visit saw several initiatives being launched towards increasing the value of economic ties between the two countries, which, at approximately \$10 billion in terms of bilateral trade, lags far behind their strategic partnership and defence relationship. In the past year alone, India has contracted defence deals worth about \$14.5 billion from Russia. Chief among the 50 agreements signed this week were those on energy exploration and procurement, including a specific MoU on cooperation on LNG supplies to India, and a maritime route from Vladivostok to Chennai which will be used for energy trade as well. The two sides also agreed on a five-year 'roadmap' for cooperation on prospecting for hydrocarbons and LNG in the Far East and the Arctic, building on a history of Indian investment in oilfields in the region.

Beyond the bilateral aspect, the PM's pivot to Russia's Far East has far-reaching strategic implications. The emphasis on energy from this region is as much a bid to benefit from explorations and trade routes in the Arctic that are becoming accessible due to global warming, as it is reflective of India's desire to diversify its energy sources away from an unstable West Asia. The investment in the Far East, which is often neglected given that Russia is seen as a European power in the post-Soviet era, also underlines India's desire to draw Russia into its strategic forays in the Indo-Pacific. The government has said it welcomes cooperation with other countries for investments in RFE, notably Japan, which has in the past few years warmed up to Russia, despite their bitter territorial dispute in the region. This interest is seen as India's attempt to not only keep a traditional friend close, but to ensure some space in the current clinch between Russia and China. China's cross-border investment in RFE accounts for 71% of the total direct foreign investment of \$33 billion. Above all, the push to 'Act Far East' allows India to demonstrate its commitment to an area of concern for Moscow, thus reassuring its traditional partner that in an increasingly polarised world, India is confident of working with multiple alignments, even if they are at cross purposes with each other.

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