

## GIVING AGE-OLD TIES A NEW SHINE

Relevant for: International Relations | Topic: India - Russia

Despite the Russia-India-China triangle reconciling on a shared vision and responsibility for the future of Eurasia, watchfulness resurfaces behind the curtains. As the U.S.-China trade war is tending to get out of hand and China may invigorate its outreach throughout the continent to toss American presence, the strategic triangle might soon face increased pressure that could challenge the existing balance of power.

Though Russia and India benefit from the current status quo in interactions, enhanced exchange and geopolitical coordination, neither country is interested in becoming hostage to China's galloping regional ambitions. New Delhi is specifically concerned about Moscow growing more dependent on Beijing, while the Kremlin wants to avoid possible rifts in China-Indian relations.

Such beliefs act as powerful catalysers to boost more fruitful cooperation between the two nations on a number of areas.

In 2017, the bilateral economic turnout grew by almost 22% and by more than 17% last year; trade is projected to touch \$30 billion by 2025. Despite Russia's well-known trade model that is often marked by asymmetry, exporting raw materials and importing value-added products, this does not seem to be the case with India any longer.

A few years ago, Russia's oil giant, Rosneft, invested \$12.9 billion in India's second largest private oil refiner, Essar Oil, marking one of the biggest foreign investments in years. Russia is also studying the feasibility of the Nagpur-Secunderabad High Speed Rail and the construction of major energy and transportation projects.

Petrochemicals is another area that Russian companies are looking at. India is now the world's fastest growing market for butyl rubber and halogenated butyl rubber thanks to its rapidly expanding car manufacturing industry which is pushing for electric vehicles. In February 2012, Sibur and Reliance Industries entered into a joint venture, setting up the Reliance Sibur Elastomers Private Limited in Jamnagar, Gujarat. The region's first butyl rubber halogenation plant is set to become operational this year and has a capacity of 120 ktpa of butyl rubber and 60 ktpa of halogenated butyl rubber, respectively. In addition, Sibur has agreed to share proprietary butyl rubber technology, staff training and access to the complex equipment of polymerisation reactors, which is unprecedented for a Russia company and marks a unique case of partnership between the two countries.

The new areas of cooperation contribute to those where India and Russia have already developed a relatively stable pattern of interaction and exercise evolved traditions on the state level. Dwarfed by the Soviet times and experiencing an overall decrease in total market share, Russia, nonetheless, continues to serve as the largest arms supplier and just recently signed an agreement to carry payments through national currencies to circumvent the Countering America's Adversaries Through Sanctions Act norms of the U.S.

In October last, Moscow and New Delhi signed a \$5-billion S-400 air-defence system deal that is among the agreements cumulatively worth \$10-billion. The list includes joint production of Kamov Ka-226T helicopters, four Admiral Grigorovich-class frigates and a joint venture in Amethi, Uttar Pradesh, producing 750,000 Kalashnikov AK-203 rifles. More deals are under way, including acquiring additional Su-30 MKI and about 21 MiG-29 fighters, as well as possible participation in the multi-billion 'Project 75' of the Indian Navy and the Indian Air Force's contract

for 114 fighter jets.

Strong personal ties between Russian President Vladimir Putin and the Indian Prime Minister Narendra Modi act as additional powerful catalysers. Moscow played a key role in facilitating India's membership in the Shanghai Cooperation Organisation, which allegedly helped to dilute China's dominance. Mr. Modi has also become a regular at Russia's key national events and the two met during the Russia-India Summit on September 4-5.

Demand to boost relations also prevails in the corridors of the Kremlin. Currently, China's GDP is four times larger and defence spending almost three times bigger than that of India. As both nations also have prolonged territorial disputes that occasionally turn into border stand-offs, a peaceful exchange between New Delhi and Beijing is perceived as fragile and Moscow's balancing role seen to be in high demand.

Russia's relations with India rely on traditions that follow from Soviet times and encompass New Delhi's quest to sustain balanced and diversified policy that keeps enough space for manoeuvring.

In 1971, India signed a treaty of friendship and cooperation with the Soviet Union to balance a China-U.S. rapprochement, a move that performs a vital role in Russia's interpretation of Indian foreign policy till date. Thus, Moscow is aware of New Delhi's long-term quest to diversify its economic and political relations to preserve maximum independence in decision-making. In effect, close U.S.-India relations do not seem to be having a serious impact on the exchange.

Despite the agreement to bypass U.S. sanctions and use of national currencies with Moscow, New Delhi is still hoping to acquire a waiver from the White House. India acknowledges Washington's support in its claim for a permanent seat at the United Nations Security Council. India has also benefited from the rift in Pakistan-U.S. relations that emerged under the Trump administration and it became more assertive in Kashmir by revoking its special status.

Although Russia acknowledges its augmenting dependence on China, it also envisions potential threats to the current balance of power in Eurasia. Unlike in Europe, however, Moscow is not willing to punch above its weight and prefers the role of an intermediary. New Delhi acknowledges Moscow's growing dependence on Beijing that has accelerated amid the Kremlin's never-ending melee with the West. Nevertheless, with the Eurasian balance of power at stake, the need to bet on each other seems to be a shared strategy that supplies strong impetus to greater cooperation.

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