



Indo- Russia Political and Economic ties during Manmohan Singh Tenure

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Abstract:

This paper analysed the Indo- Russia political and economic relations during Manmohan Singh's leadership. During Prime Minister Dr. Manmohan Singh's tenure (2004-2014), India-Russia ties were cordial, stable, and characterized by mutual trust and respect. The political relationship with Russia has become the most important part of our relationship with them. But they still need each other for economic reasons. During the Soviet Era, they had a strong bond that was defined by close collaboration at the highest levels. But when the Soviet Union fell apart, it created problems because the new Russian Federation needed to figure out how to deal with its foreign policy. Despite these problems, both countries tried to re-establish their relationship. From 2000, these ties had grown into a complete "strategic partnership," with significant contribution of Russian President Vladimir V. Putin, whose role has been both unique and impactful. Russia has always played a significant role in India's foreign policy under Manmohan Singh. A lot of Indian officials think that a strong Russia is important for supporting a rule-based global system, and advocating multipolarity, which means that power is shared between several big countries instead of being controlled by one. The economic relationship has often been the weakest link in India-Russia relations, but annual summits and regular ministerial-level meetings have increased political and economic cooperation between the two nations.

Key Words:- political, economic, relations, ties, cooperation, partnership

Introduction

During the Soviet era, India and Russia had strong ties at the highest levels. However, when the Soviet Union disintegrated, the newly established Russian Federation faced difficulties and tried to restructure its foreign policy, which had an impact on its relations with India. Despite these problems, both countries made attempts to renew their partnership. They signed the Treaty of Friendship and Cooperation in 1993, followed by the Military-Technical Cooperation Agreement in 1994. At the same time, Russia's Boris Yeltsin adopted a pro-Western foreign policy, while India began liberalizing its economic system and looking to the West for investment and trading.¹

India required Russian machines and technology, whereas Russia needed Indian products for its citizens. The two nations also wanted to make the world economy fairer to all. Indo-Russian political relations have already reached a high level of mutual understanding. This is because India and Russia have similar national interests. The year 2000, these ties had grown to the level of "strategic partnership." The new Russian President, Mr. Vladimir V. Putin, has always been a unique and rare contributor in this area.

No doubt, the signing of the Strategic Partnership in 2000 was the first major milestone in India-Russia ties after the demise of the Soviet Union. President Vladimir Putin described it as "a truly historic step," while Prime Minister Manmohan Singh praised him as "a valued friend of India and the original architect of the India-Russia strategic partnership."²

Political Relations

India and Russia have a long history of positive political relations. Despite a weak economic basis, the two countries have enjoyed a "problem-free environment" according to observers. The Indo-Russian Inter-Governmental Commission (IRIGC), which is known as the partnership's steering committee, is the main body in the role of managing relations between the two countries. Including almost every department of the Indian government, it is one of the country's most extensive international mechanisms.³ It consists of two parts: one for trade, economics, science, technology, and culture, and the other for military-technical cooperation. Each part meets every year. Since 2000, annual conferences are held between India and Russia. Apart from Japan, Russia is one of only two nations that holds annual ministerial-level defense reviews with India.⁴

The first India-Russian Inter-Ministerial Consultations on economic matters and the World Trade Organization (WTO) were held place in New Delhi in March 2003. In 2004, India's strengthening ties with the US had been highlighted in the summit titled "Next Steps in the Strategic Partnership." This change raised worries in Russia, particularly regarding cooperation in defense. But India stated to Russia that their relationship was still important and that it still supported Russia's early membership into the WTO. Russian President Vladimir Putin's state visit to India in December 2004 was a big step forward for the India-Russia relationships, which became an intense one.⁵

At December 2005, Indian Prime Minister Manmohan Singh made a state visit to Russia for the sixth annual Indo-Russian summit at the Kremlin. This was another step forward. This time, Russia also opened its energy frontiers to India. Dr. Manmohan Singh said while he was in Moscow that "the relationship between the two

countries is marked by warmth, trust, and mutual confidence and is based on a mutuality of interests across the broadest spectrum of cooperation. This would promote peace and prosperity around the world." Alongwith, India and Russia agreed to work together on the civil use of nuclear energy at this summit, which was a turning point in their political relationship. Russia promised to fully support India in the peaceful use of nuclear energy.

In 2006, India continued to deepen its relations with the U.S., but there was no particular summit in Moscow that year. Realizing the significance of maintaining balance in its international relations, India held the next summit in New Delhi in January 2007, during which the Russian President served as Chief Guest at India's Republic Day celebrations. This is a clear example of these political and foreign policy priorities. After the visit, the political, strategic, energetic, and economic cooperation between India and Russia gained its highest level of cooperation.⁶

The two countries defined their relationship as "tension-free," emphasizing that Russia doesn't create problems for India in its area. Russia also responded to India's concerns about China delivering fighter aircraft with Russian engines to Pakistan by imposing end-user restrictions on China.⁷

On November 11 and 12, 2007, Indian Prime Minister Dr. Manmohan Singh made an official trip to Russia. During a meeting, the Indian Prime Minister and the Russian Prime Minister signed three important deals. These were: (1) An agreement between India and Russia to work together on the development and production of multi-role transport aircraft (2) India and Russia agree to work together to stop the illegal trade in drugs, psychotropic substances, and their precursors. (3) The Indian Space Research Organization and the Federal Space Agency of the Russian Federation have come to an agreement about working together to explore the Moon.⁸ Recognizing 2008 as the Year of Russia in India and 2009 as the Year of India in Russia.

Increasing India-Russian Cooperation (2008–2010)

The two nation's relations improved during the 2008 India-Russia Summit. Dmitry Medvedev, the president of Russia, said that Russia's relationship with India was "of the utmost importance." At this summit, the two countries signed a joint declaration and nine agreements that focused on important areas of cooperation. Some of the most important were:

- An agreement between the governments to build more nuclear power plant units at Kudankulam as well as set up new Russian-designed plants at other locations.
- An agreement between ISRO and the Russian Federal Space Agency to work closely on programs for sending people into space.

India's Prime Minister went to Russia to attend the 2009 Summit. Cooperation in important areas including defense, space exploration, technology and science, and energy security in particular in hydrocarbons and nuclear energy grew even stronger.⁹

Moving from Friendship to a "Special and Privileged" Strategic Partnership

The 11th Summit in New Delhi in 2010 was the first time the two countries had a "Special and Privileged Strategic Partnership" after ten years of working together strategically. Prime Minister Manmohan Singh said, "The tradition of having annual summits with Russia shows how rich our relationship is." Russia has always been a good friend to India and has supported us when we needed it. We have a very special and important strategic partnership that will continue growing, no matter what happens with other countries.

Prime Minister Singh and President Medvedev also signed a joint statement called "Celebrating a Decade of Indo-Russian Strategic Partnership and Looking Beyond." This indicated the two leaders were still committed to working together more in all areas. Eleven agreements for cooperation were signed in various fields, including energy, science, technology, and migration. Around 20 new government and corporate contracts were signed in defense, trade, finance, and information technology.¹⁰

The annual India-Russia Summit is a high-level discussion platform between India's Prime Minister and Russia's President, conducted regularly in each country. In this context, the 12th Indo-Russian Annual Summit, which was held in Moscow on December 16, 2011, highlighted the "special and privileged" strategic cooperation. Five important agreements were made. They were on healthcare, competition policy, defense manufacturing, education, and working together in research and technology.¹¹

The 13th Annual Summit is an important event that marks the end of a year of high-level meetings. Former Russian President Dmitry Medvedev went to New Delhi for the 4th BRICS Summit in 2012, while India's External Affairs Minister Shri S.M. Krishna attended the 65th anniversary celebrations and the 11th Russia-India-China Trilateral Foreign Ministers' Meeting in Moscow. On the world stage, India and Russia continue to show that they strongly agree on important regional and global problems. This strengthens their relationship as long-term strategic partners.¹²

Along with, in 2012, Indian Prime Minister Manmohan Singh and Russian President Vladimir Putin enhanced the strategic relationship by collaborating on many important areas of cooperation. The G20, BRICS (Brazil, Russia, India, China, and South Africa), and the Shanghai Cooperation Organization (SCO) are some of the international groups where the two countries worked together.

Russia has continually supported India's efforts of getting a permanent seat on the UN Security Council and to join the Nuclear Suppliers Group and the Asia-Pacific Economic Cooperation. The two countries have similar views on major global issues and have an effective political understanding. They both strongly opposed all types of terrorism, believe in an equal and multipolar world system based on international law, and they both recognize the UN's significant contribution in maintaining peace and stability. In the context of the conflicts in Afghanistan and Syria, India and Russia have worked together to promote the end of terrorism and the establishment of a lasting peace. Furthermore, they collaborate on global issues such as cyber security, the regulations related to WMDs, and the prevention of the weaponization of space.¹³

On October 21, 2013, then-Prime Minister Dr. Manmohan Singh and President Vladimir Putin met in Moscow to participate in the 14th Annual Summit. A joint statement entitled "Deepening the Strategic Partnership for Global Peace and Stability" was adopted by the two leaders during the summit. Dr. Singh believed it would only grow stronger and more important in an ever-changing globe. There were also several significant agreements signed, including:

- The Treaty on the Transfer of Imprisoned Persons.
- Memorandum of Understanding on Standardization and Energy Conservation.
- Collaborative programs in biology, science, and technology.

The objective of these deals was to enhance collaboration and establish a strategic partnership between the India and Russia.¹⁴

Russia has always played a significant role in India's foreign policy under Manmohan Singh. A lot of Indian officials think that a strong Russia is important for remaining Asia balanced, supporting a rule-based global system, and advocating multipolarity, which means that power is shared between several big countries instead of being controlled by one. currently, the main parts of the India–Russia relationship that Singh developed include working together on defense, nuclear energy, trade, and energy. Both countries have long-term geopolitical interests in common, and India really appreciates that Russia doesn't become involved in South Asian problems, which shows respect for India's sovereignty.¹⁵

Economic Relations

Economic cooperation regularly serves as the weakest link in India-Russia relations, but regular procedures such as the annual summit have contributed to positive improvements. In addition to the IRIGC, there are other organizations that support economic cooperation, such as the India-Russia Forum on Trade and Investment, the India-Russia Business Council, the India-Russia Trade, Investment and Technology Promotion Council, and the India-Russia Chamber of Commerce.¹⁶

Table 1 India-Russia Trade, 2005-2014 (US mm)

YEAR	INDIA'S EXPORT	INDIA'S IMPORTS	BALANCE OF TRADE	TOTAL TRADE
2005	784	2,314	-1,530	3,098
2006	967	2,926	-1,958	3,893
2007	1,309	3,034	-1,725	4,343
2008	1,714	5,231	-3,517	6,945
2009	1,524	5,937	-4,413	7,461
2010	2,143	5,406	-3,263	7,550
2011	2,761	4,666	-1,905	7,426
2012	3,041	7,567	-4,525	10,608

2013	3,091	6,983	-3,891	10,074
2014	3,129	6,239	-3,110	9,368

(Source: Yadav, R. S. (2021). *India's Foreign Policy: Post-Cold War Years*. Pearson.P 83)"

Main Source: EXIM Bank, "Potential for Enhancing India's Trade with Russia: A Brief Analysis" Working Paper 42. August 2015 in <https://www.eximbankindia.in> (pdf)

Table no 1 shows that Trade between Russia and India increased notably between 2005 and 2014. Total trade increased from \$3.1 billion in 2005 to \$9.4 billion in 2014, which is over three times more. Russia's exports to India increased from US\$2.3 billion to US\$6.2 billion, which is over three times the amount. Russia's imports from India grew from US\$784 million to US\$3.1 billion, which is almost four times as much. Despite this expansion, Russia maintained a trade surplus with India that nearly doubled from US\$ 1.5 billion in 2005 to US\$ 3.1 billion by 2014.¹⁷

Furthermore, India's major exports to Russia were pharmaceutical products, which contributed to 21.2% of Russia's global imports in this field in 2014. Other important things that India sent to other countries were machines and tools, electrical and electronic products, garments, pearls and precious stones, and coffee and tea.

From April 2000 to March 2015, Russia invested US\$1.1 billion in India, which accounted for 0.4% of the total FDI in India. Russia is now India's 19th biggest foreign direct investment investor. A joint venture for titanium products, banking operations by VTB and Sber Bank, a joint venture between Kamaz Inc. and India's Vectra Group, and AFK Sistema in Sistema Shyam Telelink Services were included in the major Russian investments.¹⁸

Singh's successor will have to deal with problems, even though they have many shared things in common. Analysts say that more needs to be done to improve trade and economic relations, which are currently only \$11 billion. At this rate, achieving the aim of \$20 billion by 2015 seems impossible. India's trade with China, on the other hand, has grown quickly, even though the two nations have political differences. In 2012, trade between the two nations reached about \$70 billion, which makes China India's biggest trading partner for goods.¹⁹

India's ranking as Russia's export market has improved, rising from 28th in 2005 to 18th in 2014. Unfortunately, India continues to rank low among Russia's import partners—23rd in 2014 compared with 26th in 2005.²⁰ This shows that India needs to establish itself as a stronger supplier to Russia. A specific strategy is needed to achieve this and reduce India's increasing trade deficit with Russia, which has doubled in the past ten years. This should involve finding goods that India can compete on the world stage and which ones are also in high demand in Russia. By coordinating India's export capabilities with Russia's import demands, bilateral trade may increase and India's status as a key import partner for Russia can be improved.

There are a number of things that have made the economic relations between India and Russia decline. These are:

1. **Mostly investment in energy sector.** The total amount of trade and investment between India and Russia is still low. The majority of the investments are centered in the energy industry. Trade has also been a weak point in their economic relations. Although both countries have become big and expanding markets, they have not established powerful trade connections or coordinated their economic priorities.
2. **Import/export procedures are slow and time-consuming and inadequate transportation connectivity:** There have also been a number of administrative issues that have slowed the process down. Transporting goods to India by land or sea takes 40 to 55 days, while shipping to Europe or China by land or sea takes only one to two weeks. These longer routes expenses more, which makes people choose not to trade. Also, most of the cooperation in the energy sector depends on Russian state-owned firms, which are typically slow because of bureaucracy. Indian IT companies haven't showed much interest in this area, even though digital solutions could help make things proceed more smoothly.
3. **The private sector is only involved a little:** To encourage private sector participation, both governments established numerous forums, including the India-Russia Investment and Trade Forum, the India-Russia Chamber of Commerce, the Inter-Governmental Joint Economic Commission, and the Russia-India Business Council. However, these efforts have yet completely realized their potential for boosting trade and investment relations.²¹
4. Differences in taxes rules that discourage working together.
5. The International North-South Transport Corridor's recent delay, which has raised the cost of trade.²²

CONCLUSION

India and Russia had extremely close relations at the highest levels during the Soviet Era. India required Russian machines and technology, whereas Russia needed Indian products for its citizens. The two nations also wanted to make the world economy fairer to all. But in reality, the economic relationship has often been the weakest link in India-Russia relations, but regularly scheduled events such as the annual summit have contributed to positive growth. On the other side, Indo-Russian political ties have slowly progressed from mutual understanding to a strong strategic and energetic partnership, formed in significant part by President Vladimir Putin's leadership and important bilateral summits. Landmark visits, such as Putin's 2004 and 2007 trips to India and Prime Minister Manmohan Singh's 2005 visit to Russia, strengthened cooperation in major sectors, including energy and civil nuclear technology. These achievements show not only the improvement of bilateral ties, but also India's priority of Russia in its foreign policy agenda. Overall, between 2005 and 2015, trade and investment between India and Russia increased continuously. Russia continued to be a major supplier of minerals, machinery, and valuable stones. On the other hand, India became a major source of pharmaceuticals, engineering products, and consumer goods. Russia's contribution of foreign direct investment. FDI in India was small, but strategic partnerships in areas like telecommunications, finance, and manufacturing show that there is a lot of opportunity to develop stronger economic ties in the future.

Despite various challenges, including insufficient logistics, a lack of private sector involvement, and legal issues, India and Russia continue to maintain a strong and long-lasting partnership. The partnership is built on trust, strategic collaboration, and shared global interests. Both countries have numerous opportunities to strengthen their economic ties with the goal to achieve a more balanced and prosperous future. They are working to enhance connections, promote trade, and restart programs such as the International North-South Transport Corridor. Prime Minister Manmohan Singh frequently referred to India's relationship with Russia as a "special and privileged strategic partnership." Dr. Singh believed it would only grow stronger and more important in an ever-changing globe. Lastly, the Indo-Russian friendship, built on shared goals, trust, and mutual respect, has grown as an effective tool for peace, progress, and global collaboration.

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