

Indo Russia Business Council

Indo-Russian relations Российско-индийские отношения

Indo–Russian relations in the field of culture are historical. One of the first Russian visitors to India was Afanasiy Nikitin a merchant from Tver in Russia. His famous journey (1466-1472) was documented in the book *A Journey Beyond the Three Seas*. Nikitin spent three years in India (1469-1472) travelling to its many regions and documenting its people, culture, economy, technology, history, society and food. Nikitin's journey was portrayed by Soviet actor Oleg Strizhenov alongside Hindi screen legend Nargis Dutt in the 1950s film *Journey Beyond Three Seas*.

Astrakhan in Russia has historically been a trading centre for Indian merchants since the 16th century.^[74] In 1722 Peter the Great met with Anbu-Ram the leader of the Indians merchants in Astrakhan. In the meeting Peter the Great agreed to Anbu-Ram's request for full free trade including transit rights.

The first Russian translation of the Bhagavad Gita was published in 1788 by decree on the orders of Catherine the Great. Russian pioneers who travelled to India and studied Indian culture include Gerasim Lebedev who studied ancient Indian languages in the 1780s and later Nicholas Roerich who studied Indian philosophy. Roerich was influenced by the philosophy of Ramakrishna and Vivekananda, the poetry of Rabindranath Tagore, and the Bhagavad Gita. The 130th birth anniversary of Nicholas Roerich and 100th birth anniversary of Svetoslav Roerich were celebrated in India in October 2004.

Leading Russian Indiologist such as Ivan Minayev, Sergey Oldenburg, Fyodor Shcherbatskoy, Yuri Knorozov, Alexandr Kondratov, Nikita Gurov and Eugene Chelyshev focused their research in understanding the Indus Script, Sanskrit and Indian literature.

Traditionally, there has been strong collaboration in the field of cinema between India and Russia.

Yoga in Russia has been growing and becoming increasingly popular since the 1980s, particularly in major cities and urban centres, mainly due to its reputation for health benefits. However, it has its roots much earlier in Russia during the time of noted Russian actor and trainer Constantin Stanislavski who was significantly influenced by Yoga and Indian philosophy.

Traditionally, the Indo-Russian strategic partnership has been built on five major components: politics, defence, civil nuclear energy, anti-terrorism co-operation and space. These five major components were highlighted in a speech given by former Indian Foreign Secretary Ranjan Mathai in Russia. However, in recent years a sixth component, economic, has grown in importance with both countries setting a target of reaching US\$30 billion in bilateral trade by 2025, from about US\$ 9.4 billion in the year 2017. In order to facilitate this target both countries are looking to develop a free trade agreement.

India is the second largest market for the Russian defence industry. In 2017, approximately 68% of the Indian Military's hardware import came from Russia, making Russia the chief supplier of defence equipment.

Russia and India

Relations with India have always been and I am sure will be one of the most important foreign policy priorities of our country. Our mutual ties of friendship are filled with sympathy, and trust, and openness. And we must say frankly that they were never overshadowed by disagreements or conflict. This understanding - this is indeed the common heritage of our peoples. It is valued and cherished in our country, in Russia, and in India. And we are rightfully proud of so close, so close relations between our countries.

Economic Relations

Bilateral trade between both countries is concentrated in key value chain sectors. These sectors include highly diversified segments such as machinery, electronics, aerospace, automobile, commercial shipping, chemicals, pharmaceuticals, fertilisers, apparels, precious stones, industrial metals, petroleum products, coal, high-end tea and coffee products. Bilateral trade in 2002 stood at \$1.5 billion and increased by over 7 times to \$11 billion in 2012 and with both governments setting a bilateral trade target of \$30 billion by 2025. Bilateral bodies that conduct economic relations between the two countries include IRIGC, the Indo-Russian Forum on Trade and Investment, the India-Russia Business Council, the India-Russia Trade, Investment and Technology Promotion Council, CCI India, Indo Russia Business Council.

Both Governments have jointly developed an economic strategy that involves using a number of economic components to increase future bilateral trade. These include development of an FTA between India & the EEU, a bilateral treaty on the promotion and protection of investments, a new economic planning mechanism built into IRIGC, simplification of customs procedures, new long term agreements in the expansion of energy trade including nuclear, oil and gas. Finally, long term supplier contracts in key sectors such as oil, gas and rough diamonds. Companies such as Rosneft, Gazprom, Essar & Alrosa will act as long term suppliers respectively.

Russia has stated it will co-operate with India on its "Make in India" initiative by engagement in the development of "Smart Cities", the DMIC, the aerospace sector, the commercial nuclear sector and enhancement in manufacturing of Russian military products through co-development and co-production. Russia agreed to participate in the vast, over \$100 billion, DMIC infrastructure project which will eventually connect Delhi and Mumbai with railways, highways, ports, interconnecting smart cities and industrial parks. Russian President Vladimir Putin stated in an interview that one of his government's priorities was of building a smart city in India, "a smart city on the basis of Russian technologies." AFK Sistema will likely be the primary Russian company involved in the project due to its previous experience in smart city projects in Ufa, Kazan and Rostov.

Both countries have also agreed to work together in the aerospace sector to co-development and co-produce aircraft, examples include the Sukhoi Superjet 100, MS-21, FGFA, MTA and Kamov Ka-226. Some of the co-developed aircraft will be jointly commercially exported to third countries and foreign markets e.g. FGFA and Kamov Ka-226. President of

Russia's UAC Mikhail Pogosyan stated in an interview, "We are planning to sell in India about 100 passenger aircraft by 2030, which will account for 10 percent of the Indian market of airliners in the segment" and further stated, "The unprecedented scope of Russian-Indian cooperation in military aviation has created a scientific and engineering basis for undertaking joint projects in civil aviation."

India is currently the world's largest cutting & polishing centre for diamonds. Both countries have agreed to streamline their bilateral trade in diamonds through reductions in regulations and tariffs. Indian Prime Minister Modi stated in an interview, "I made three proposals to President Putin. First, I would like Alrosa to have direct long-term contracts with more Indian companies. I am pleased to know that they are moving in this direction. Second, I want Alrosa and others to trade directly on our diamond bourse. We have decided to create a Special Notified Zone where mining companies can trade diamonds on consignment basis and re-export unsold ones. Third, I asked to reform regulation so that Russia can send rough diamonds to India and reimport polished diamonds without extra duties". Analysts predict through streamlined procedures and initiatives bilateral trade in this area will significantly increase.

Russia has agreed to build more than 20 nuclear reactors over the next 20 year. Russian president stated in an interview, "It contains plans to build over 20 nuclear power units in India, as well as cooperation in building Russia-designed nuclear power stations in third countries, in the joint extraction of natural uranium, production of nuclear fuel and waste elimination."

Officials from both countries have discussed how to increase co-operation between their countries respective IT industries. Russian Minister of Communication Nikolai Nikiforov stated in an interview, "The development of IT products and software has traditionally been a strong point of India. We welcome possible joint projects in the field and closer contacts between Russian and Indian companies."

Both the countries set the investment target of \$30 billion by 2025. Since they met the target by 2018, India and Russia expect to enhance the figure to \$50 billion. India also proposed to set up a special economic zone for Russian companies.

Indian commodities export to Russia:

Pharmaceuticals, Electronic Equipment, Machines, Engines, Pumps, Iron and Steel, Clothing, Coffee, Teas and Spices, Tobacco, Vehicles etc.

Russian commodities export to India:

Gems, precious metals, coins, Electronic equipment, Fertilizers, Medical, technical equipment, Oil, Iron and steel, Paper, Inorganics Chemicals, Salt, sulphur, stone, cement etc.

FTA

Both governments have long viewed their bilateral trade well below its optimal potential, with the only long term way of rectifying this through having a Free trade agreement (FTA). Both governments have set up a joint study group (JSG) to negotiate the specifications of an agreement, a final agreement would be signed between India and Eurasian Economic Union of which Russia is a part of (also including Kazakhstan, Armenia, Kyrgyzstan & Belarus). Thereby, the Indo-Russian FTA would result in a much bigger free trade agreement including India, Russia, Kazakhstan, Armenia, Kyrgyzstan & Belarus. It is predicted once an FTA is in place bilateral trade will increase manifold, thereby significantly increasing the importance of economics in bilateral ties.

Co-operation in the Energy sector

Energy sector is an important area in Indo-Russian bilateral relations. In 2001, ONGC-Videsh acquired 20% stake in the Sakhalin-I oil and gas project in the Russian Federation, and has invested about US \$1.7 billion in the project. Gazprom, the Russian company, and Gas Authority of India have collaborated in joint development of a block in the Bay of Bengal. Kudankulam Nuclear Power Project with two units of 1000 MW each is a good example of Indo-Russian nuclear energy co-operation. Both sides have expressed interest in expanding co-operation in the energy sector.

In 2012 Gazprom Group and India's GAIL agreed to LNG shipments to India of 2.5 million tons a year for the period of 20 years. LNG shipments for this contract are expected to begin anytime between 2017-21. Indian oil companies have invested in the Russia's oil sector a notable example is ONGC-Videsh which has invested over \$8 billion with major stakes in oil fields such Sakhalin-1. In joint statement released by both governments they stated, "It is expected that Indian companies will strongly participate in projects related to new oil and gas fields in the territory of the Russian Federation. The sides will study the possibilities of building a hydrocarbon pipeline system, connecting the Russian Federation with India."

Nuclear Deal

On 7 November 2009, India signed a new nuclear deal with Russia apart from the deals that were agreed upon by the two countries earlier.^[98] India and Russia are in discussion for construction of two more nuclear power units at Kudankulam. Two units of the Kudankulam Nuclear Power Plant are already operational. During Russian president Vladimir Putin's visit to India for the 13th annual summit, a co-operative civilian nuclear energy road map was agreed to. Running until 2030, sixteen to eighteen new reactors will be constructed, with installed capacity of 1,000 MW each. A 1,000 MW reactor costs around \$2.5 billion so the deal may touch \$45 billion in worth.



MAJOR PLAYERS:

**5 RUSSIAN
MAKERS
IN INDIA**



STEEL-WILLED: URALMASH

1. Russian heavy equipment maker Uralmash began its India innings in the 1950s, supplying the Bhilai Metallurgical plant with rolling mill machinery. Since then, it has supplied equipment to Coal India for mines, Kudankulam nuclear power plant, and Steel Authority of India Limited (SAIL) plants in Bhilai, Bokaro and Rourkela. Last year, the company announced a JV collaboration with SRB International — the first Indo-Russian JV in manufacturing heavy equipment for the steel and mining sector in India. The head of exports at Uralmash, Vladimir Pugach is quoted as saying the company is looking to invest close to \$5- 6 million every year in the new company “Uralmash SRB India”.



STEP ON THE GAS: GAZPROM

2. Russian natural gas giant Gazprom Group and Gas Authority of India Ltd. (GAIL) signed a 20-year long Sales and Purchase Agreement in 2012 for LNG supply. The agreement stated that GAIL would get 2.5 million tons of LNG per year. In April 2017, the Russian Deputy Ministry of Energy reiterated the agreement stating that Gazprom will begin supplying LNG from 2018-19 for 20 years. At BRICS 2016 held in Goa, Gazprom and Engineers India Ltd signed an MoU to carry out a joint study of LNG supply routes from Russia to India.



POWER ON: ROSATOM

3. Rosatom is a Russian engineering company that engages in construction of nuclear power facilities abroad. It has helped build the two power units and VVER-1000 reactor facilities at the iconic Kudankulam NPP, India's largest nuclear power plant. While India now runs Unit 1 and 2, the foundation of Unit 3 and 4 has already been laid.



HEAVY ROLLERS: SILOVYE MASHINY

4. Russia's leading hydro, thermal, gas and nuclear power plant equipment producer, Silovye Mashiny commissioned the first of four units of the Tehri Hydro Power Plant. This is the first unit of India's largest hydroelectric power plant in the north of India. The company also provided technical assistance and supply equipment for the construction of Sipat Thermal power plant in Chhattisgarh and the Barh TTP in Bihar.



CRUISE CONTROL: BRAHMOS

5. BrahMos Aerospace, named after the river Brahmaputra in India and the Moskva river in Russia, was set up as a joint venture in 1998. The first BrahMos missile was successfully test-fired in 2001. “When it comes to Make in India, it has been very successful in our case,” says Dr Sunil Mishra, CEO BrahMos Aerospace, citing the equal partnership between both countries. “When it comes to technology and manufacturing, then the Brahmos example is cited all over the world.”

Major investments by Indian companies in Russia are:

- ONGC videsh Ltd. in Sakhalin-I Project
- Imperial Energy
- Commercial Bank of India Ltd. (JV of SBI and Canara Bank)
- ICICI Bank for opening subsidiary ICICI Bank Eurasia
- TATA Motors
- SUN Group- energy
- Carbonandum Universal – production of abrasives
- Tata Tea
- De Core

- Choron Diamonds
- L&T
- Universal Food technologies (J.V. Gokul)
- Dr. Reddy's Laboratories Ltd
- Cadila Pharmaceuticals Ltd
- Unique Pharmaceutical Laboratories
- Torrent Pharmaceuticals
- NECA

- **Major Russia investments from Russia in India**
- AFK Sistema in Sistema Shyam Telelink Services
- VTB ,
- Sber bank
- JV between Russian Kamaz Inc and India's Vectra Group
- Brahmos
- Silovye Mashiny
- Rosatom
- Gazprom
- Uralmash
- Infratec