

# ISAS Insights

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## Putin in New Delhi: Re-booting Traditional Ties

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### Abstract

Indo-Russian relations have changed drastically as a result of changing global dynamics after the end of the Cold War and in response to the imperatives of rising domestic and regional aspirations of both the countries. A number of bilateral issues have also weighed adversely on the momentum of Indo-Russian relations, though both countries realise that they have much to gain from maintaining a robust bilateral engagement and a balanced global partnership. President Putin's visit to India to mark the 13<sup>th</sup> institutionalised annual summit of the two countries was a firm step towards re-energising India-Russia relationship.

After postponing his visit to India in October 2012 by seven weeks for suspected health and diplomatic reasons, Russian President Vladimir Putin was in Delhi on 24 December 2012. He could not have delayed his visit any further; as not only lucrative defence deals were to be sealed and the commitment for institutionalised annual India-Russia summit had to be honoured, but some of the diplomatic sore points between the two countries had also to be sorted out. This was Putin's first visit to India after his third-time accession to the Russian presidency (elected in

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March and sworn into office in May 2012) which also turned out to be the shortest one, of barely 24 hours, which did not leave time even for a joint press conference. Even in this short visit, however, Putin managed to meet all those who mattered in India; newly elected President Pranab Mukherjee; Prime Minister Manmohan Singh, the ruling United Progressive Alliance leader Sonia Gandhi and the Leader of Opposition in the Indian Parliament Sushma Swaraj.

The short duration of President Putin's stay in New Delhi in no way reduced the significance of his visit. The two countries signed ten documents covering various areas of mutual cooperation between them such as trade and investments, energy, science and technology, education, cultural exchanges, foreign office consultations and defence. The discussions also covered and underlined, in the words of Dr Manmohan Singh, "a marked congruence",<sup>2</sup> in their perspectives on a number of global and regional issues, including Afghanistan and Iran's nuclear programme. The two sides promised to "continue consultation and coordination" on such issues for "strengthening global peace, security and stability".<sup>3</sup> The two sides also decided to stimulate their otherwise poor bilateral trade which is of a mere amount of US\$ 10 billion, a level lower than what it was during the Soviet era in 1990. The Summit, while taking note of the fact that last year the trade registered a growth of nearly 30 per cent, decided to raise the target of bilateral trade to the level of US\$ 20 billion by 2015.<sup>4</sup>

The most important and visible of the documents signed during the Summit was the one on the defence deals wherein India placed an order for the procurement of 71 Mi-17v5 MLH, military helicopters, and delivery by Russia of technological kits for the licensed production of 42 units of SU-30MKI fighter aircraft. The finalisation of these deals was pending since 2010 when the sale of 59 military helicopters had been agreed to. The number of these helicopters was increased to 71 in the final deal. Similarly, the delivery of technological kits for 42 Sukhoi fighter aircraft had also been agreed to during the last annual summit in 2011. These deals will give Russia a business worth nearly US\$ 4 billion in India's growing arms bazaar.

## **Putin's Contribution**

The 13<sup>th</sup> India-Russia summit, with President Putin's return to the Russian presidency, may be seen as a firm step towards re-energising traditional bilateral relations between the two countries. The credit for initiating the process of this re-energising in the post-Cold War context must go to President Putin. It was under his leadership in 2000 that Russia became India's first "strategic

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<sup>2</sup> Prime Minister's statement at the 13<sup>th</sup> Summit, [http://mea.gov.in/Speeches-Statements.htm?dtl/20990/Prime\\_Minister\\_s+statement=to...](http://mea.gov.in/Speeches-Statements.htm?dtl/20990/Prime_Minister_s+statement=to...) (Accessed on 2 January 2013).

<sup>3</sup> For details of these documents see "List of documents signed at the 13<sup>th</sup> India-Russia Annual Summit", December 24, 2012, Ministry of External Affairs, Government of India. <http://mea.gov.in/bilateral-documents.htm?dtl/20991/list+of+documents+signed+at=the...> (Accessed on 2 January 2013).

<sup>4</sup> See the text of Joint Statement issued on the event. <http://mea.gov.in/bilateral-documents.htm?dtl/20993/Joint+Statement+on+the+13+th+i...> (Accessed on 5 January 2013).

partner” and India-Russia relationship was brought back on track after the slump of early post-Cold War years. Acknowledging this, Dr Manmohan Singh welcomed President Putin as “a valued friend of India and the original architect of the India-Russia strategic partnership” and appreciated his “long-standing and personal commitment to this partnership”.<sup>5</sup> Since 2000, India has established ‘strategic partnerships’ with many countries and organisations. To distinguish India-Russia relations and highlight its qualitative difference from others, their strategic partnership is officially described as “special and privileged strategic partnership”.<sup>6</sup> Putin’s successor in 2008, Dmitry Medvedev kept the warmth in relationship with India. However, some of the issues like the Russian failure on the commitments of defence deliveries and diplomatic initiatives towards building Moscow’s relations with countries like Pakistan, over which India is highly sensitive, dampened the spirit of bilateral India-Russia relations. India hopes to resolve sensitive bilateral strategic issues under Putin’s leadership. For the time being, Russian President’s proposed visit to Pakistan was first postponed and then cancelled.

## **Issues in Relationship**

In the post-Cold War years, India-Russia bilateral relations have been affected most by two developments; one related to changes in the foreign and strategic approaches of both Russia and India and the second due to the difficulties in bilateral transactions. Soon after the end of the Cold War, Russia not only lost its elan and influence in world politics but also moved closer to the West and China, resulting in the deviation in its foreign policy pattern where India had occupied a special position. Similarly, India’s developing strategic partnership with the United States and growing concern about a rising and asserting China has diverted much of its attention from traditional friends like Russia. These are the imperatives of changing global politics and emerging national priorities of both Russia and India which both these countries are gradually learning to cope with.

Bilaterally, there exists a significant interdependence between India and Russia in the critical sectors of their economies and security. While 70 per cent of Indian weaponry is Russia-based, according to one estimate, a sizable “25 per cent of Russia’s arms sales revenue comes from India”.<sup>7</sup> In the energy sector also, India looks towards Russia for feeding its growing hunger and in turn, India promises to be an expanding and reliable market for the Russian reserves of oil and natural gas. India’s Prime Minister had urged upon the Russian President to “deepen cooperation in this area, including through mutual investments and joint projects in third countries”.<sup>8</sup> Russia is also an important player in India’s civil-nuclear programme to augment its energy security. In

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<sup>5</sup> Prime Minister’s statement at the 13<sup>th</sup> Summit, op.cit, n.2.

<sup>6</sup> Kanwal Sibal, “Still comrades after all these years”, The Hindu, 29 December 2012.

<sup>7</sup> Rod Thornton, “India Russia Military Cooperation Which way Forward?”, Journal of Defence Studies, Vol. 6, Issue -3. Pp.97-112.

<sup>8</sup> Prime Minister’s statement at the 13<sup>th</sup> Summit. op.cit, n.2.

recent years, a number of issues have cropped up between the two countries in both these vital sectors of defence and energy.

In the area of defence supplies, Russia's failure to meet its commitment on aircraft carrier Vikramaditya (a renovated version of the old Russian aircraft carrier Gorshkov) caused much sore feelings in India. The carrier, which was supposed to have been delivered in 2008, is now expected to be ready by the end of 2013, and its initial cost, estimated at US\$ 947million, has been escalated to US\$ 2.3 billion. The Russian side has been upset with many of its arms deals falling through in competition with the US and European companies. Russia's offer of MiG-35 for an Indian contract for 126 Medium Multi-Role Combat Aircraft (MMRCA) lost to a French company in 2011.<sup>9</sup> In the energy sector, difficulties have cropped up in the conclusion of agreement on Kudankulam Nuclear Power Plant Units 3 and 4, because India is insisting on conformity with its newly adopted Nuclear Liability legislation. Russia is disappointed in this regard as the first two units were signed for before this legislation was adopted by India, and Russia does not want to be treated at par with other investors in civil-nuclear field from the US and France. Russia had also been unhappy about the difficulties in which its major IT giant Sistema was pushed out following the Indian Supreme Court's cancellation of 2G Spectrum contracts due to the charges of corruption. Many in Russia believed that the Government of India had not fought well in the court for preserving the contracts, as the Russian company had not violated any rules or norms. All these and related issues were discussed at the Summit.

There are clear indications that both countries are trying to understand each others' difficulties on such bilateral issues and move forward. India knows that difficulties regarding Vikramaditya are rooted in the declining productivity and escalating costs of Russia's Military Industrial Complex. Russian economy has not been doing very well for the past few years and the earnings on hydrocarbons, an important source of Russian incomes, have dwindled. Since 2010, Russia had decided to invest more than US\$ 600 billion towards its military modernisation and revamp its Military Industrial Complex to regain its status as one of the major suppliers of arms to the world.<sup>10</sup> India is also acutely aware that some of the deals offered by Russia may not be available from any other source in the world; not yet at least. The lease of a nuclear-powered submarine Chakra for 10 years is a case in point. Similarly, the co-production of BrahMos cruise missile system and a fifth generation fighter aircraft is yet another example of successful defence cooperation between India and Russia. Russia is also supportive of India's case for United Nations Security Council permanent seat as well as at the high table of global nuclear decision making.

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<sup>9</sup> Ajai Shukla, "Indo-Russian defence relations deepen no new big-ticket buys" <http://www.business-standard.com/india/printpage.php?autono=469701&tp=>. (Accessed on 4 January 2013). For detailed discussion of Indo-Russian defence relationship see, Richard Weitz, "The Maturing of Russia-India Defence relations", *Journal of Defence Studies* vol.6, Issue-3, pp. 75-98

<sup>10</sup> This aspect has been discussed by Rajorshi Roy, an IDSA scholar in his unpublished paper on "Russia's Pivot towards the 'East' in the backdrop of its Military Modernization Programme".

On its part, Russia is also trying to understand that, for an economically growing and strategically aspiring India, diversifying its defence procurements and opening its defence market to other players for best available acquisitions are a legitimate need. In the changing context of domestic aspirations and global opportunities, India cannot be taken for granted and it would be unrealistic on the part of either India or Russia to expect that their relations can be taken back to the format of the Cold War period. This is neither needed, nor desirable and possible. There is a felt need within Russia that it will have to streamline its own economy and efficiency to compete in the changing world. India, it is acknowledged by the present Russian leadership, will remain a promising and trustworthy market for Russian military and energy products and technologies for a long time to come, unlike China which through reverse engineering and enticement to Russian technicians, has stolen Russian technology and drastically reduced its dependence on Russia. Days before arriving in India, Putin in his article in *The Hindu* said: “I would like to stress that deepening of friendship and cooperation with India is among the top priorities of our foreign policy...we hope for significant returns from long term projects in steel industry, hydro-carbon production, car and aircraft manufacturing, chemical and pharmaceuticals industries, in the field of information and biotechnologies.”<sup>11</sup>

## **Beyond Bilateral Engagement**

Indo-Russian engagement goes much beyond their bilateral relations. The two countries are committed to a multi-polar democratic world order and meet each other in a number of regional and trans-continental multi-faceted groupings. They have a trilateral interaction with China where developmental cooperation as also global and regional affairs are discussed at ministerial levels annually. The next trilateral meeting will be hosted by India in 2013. Russia has been supportive of India’s active participation in the China-initiated Shanghai Cooperation Organization (SCO) and has been pleading for India’s full membership of this organisation. China has reservations on this count as it suspects that India’s full membership may thwart China’s aspirations to dominate this critical Central Asian grouping. Both Russia and India are also members of BRICS (Brazil, Russia, India, China and South Africa), a grouping of the emerging dynamic economies. And both of them are also members of the East Asia Summit (EAS) where both support the Association of Southeast Asian Nations (ASEAN) in the driving seat. Russia has also expressed support for India’s membership of the Asia-Pacific Economic Cooperation (APEC) forum in the hope that it will “further promote and intensify trade and investment cooperation in the Asia-Pacific region”.<sup>12</sup> The Summit reiterated that the two

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<sup>11</sup> As quoted in the reproduced article by Russian Radio; <http://indian.ruvr.ru/-print/99001575.html> (Accessed on 7 January 2013).

<sup>12</sup> India-Russia Joint Statement, 24 December 2012, op.cit, n.4.

countries would continue to use all these forums for improving the prospects of world peace and stability.

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