

Russia -India Trade and Strategic Partnership (Synergy & Energy)

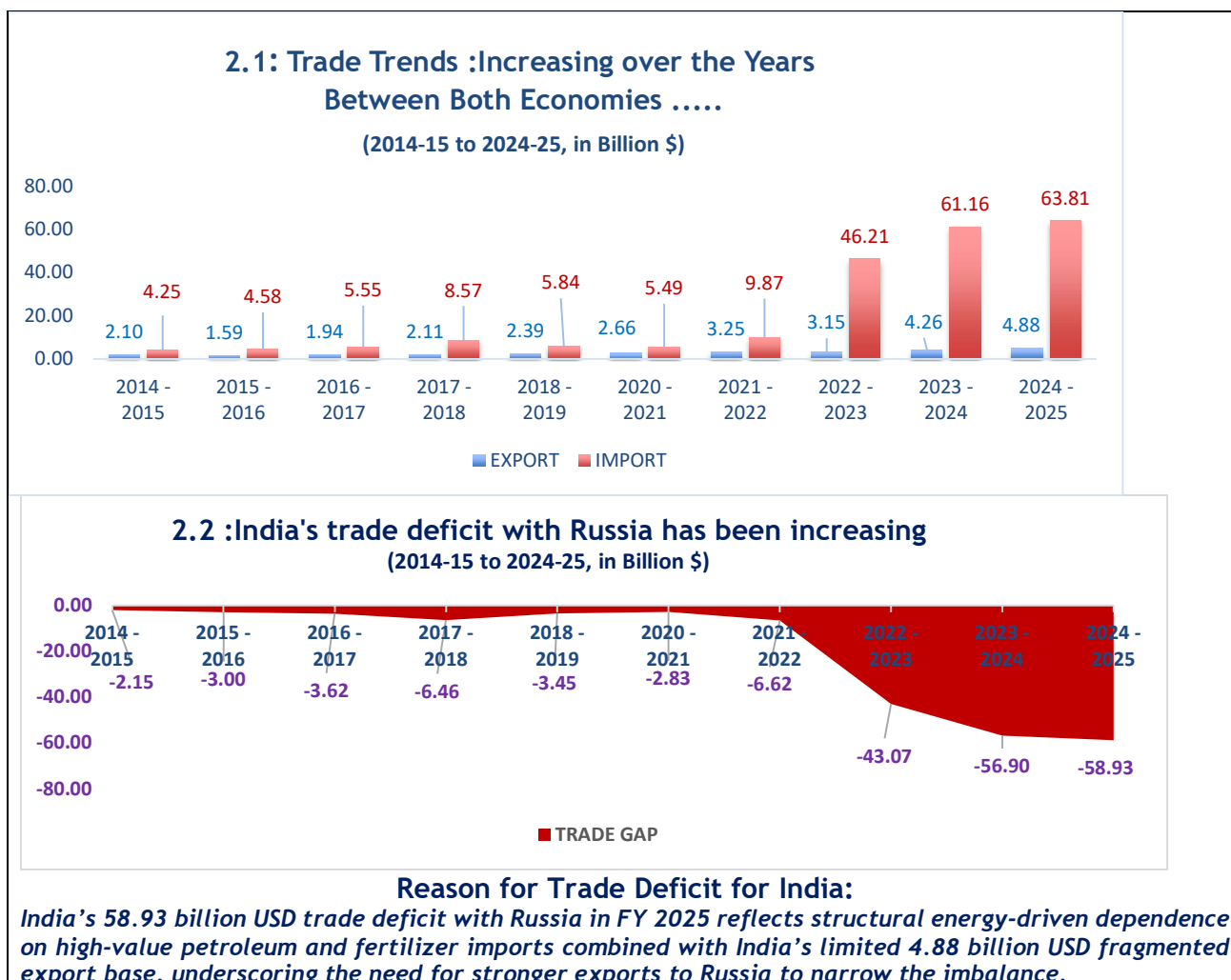
1. Backdrop:

India and Russia have maintained a durable strategic partnership since the 1950s anchored in political trust, defence technology transfer and shared geopolitical interests. The 1971 treaty formalised bilateral alignment and enabled India to access Soviet defence platforms, energy, industrial machinery and scientific technologies under rupee-rouble arrangements independent of Western currency systems.

Trade temporarily declined after the 1991 shift to hard currency (US dollar or other convertible currencies) due to the collapse of the rupee-rouble clearing mechanism but defence and space cooperation remained strong. The 2000s revived economic ties through hydrocarbons, nuclear projects (like Kudankulam) and metals and fertilizers. Post-2022, India's sharply increased crude imports made Russia its largest energy supplier, reshaping bilateral trade and deepening economic interdependence.

This long legacy enables expansion in trade into sectors like critical minerals, pharmaceuticals, agriculture, shipbuilding and IT.

2. Trade Dynamics Between Both Economies:



2.3 Items of Export & Import Between Both Economies:



Micro -Observations:

- ✓ India's imports from Russia at 63.81 billion USD exceed exports of 4.88 billion USD by over 13 times, creating a sharply skewed and import-driven trade pattern.
- ✓ Petroleum and fuel products at 56.87 billion USD (89% of imports) dominate India's import basket, reflecting very high structural energy dependence on Russia.
- ✓ India's exports are low-volume and fragmented, with the top export item in this category, machinery, at just 1.14 billion USD, showing limited presence in the Russian market.
- ✓ In sectors where India enjoys comparative advantage, exports to Russia is limited; pharma (0.42 billion USD), chemicals (\$0.37 bn), electrical machinery (0.36 billion USD) to name a few
- ✓ Exports under various categories mostly range between 0.10-0.40 billion USD, indicating low market penetration and insufficient depth.
- ✓ During April to Sep 2025, India-Russia trade was skewed towards imports, with exports of USD 2.25 billion against imports of USD 31.12 billion. Crude constituted 81 % of fossil fuel imports in October and November, rising 4 % month on month, underscoring sustained dependence on Russian energy and a wide trade gap.

3. Features of Russia India Bilateral Summit (Held on 04th & 05th Dec 2025):

Sr. No	Major Announcement	Implications/Remarks
1	2030 Trade Target of 100 billion US dollars	Signals a major scale-up in bilateral commerce and diversification of Indian exports, while pushing both sides to reduce the current trade imbalance.
2	Temporary Labour Activity Agreement	A new agreement creates a formal pathway for skilled Indian workers to take temporary employment in Russia, improving worker safety and expanding India's overseas labour market.
3	Agreement on Combating Irregular Migration	Strengthens joint enforcement against illegal migration and creates a more secure mechanism for cross-border movement.
4	Healthcare and Medical Education Cooperation MoU	Enhances joint medical research, training and pharmaceutical collaboration, improving healthcare capacity in both countries.
5	Food Safety Cooperation Agreement	Aligns food safety standards to ease agricultural and food product trade, reducing clearance delays and improving export competitiveness.
6	Maritime and Arctic Cooperation MoUs	Expands India's presence in Arctic shipping and strengthens maritime training, helping diversify logistics routes and improve maritime capabilities.
7	Customs Data-Sharing & Postal Corridor Agreements	Reduces cargo clearance time, improves container movement efficiency and boosts SME-driven cross-border e-commerce.
8	Visa Facilitation: 30-day Gratis e-Tourist Visa & Group e-Visa for Russians	Expected to increase tourism inflows from Russia and strengthen cultural and people-to-people engagement.
9	Reinforced Cooperation in Defence & Nuclear Energy	Enhances joint production under Make in India, secures long-term nuclear fuel and reactor cooperation, and strengthens India's energy and strategic autonomy.
10	Support for Multipolar Global Order & Dialogue on Ukraine	Positions India as a balancing diplomatic actor while maintaining strategic autonomy and stable ties with both Russia and Western partners.

4. What Lies for Future out of this Synergy:

- India and Russia have mutually committed to achieve USD 100 billion bilateral trade by 2030.
- Key enablers include stable energy flows, expansion of joint ventures in fertilizers, petrochemicals and heavy industry, local-currency settlement systems, improved logistics via INSTC and maritime corridors, increased pharma and machinery exports from India and expansion of trade in agricultural and nuclear equipment.
- The USD 100 billion target represents a shift from commodity-heavy exchange to a diversified, balanced and strategically structured economic partnership. Both countries gain from improved trade predictability, lower transaction costs and stronger supply chain resilience.

Annexure:

INDIA RUSSIA TRADE OVER THE YEARS IN \$ MILLIONS						
S.No.	YEAR	2020 - 2021	2021 - 2022	2022 - 2023	2023 - 2024	2024 - 2025
1	EXPORT	2,655.52	3,254.68	3,146.95	4,261.31	4,881.30
2	%Growth		22.56	-3.31	35.41	14.55
3	India's Total Export	2,91,808.48	4,22,004.40	4,51,070.00	4,37,072.03	4,37,704.58
4	%Growth		44.62	6.89	-3.1	0.14
5	%Share	0.91	0.77	0.7	0.97	1.12
6	IMPORT	5,485.75	9,869.99	46,212.71	61,159.30	63,811.44
7	%Growth		79.92	368.21	32.34	4.34
8	India's Total Import	3,94,435.88	6,13,052.05	7,15,968.90	6,78,214.77	7,21,200.22
9	%Growth		55.43	16.79	-5.27	6.34
10	%Share	1.39	1.61	6.45	9.02	8.85
11	Total Trade	8,141.26	13,124.68	49,359.67	65,420.60	68,692.74
12	%Growth		61.21	276.08	32.54	5
13	India's Total Trade	6,86,244.36	10,35,056.45	11,67,038.89	11,15,286.81	11,58,904.80
14	%Growth		50.83	12.75	-4.43	3.91
15	%Share	1.19	1.27	4.23	5.87	5.93
TRADE BALANCE		-2,830.23	-6,615.31	-43,065.76	-56,897.99	-58,930.14
TOTAL INDIA'S TRADE BALANCE		-1,02,627.40	-1,91,047.65	-2,64,898.90	-2,41,142.74	-2,83,495.65

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