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Guns and Oil

Continuity and Change in Russia-India Relations

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Introduction

In July 2024, on the same day a Russian missile smashed into Kyiv's most prominent children's hospital, Indian Prime Minister Narendra Modi **met** with Russian President Vladimir Putin at his suburban residence near Moscow. During the visit, the two leaders discussed ways to strengthen trade and energy ties between their countries. Weeks later, the Indian prime minister **met** with his Ukrainian counterpart, Volodymyr Zelenskyy, in Kyiv, pledging to provide humanitarian assistance to the war-torn country and highlighting that India's position was one not of neutrality, but peace.

Modi's **diplomatic tightrope** reflects India's careful positioning between the two competing blocs. On the one hand, New Delhi is clearly uncomfortable with Moscow's blatant disregard of **basic international principles.** On the other hand, India's attitude toward Russia continues to be influenced by historical affinity between the two countries and India's pursuit of **strategic autonomy** in its foreign policy, an approach that seeks to elide alliances with any one power bloc. Despite Modi's assertions, on the international stage New Delhi has largely maintained a neutral-to-pro-Russian tilt in regard to Russia's war in Ukraine, usually **abstaining** from UN General Assembly resolutions condemning Moscow's actions. Bilaterally, Indian Foreign Minister Subrahmanyam Jaishankar has **described** Russo-Indian ties as the "one constant in world politics," and many in New Delhi retain a degree of sympathy for Moscow's narrative of the war, which links it to NATO expansion into Russia's self-perceived sphere of influence. Following the invasion, India has also become one of the largest purchasers of Russian oil.

Yet there is a growing belief among the Western expert community that Russo-Indian ties are undergoing "**a managed decline**" shaped by Moscow's **deteriorating** international and regional standing and its strengthened relations with Beijing—New Delhi's rival in the Asia-Pacific. At the same time, India has **increased its cooperation** with the United States, including in its historically Russia-dominated defense-security space.

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This paper delves into the not-so-linear trajectory of the Russia-India relationship, starting with an overview of Cold War–era ties that left a lingering influence on India's present-day outlook toward Russia. Following this, the paper discusses New Delhi's entrenched military security reliance on Moscow and the two countries' reinvigorated energy trade after Russia's full-scale invasion of Ukraine. The paper's final section outlines key concerns underpinning Russo-Indian relations and discusses how they could be leveraged to advance U.S. foreign policy interests vis-à-vis India.

Tracing the Roots of Russo-Indian Relations

Moscow's **diplomatic relations** with New Delhi started in 1947, shortly before India gained independence. However, there were prior connections **between anti-colonial revolutionaries** in India and the Communist Party of the Soviet Union. Indian National Congress leaders in the 1930s and 1940s—including the country's future first prime minister, Jawaharlal Nehru—also **admired Soviet planning's** apparent success in rapid industrialization, and sought to impose it in India. Such connections established **affinities** between newly independent India and the Soviet Union under Joseph Stalin.

In the context of the Cold War, Soviet Russia's approach to India was **shaped** by the desire to spread communism and confront the United States in different theaters around the world, as well as by the developments in Sino-Soviet ties. Stalin's successor, Nikita Khrushchev, **viewed** India as a "natural ally" for its distrust of the West and the capitalist model, as well as its openness to using socialist principles to shape certain economic policies. For instance, on a quest to achieve economic self-sufficiency, India **welcomed** Soviet investment in its mining, energy, and steel industries, and based its economic planning model on the Soviet Union's five-year plan. The Khrushchev era also saw the Sino-Soviet **ideological-strategic split**, with Moscow's growing ties to New Delhi exacerbating the fallout. For instance, during the **1962 Sino-Indian war,** the Soviet Union **maintained** a policy of neutrality, **angering** China.

The Indo-Soviet partnership **enjoyed its heyday** under Leonid Brezhnev, Khrushchev's successor. At first, Moscow assumed a mediator's role in the **1965 India-Pakistan war.** In 1971, however, when India and Pakistan **again went to war**, the Soviet Union firmly supported India, while the United States and China sided with Pakistan. Earlier that year, Soviet leadership had signed the Treaty of Peace, Friendship and Cooperation with India, which **stipulated** that in the instance of an attack against either party, the two signatories would "take appropriate effective measures to ensure peace and the security of their countries." The war ended with New Delhi's decisive victory and the subsequent secession of East Pakistan, which became the independent state of Bangladesh. The treaty is **believed** to have played an important role in limiting U.S. and Chinese pressure on India to stop its military operation in East Pakistan during the war.

The late Brezhnev era also saw India emerge as one of the chief purchasers of Soviet weapons, with Moscow **offering** New Delhi more attractive payment options than those of Western states in exchange for political leverage (please see the next section for more). Thus, despite India's efforts at retaining autonomy by **denying** the Soviet Union naval bases in the 1970s, its dependence on Soviet weapons became a pressure point. For instance, following the Soviet **invasion of Afghanistan** in 1979, Soviet foreign minister Andrei Gromyko **traveled** to India with a $1.6 billion Soviet arms deal offer featuring

an extended repayment period of 15 years instead of the usual 10. The offer induced New Delhi's **acquiescence** to a widely unpopular war.

However, India's muted support for the invasion of Afghanistan in return for a favorable arms deal also **signaled** a gradual transformation of the Indo-Soviet relationship into "**a trade-off of favours**," increasingly devoid of ideological convergence. Furthermore, under the tenure of Mikhail Gorbachev, whose **primary goals** were to reduce Cold War–era tensions with the United States and to normalize relations with China, strengthening ties with India was no longer considered a Soviet foreign policy priority. Consequently, in the final years of the Soviet Union, Indo-Soviet ties started to fizzle out, with New Delhi realizing that its regional concerns were ultimately peripheral to Moscow's strategic calculus.

Following the collapse of the Soviet Union, India **established** diplomatic ties with Russia in 1993 by signing the India-Russia Treaty of Friendship and Cooperation (replacing the 1971 Indo-Soviet Treaty of Peace, Friendship and Cooperation) and the Military-Technical Cooperation Agreement, the latter ensuring continuation of arms trade, joint ventures, and technology transfer between the two. New Delhi and Moscow **have signed** even more strategic partnership agreements since Putin assumed the presidency in 2000; Modi and Putin have met **17 times** throughout the past decade, accompanied since 2021 by the so-called 2+2 dialogues between their respective foreign and defense ministers. On a societal level, Soviet support to India in the 1960s and 1970s has translated into a high degree of affinity toward Russia both among Indian **policy elites** and the wider Indian public. For instance, in 2023, around **57 percent** of Indians viewed Russia favorably, with this number decreasing yet still remaining significant in 2024 and 2025 (**46 percent** and **49 percent**, respectively).

However, many experts **believe** that the contemporary Indo-Russian relationship cannot be compared with the Indo-Soviet partnership of the 1960s and 1970s. While **bilateral trade** has increased nearly six times following Russia's full-scale invasion of Ukraine—from a mere $10 billion pre-2022 to $69 billion in fiscal year 2024–2025—this change has been mostly attributed to India's purchase of discounted Russian crude oil. By contrast, **New Delhi's trade** with Washington—its largest trading partner for the fourth consecutive year—reached $132 billion in FY 2024–2025, followed by Beijing—New Delhi's regional rival and long-term security concern—at $128 billion. Yet areas of dependency persist, including in the defense and energy domains (as discussed below), rendering India's position toward Russia more constrained and ambivalent—for the foreseeable future, at least.

From Dependency to Diversification: Russia-India Defense Ties

India is the world's **largest importer** of arms and Russia's largest export market for arms. India's arms imports policy is undergirded by **three requirements**: quality, cost, and timeframes. A fourth critical factor for New Delhi is indigenous production, which also affects availability, as some foreign suppliers are unable or unwilling to offer India the opportunity to license-produce weapons. The history of India's defense imports relationship with the Soviet Union, and Russia thereafter, has thus centered on these criteria being met. The following sections provide an overview of this relationship, starting with India's turn toward the Soviet Union in the 1950s due to the unavailability of Western platforms and tracing its subsequent efforts, from the 1980s onward, to diversify away from Soviet/Russian weapons by procuring more NATO systems and focusing on defense indigenization.

1950S–1970S: ESTABLISHING RUSSO-INDIAN ARMS RELATIONS

India's first purchase of Soviet weapons occurred in the late 1950s. The country procured Soviet An-12 transport aircraft, Mi-4 helicopters, and M-160 mm mortars, which were useful for operations at high Himalayan altitudes where India had already warred with Pakistan in 1948 and faced a deteriorating security situation with China by the late 1950s. By the 1960s, these defense relations deepened in response to India's growing security concerns, including a lost war to China in 1962 and another stalemate with Pakistan in 1965. India was also denied certain defense equipment by the United States and by its traditional supplier, the United Kingdom.

Throughout this period, two programs exemplified India's growing attachment to Soviet weapons and its divorce from NATO suppliers that would last for decades: its acquisition of (1) Soviet supersonic fighter jets and (2) submarines. After rival Pakistan began operating the supersonic F-104 Starfighter sent by the United States in 1961, India started desperately seeking a supersonic fighter jet, making **inquiries** about the Soviet second-generation supersonic MiG-21. Perturbed by India's potential procurement of a major Soviet platform, the United Kingdom offered an export variant of the English Electric Lightning supersonic fighter jet, but the talks failed over India's **demands to license-produce** this system. By contrast, the Soviet Union's offer of the MiG-21 met India's criteria on affordability and indigenous manufacturing—the Soviets provided New Delhi with a loan and agreed to licensed production. Consequently, the Indian Air Force began operating the MiG-21 in 1964. The relationship was further concertized by a **Soviet offer** of Su-7 and Su-7B fighter-bombers in 1967 at a more affordable price than those of the United Kingdom, France, and the United States, and India subsequently operated those systems as well. A similar situation arose in terms of submarines, as Pakistan acquired a used Tench-class submarine from the United States in 1964. After New Delhi's **futile attempt** to purchase submarines from the United Kingdom, it again turned to the Soviet Union, procuring variants of the Soviet Foxtrot-class diesel-electric submarines in the 1960s and 1970s.

By the 1965 and 1971 wars with Pakistan, the Indian Army was also operating a wide array of other Soviet weapons, including T-54/55 tanks, lightly armored **PT-76 amphibious tanks** (which proved useful in East Pakistan, now Bangladesh, in 1971), the BTR-50PK Armored Personnel Carriers, and different variants of towed guns (such as the 130mm M46, the 100mm BS-3, the 122mm D-30, and the 152mm D-20 variants).

1980S: FIRST EFFORTS TOWARD DIVERSIFYING AND INDIGENIZING INDIA'S DEFENSE SECTOR

A CIA assessment in 1986 **noted** that India was "heavily dependent on Soviet weapons" with about "65 percent of the combat aircraft, 40 percent of the tanks, and 70 percent of the warships" being of Soviet origin. The critical advantage the Soviets had over NATO competitors were the **financial terms**—low interest loans and payment in Indian rupees rather than hard currency. For instance, the terms of the $1.63 billion Indo-Soviet arms agreement, signed in 1980, **granted** India "a two-year grace period and then 15 years to repay the aid . . . at an interest rate of 2.5 percent." By contrast, most NATO/Western suppliers offered a 10-year repayment period with higher interest rates. The **highlights** in air assets that India acquired from the Soviet Union during this period included the MiG-25 for aerial reconnaissance, the MiG-27 ground attack fighter jets, and the MiG-29 air superiority fighter jet. In terms of naval platforms, New Delhi leased a 1960s era Charlie-class guided missile nuclear submarine from the

Soviets in 1987, which **helped** India "develop capabilities to base, maintain, and operate nuclear powered submarines" and create "an ecosystem for radiation monitoring, safety services and waste management to international standards." India also began operating T-72M main battle tanks (MBTs) in 1979, inducting them in large numbers between 1982 and 1986 and license-producing an upgraded variant as the Ajeya.

> *The critical advantage the Soviets had over NATO competitors were the financial terms—low interest loans and payment in Indian rupees rather than hard currency.*

Despite India's dependence on major Soviet systems, the 1980s were also marked by India's first attempts to reestablish defense ties with NATO/Western countries. The first issue New Delhi encountered with the Soviet equipment was technological. For instance, India **could not prevent** airstrikes by the Pakistani Air Force's French Mirage IIIs during the Indo-Pakistani War of 1971. Senior military leaders also noted the **more advanced nature of Western air platforms** in the Falklands Islands War and Israel's Lebanon Campaign in 1982. The second issue was political. India was appearing internationally to be a Soviet satellite state and **losing its standing for nonalignment** because of its dependence on Soviet arms. This combination of forces **fueled** India's desire to indigenize production and upgrade its Soviet systems using advanced Western-origin components. Consequently, India began purchasing NATO aircraft, including the **British Sea Harrier Vertical/Short Take-Off and Landing** fighter jet for its naval air arm. It also sought to **diversify** its then-entirely-Soviet submarine fleet with subs from NATO countries. As a result, the German HDW Type 209 submarine's Indian variant, called the Type 1500, **was acquired** in 1981 by then-Prime Minister Indira Gandhi's administration, with the first two built and delivered from Germany and four more manufactured in India itself. In terms of design and components, India turned to West Germany's MTU to provide engines for its stalled indigenous Arjun MBT program. By 1990, key components of the Arjun were sourced from **NATO suppliers**, including West German, Dutch, and U.S. companies. The biggest breakthrough in this regard was related to the future of the Indian Air Force—specifically, India's procurement of the U.S. GE 404 engine for the indigenous Light Combat Aircraft, then under development. It is pertinent to note that the other engine under consideration was the RB-199 Turbo Union, a British, German, and Italian joint venture—indicating that Indian designers did not consider Soviet alternatives as suitable for the aircraft. The crisis in getting **continued supplies of spares for existing aircraft** in the aftermath of the Soviet Union's collapse in 1991 vindicated India's decision.

1990S: INDIA'S DECLINING DEFENSE ACQUISITIONS

In the 1990s, India's weapons acquisitions and indigenous development programs received a major setback with the "Bofors scandal," which was centered on alleged kickbacks made to the country's Congress Party politicians by the Swedish firm Bofors to obtain a 1986 **FH77 155mm towed howitzer contract**, which also allowed licensed production. The scandal became an issue in India's 1989 general elections and contributed to the fall of Prime Minister Rajiv Gandhi's government, making politicians **wary of** accepting major arms deals. The other obstacle was India's Balance of Payments

Crisis of 1991, in which the country suffered a reduction of its ability to pay for imports from NATO states in hard currency. The crisis was **partly induced** by weapons purchases that depleted foreign exchange reserves. A third problem on the Russian side was the collapse of Soviet-era supply chains for air, land, and naval platforms and spares, **which delayed deliveries for years**. Yet major contracts with Russia continued, including the 1998 deal to license-produce the **SU-30MKI** aircraft. India also started a development and production cruise missile project with Russia via a jointly owned firm called BrahMos Aerospace, founded in 1995. The finished product was a supersonic cruise missile called the BrahMos, which is still in production today and received **export orders** from Vietnam in 2016 and the Philippines in 2022. (There is also an **ongoing effort** to develop a hypersonic version called the BrahMos-II.)

2000S–2010S: INDIA'S SHIFT AMID RUSSIAN SETBACKS

There were slow shifts in procurement patterns in the 2000s that centered on persistent security challenges and growing economic capacity. New Delhi's renewed emphasis on **indigenization** was prompted by the 1999 Kargil mini-war between India and Pakistan, followed by two Pakistan-sponsored terror attacks in 2001 and 2008, in which India's obsolete and inadequate weapons **stymied** a conventional response. The other catalyst for change was India's booming diplomatic and economic relationship with the United States, with mutual trade increasing from **$5 billion** in 1991 to **$12 billion** in 2000, and **$46 billion** by 2010. The 2005 India-U.S. Civil Nuclear Agreement under the George W. Bush administration also permitted cooperation between the United States and India in developing civil nuclear facilities.

Thus, on the one hand, India continued to rely on Russia for sustainment of legacy equipment and for platforms that the United States and other NATO member states were unable or unwilling to deliver at affordable prices or policy preferences. On the other hand, there was a dramatic pro-NATO change in defense procurements, which became more pronounced after Russia's illegal annexation of Crimea from Ukraine in 2014. The war jeopardized India's defense import relationship with Ukraine, which delivers complementary goods—most prominently naval propulsion systems—for ships imported from Russia, including the variants of the **Krivak-class frigates** that play a critical role in India's maritime strategy. This divergence deepened after 2022, when Russia's renewed invasion of Ukraine impacted India's defense acquisitions. Financial sanctions imposed on Russia in 2014, and heightened in 2022, made paying for Russian arms **more difficult**. At the same time, the failure of Russian equipment on the battlefield in Ukraine—in contrast to legacy NATO counterparts—exacerbated **India's doubts** regarding Russian weapon performance. Moscow also repeatedly delayed the shipment of the **S-400 systems**, and delays in delivering the Krivak-class frigate variants **spurred** India's indigenization efforts in surface ship building (which began with license producing variants of British Leander-Class frigates in the 1970s). India's worries about supply delays from Russia even led to **cancellations** of orders for Mi-17 V5 helicopters and Kamov Ka-31 Airborne Early Warning helicopters. However, some of these problems were solved by agreements between India and Russia to **locally produce spares**, which also addressed the payments issue by permitting Russian manufacturers to hold 49 percent stakes in Indian firms.[1]

1 Although information on how the profits would be repatriated to Russia remains unknown, unless the established method of depositing revenues in Indian Rupees in Indian banks were followed, these Russian firms could receive payments in Indian Rupees in Indian accounts held by Indian subsidiaries that could then be sent to third countries in hard currencies under the identity of the Indian firms.

The biggest pivot in India's shift away from Russia was its acquisition of the French Rafale multirole fighter jet in 2016, after a competition with not only NATO counterparts but also the Russian MiG-35. It is important to note that the MiG-35 is the latest upgrade on the MiG-29, which India has operated for more than two decades—indicating a clear preference to move away from Russia. Another major shift in the post-2014 era has been India's move away from Russian diesel-electric submarines and toward their French and German variants, which will be constructed in India with a large percentage of domestically manufactured components. Thus, in the next decade, India may have an entirely NATO-based conventional submarine force.

Russian arms exports to India have been further affected by its own **defense indigenization efforts**—specifically, its reorganization of state-owned enterprises and encouragement of domestic private firms to manufacture and export various platforms, from **armored personnel carriers** to **artillery**.

Nevertheless, India continues to procure critical equipment from Russia. These include acquisition of new systems such as the S-400 Air Defense System and Krivak-class frigates, both purchased in 2018, as well as upgrades to large fleets of T-90 MBTs in 2019 and BMP-2 IFVs in 2020. New Delhi has justified its need for these systems by using them to deter and fight future Chinese aggression, and has been granted **the CAATSA sanctions waiver** from Washington. The 2025 military crisis with Pakistan has revealed the depth of India's dependence on Soviet-Russian weapons. India's air force flew both SU-30MKI and MiG-29 fighter jets, and a critical part of the country's defense against Pakistani fighter jets was the S-400 Air Defense System. India also used the S-125 Neva/Pechora and the 9K33 Osa Missile Systems for air defense against Pakistan's unmanned aerial vehicles (UAVs) and missiles, as well as the ZSU-23-4 Schilka self-propelled anti-aircraft guns with radar to **down UAVs**. India's strategy to use its western fleet to pressure Pakistan navally was similarly reliant on Soviet-Russian equipment, including the indigenous version of the Soviet Krivak-III class frigates and Soviet-Russian Kilo-class submarines, among other systems.

Finally, it is worth noting that India's concerns regarding China—especially after a series of militarized border crises in 2017 and 2020–2021—have been dovetailing with the concerns of the **United States and its Asia-Pacific allies** (Australia, Japan, and South Korea), thus accelerating India's pivot toward more sophisticated Western systems. This turn has also elevated the importance of the Quadrilateral Security Dialogue (Quad)—an entente among India, Australia, Japan, and the United States—in India's strategic calculations. Yet significant dependencies on Soviet/Russian weapons remain—as illustrated by the most recent India-Pakistan clashes—and it will require time, effort, and human and financial resources to have those systems fully replaced.

> *The 2025 military crisis with Pakistan has revealed the depth of India's dependence on Soviet-Russian weapons.*

Strategic Opportunism and Its Risks: Russo-Indian Energy Relations

With the largest population and the fifth-largest **economy** in the world, India finds itself needing to import roughly **85 percent** of the oil it requires. It is one of the top importers of crude oil and is **ranked third** globally in oil consumption, preceded only by the United States and China. Crude oil imports are

also necessary for New Delhi's burgeoning refining and reexport business. As this section demonstrates, Russian crude has become the mainstay in these processes in the last three years, with Indian refineries profiting from cheaper imports from Russia. However, uncertainties loom.

INDIA'S PRE-2022 OIL IMPORTS FROM RUSSIA

Russo-Indian energy relations began in the Soviet era. From the 1960s to the 1980s, the Soviet Union was a major **oil exporter** to India. For instance, between 1970 and 1980, the value of bilateral trade increased by an average of **20 percent** annually, in large part due to rising Soviet oil shipments to India and higher global oil prices. In the early to mid-1980s, crude oil and petroleum products comprised roughly **70 percent** of New Delhi's commercial imports from the Soviet Union. However, following the Soviet collapse, India was forced to look for alternative suppliers, increasingly diversifying its trade routes. By the late 2010s, India's **highest share** of crude oil imports (over 60 percent) came from Middle Eastern countries, followed by African as well as South and North American nations. The share of Russian crude imports averaged **1–2 percent**. Indian oil refiners viewed Russian oil as unattractive due in part to higher freight costs than those of Middle Eastern producers. In 2021, India **purchased** around 4.2 million barrels per day (bpd), a major share of which came from Iraq (24 percent), Saudi Arabia (16 percent), and the United States (10 percent). Only 2 percent came from Russia.

KEY DRIVERS OF INDIA'S POST-2022 DEPENDENCY ON RUSSIAN CRUDE

The war drastically changed this picture, making Russian oil highly attractive to India (see Figures 1 and 2). In December 2022, the United States, together with the rest of the G7 economies and Australia, agreed to **impose** a $60-per-barrel price cap on Russia's seaborne crude oil exports. The price cap, combined with the European Union's **efforts** to phase out imports of seaborne crude oil and refined petroleum products from Russia throughout 2022 and 2023, quickly made India one of the **key beneficiaries** of discounted Russian oil that Moscow began to offer to willing buyers. In the first nine months of 2023, India **managed to replace** the European Union as the largest purchaser of Russian crude, importing around 1.85 million bpd. On average, Indian refiners paid $525.60 per ton of delivered Russian oil, which also included shipping and insurance costs. By contrast, the average cost of oil from Iraq was $564.46 per ton. India thus saved around $2.7 billion by importing Russian crude rather than opting for Iraqi oil. As a result, the share of **crude oil imports** from Russia grew sharply from a meager 2 percent in 2021 to a staggering 39 percent by the end of 2023, while Iraq, Saudi Arabia, and the United States' respective shares slipped to 19 percent, 16 percent, and 4 percent. **The leap** in crude oil trade contributed significantly to the total Russo-Indian trade, which rose to around $50 billion between 2022 and 2023, far exceeding the two states' previous goal of $30 billion in bilateral trade by 2025.

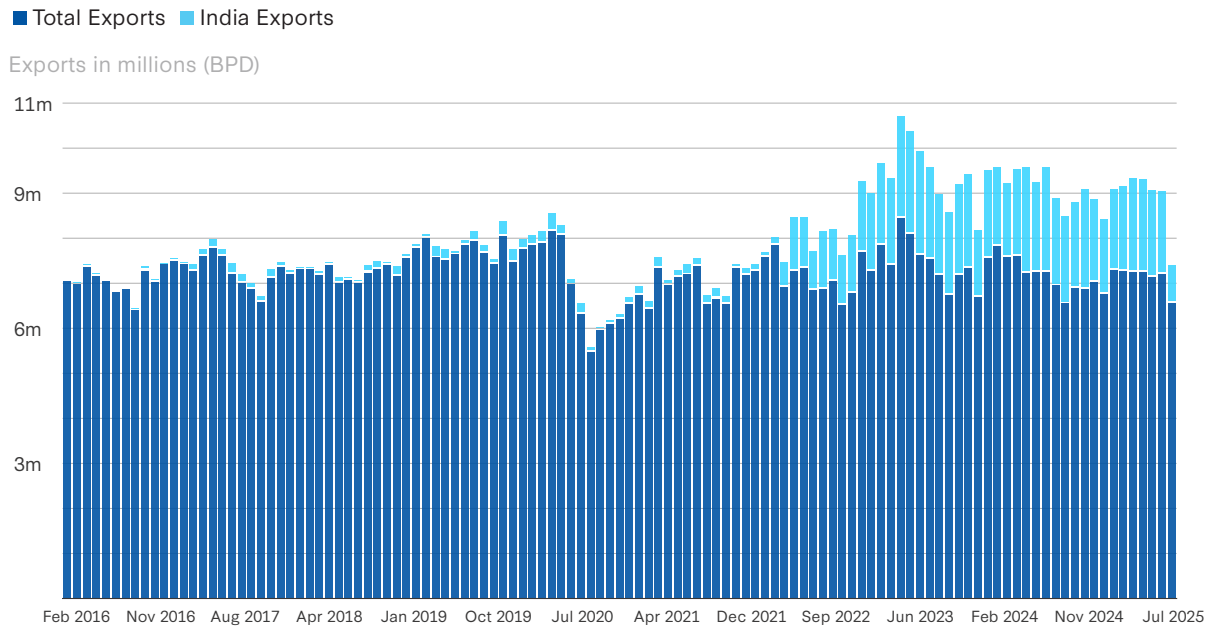
According to Indian officials, New Delhi's approach to purchasing Moscow's oil has prevented a significant surge in global oil prices, thus keeping the global energy market stable. In 2023, during his visit to the United Kingdom, Indian Foreign Minister Jaishankar **asserted** that had India approached the same suppliers Europe did after it shunned Russian crude, oil prices would have soared, straining not only India's but also many Western states' economies. "So, we have actually softened the oil markets and the gas markets through our purchase policies. We have, as a consequence, actually managed global inflation. I am waiting for the thank you," the minister said. This argument held some validity in the first years of the Ukraine war, as then-U.S. President Joe Biden sought to **maximize**

economic pressure on the Kremlin without disrupting global energy markets. As a result, until **January 2025**, the Biden administration **generally avoided** tough energy sanctions against Russia, fearing their effect on global oil and gas supply and concomitant ramifications for energy prices and inflation at home. Recognizing Biden's domestic political concerns, Indian authorities likely leveraged them to their advantage.

The share of Russian crude in India's oil imports remained similarly high in the years that followed. In 2024, for instance, Russia **earned** roughly $262 billion from global fossil fuel exports, a significant portion of which (around $113 billion) came from crude oil. India—whose fossil fuel imports from Russia reached $53 billion—joined China ($84 billion) and Turkey ($37 billion) in **accounting for** 74 percent of Russia's total fossil fuel revenues in 2024. As a result, **bilateral trade** rose to $65.7 billion between 2023 and 2024, with Putin and Modi agreeing in July 2024 to raise bilateral trade to $100 billion by 2030.

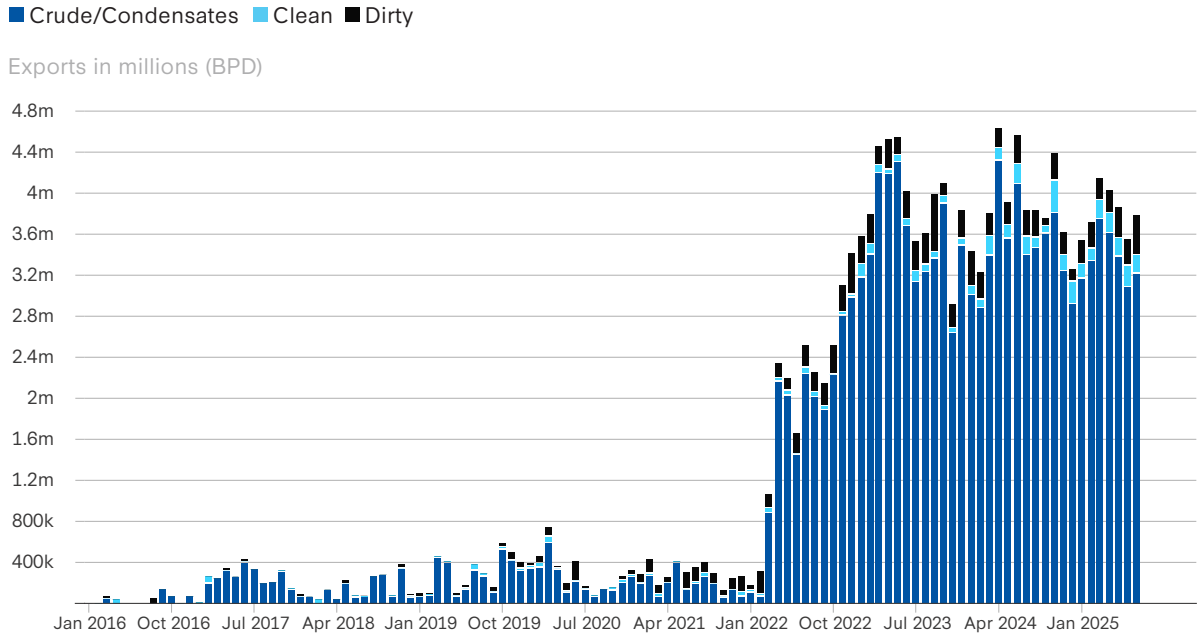
India continued importing large volumes of Russian crude in the first half of 2025 as well. For example, in **May**, **June**, and **July** of 2025, China bought 47 percent of Russia's crude exports, while India purchased 38 percent. According to **Vortexa**, which tracks cargo for oil and gas trades, New Delhi's crude oil imports from Moscow rose sharply in mid-June. This can be explained in part by market volatility **triggered** by the Israel-Iran conflict.

Figure 1: Total Russian Oil Exports vs. Russian Oil Exports to India, January 2016–July 2025



Source: Vortexa.

Figure 2: Russian Oil Exports to India by Oil Product, January 2016–July 2025



Source: Vortexa.

While India has claimed to have switched to Russian oil due to discounts offered by the Kremlin, estimates regarding the overall economic impact of such a pivot vary. Different Indian sources have maintained that the country saved anywhere from **$10.5 billion** to **$13 billion** in 2023 and 2024 combined by importing Russian crude, with one media outlet placing this figure as high as **$25 billion**. However, the **macroeconomic impact** of these savings pales in comparison with India's GDP of $4 trillion per year. Indian energy experts, including Ranajit Banerjee, have stressed that New Delhi's increase of Russian crude purchases "has not resulted in lower consumer prices but hefty profits for the [Indian] refinery entities due to better margins."[2] These companies **have profited** by purchasing and refining discounted Russian crude and reexporting the resulting oil products around the world, including Europe.

Among the **key players** in India's growing refining and reexport business sector leveraging cheaper Russian crude imports are two privately owned companies—Reliance Industries Limited (RIL) and Nayara Energy (NYRA). Headed by Indian tycoon Mukesh Ambani, RIL owns the world's largest oil refinery complex, Jamnagar, which in the past three years has **reportedly** undergone maintenance work to produce more petroleum products for consumers globally. India currently possesses a total **refining capacity** of over 5 million bpd and aims to boost this to roughly 6 million bpd by 2028. RIL's Jamnagar refinery, with a **1.4 million bpd** crude processing capacity, is on track to account for nearly one third of the country's total refining capacity. Discounted Russian crude, therefore, has played an important role in advancing RIL's objectives. From January to October 2024, RIL **imported** 405,000 bpd of Russian oil on average—up from 388,500 bpd during the same timeframe last year. In mid-December 2024, the company signed a noteworthy 10-year **energy deal** with Russian oil giant

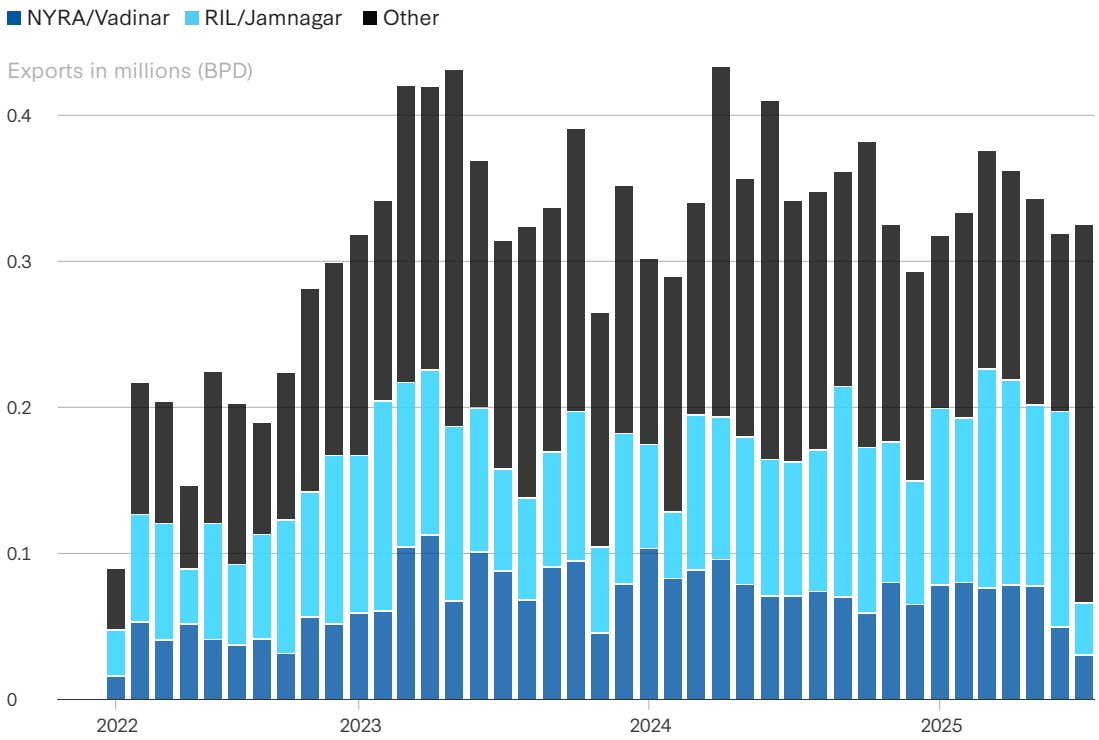
2 As told to the authors in an interview with Ranajit Banerjee on July 3, 2025.

Rosneft, which agreed to supply RIL with around 500,000 bpd of crude oil starting in 2025. The agreement amounts to 0.5 percent of global supply and is worth $13 billion per year.

Similar to RIL, NYRA—which owns the Vadinar refinery, with **405,000 bpd** crude processing capacity—has close ties to Russia. Rosneft holds a stake exceeding **49 percent** in NYRA and supplied the company with around **240,000 bpd** of Urals crude in 2024. In June 2025, Indian media outlets **reported** that Rosneft was in early talks with RIL for sale of its share in NYRA, after having limited ability to repatriate full earnings from its Indian operations due to Western sanctions. If RIL—whose Jamnagar refinery is located close to NYRA's Vadinar—were to acquire Rosneft's stake, it could surpass the state-owned Indian Oil Corporation (IOC) to become the largest oil refiner in the country.

India's other **heavyweight buyers** of Russian crude have included not just private actors but also government-owned companies such as IOC, Bharat Petroleum, and Mangalore Refinery and Petrochemicals. However, the major purchasers—and, thus, the major beneficiaries—of discounted Russian crude have been RIL and NYRA (see Figure 3).

Figure 3: Russian Crude Oil Exports to India Divided by Destination Terminal, March 2022–July 2025



Source: Vortexa.

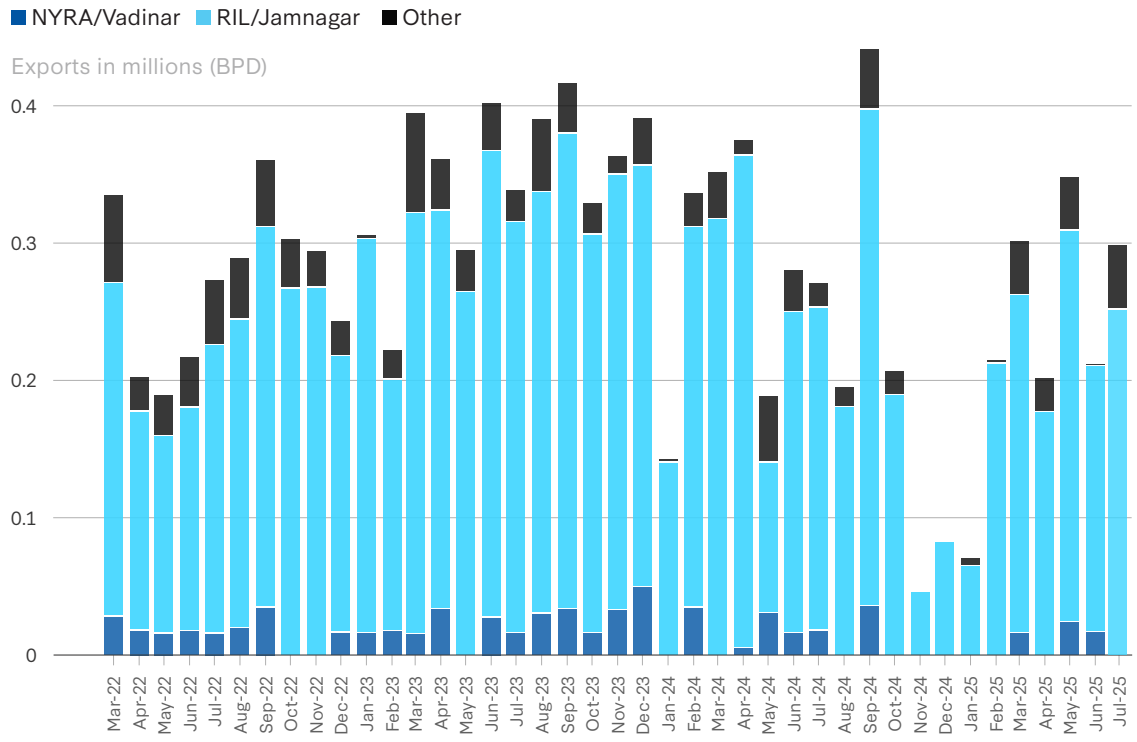
Note: Over 65 percent of Russian crude oil exports to India lacked determined destination terminals for the month of July in 2025 at the time of writing this paper, in part explaining RIL and NYRA's reduced shares for that month.

According to a **report** by the Center for the Study of Democracy (CSD), Russian crude has been reaching Indian refiners through both legal and illegal means. The latter include the so-called shadow tanker fleet—uninsured ships sailing under the flags of dubious states. While a mere 19 percent of Russian crude oil was transported on the shadow fleet prior to Russia's full-scale invasion of Ukraine,

this number exceeded 80 percent in 2024. CSD has also claimed that roughly 72 percent of India's imports of Russian crude arrived via 425 shadow tankers in the first eight months of 2024. Immediately following the outgoing Biden administration's **sanctioning** of 183 ships—together with dozens of traders of Russian oil, insurance companies, and service providers—in January 2025, Indian refiners **announced** that they would no longer be working with the sanctioned vessels. However, the existing networks were **reportedly** quickly reconfigured to include unsanctioned ships, trading entities, and insurance providers. For instance, by as early as February 2025, brand new Dubai-based trading entities **emerged** on the market, offering Russian cargoes to Indian buyers.

Up until recently, Europe **was considered** a lucrative export market for these Indian refiners—especially for RIL (see Figure 4). While the European Union introduced a $60-per-barrel price cap and an embargo on Russian crude oil imports in the initial phases of the full-scale invasion, refined petroleum products derived from Russian crude in third countries were excluded from the restrictions until July 2025. This loophole enabled Indian refiners importing generous volumes of discounted Russian crude to refine it and legally export the resulting oil products to EU countries. In 2024, S&P Global **valued** those exports to Europe at $20.5 billion—a near 250 percent surge from $5.9 billion in 2019.

Figure 4. Indian Refined Petroleum Exports to Europe by Origin Terminal, March 2022–July 2025



Source: Vortexa.

JULY 2025 AND ONWARD: CHALLENGES AHEAD IN RUSSIA-INDIA ENERGY TIES?

Two significant developments in the Western sanctions policy vis-à-vis Russia starting in July 2025 have potential to alter India's calculus on future Russian crude purchases. The first development relates to the **18th sanctions package**, adopted by the European Union on July 18, which could curtail Indian oil exports to the continent. Apart from lowering the price cap for Russian crude from $60 to $47.6 per barrel and sanctioning an additional 105 vessels from Russia's shadow fleet value chain, the newest package introduces "an import ban on refined petroleum products made from Russian crude oil and coming from any third country—with the exception of Canada, Norway, Switzerland, the United Kingdom and the United States."[3] The ban **will apply** from January 21, 2026, and onward. The 18th package also sanctions NYRA's Vadinar refinery for being "a major customer of the shadow fleet" and having Rosneft as its main shareholder.

The immediate impact of this announcement on NYRA was significant, forcing the company to reduce Vadinar's 405,000-bpd crude processing capacity by **70-80 percent** within a week. Furthermore, **three vessels** carrying fuel from Vadinar were unable to discharge in the same time period, as EU entities have so far been reluctant to deal with products linked to the sanctioned company. Even **Microsoft has suspended** its IT services to NYRA.

The second development is connected with U.S. President Donald Trump's **executive order** (EO) doubling U.S. tariffs on Indian goods exports to the United States to 50 percent—**up from 25 percent**—starting August 27, 2025, for New Delhi's oil and arms trade with Moscow. Even before the EO was published, government-owned refiners in India, including IOC and Bharat Petroleum, had **paused** purchases of Russian crude, instead **acquiring** crude from the United States, among other suppliers (although, the most recent **reporting** suggests that IOC and Bharat Petroleum might have already resumed purchasing some cargoes of Russian oil). Following the announcement, RIL has **reportedly** also reduced its purchases of Russian crude for September, with the future of the 10-year deal between RIL and Rosneft remaining uncertain. The Trump administration is also reportedly working on other measures, such as sanctioning the additional shadow fleet, which, if enforced vigorously, **could curtail** Russian export volumes.

However, it is still too early to assess the full impact of these measures on Russia-India energy ties. The European Union's new import ban, which would scrutinize India's exports of oil products to Europe due to its dependence on Russian crude, does not come into effect until January 2026. Therefore, until that time, Indian oil exports to the continent should not be affected. As Figure 4 above demonstrates, even after sanctioning NYRA's Vadinar refinery, the overall volume of Indian refined petroleum exports to Europe was not impacted as of July 2025. Furthermore, considering the adaptability of the sanctions-evading networks, the given grace period can be used to **establish new supply chains** "through countries with limited refining infrastructure but acting as hubs to mask cargo origins via port logistics, oil terminals, blending, and legal re-documentation." Russia's Deputy Trade Commissioner Evgeny Griva has even **claimed** recently that Moscow has a "very, very special mechanism" for continuing oil supplies to New Delhi. Some energy experts interviewed for this paper have implied that India could continue importing and refining Russian crude and reexporting the resulting oil products to non-EU countries, from which the oil could end up in the European Union. They have

3 The exempted countries are considered to have their own equivalent measures against Russian crude.

also claimed that if Russian crude is mixed with another crude, determining the origin of the resulting blend is a resource- and time-intensive effort. While an educated guess can be made about the source by identifying where the refinery usually acquires its crude, determining the actual origin of the crude becomes rather difficult once it is processed and blended. Finally, New Delhi may have some time to negotiate with Washington until the 50 percent tariffs take effect on August 27. **According to the EO**, President Trump reserves the right to modify the order if circumstances change. This could happen if, for example, some form of a breakthrough in peace talks is achieved between Ukraine and its Western allies and Russia in the coming weeks, and/or the White House negotiates a mutually beneficial trade deal with New Delhi.

Other Noteworthy Dimensions of the Russia-India Relationship

FERTILIZERS

Agriculture accounted for 18 percent of India's GDP in 2024 and provided livelihood support for roughly 42 percent of the country's **population**, with fertilizers playing an important role in this sector. Yet, despite being heavily desired, fertilizers are currently underproduced domestically. In the face of **low production capacity**, India has looked externally to countries like Russia to fill this gap. Similar to the energy trade, fertilizer exports from Russia to India have skyrocketed following Russia's full-scale invasion of Ukraine, growing from $462.74 million in 2021 to **$2.68 billion** in 2023. In 2024, India imported a total of $7.83 billion in fertilizers, with Russia serving as its top importer, making up **$1.7 billion** on its own. This is again a case of economic pragmatism for India, as Russia, facing post-invasion Western sanctions, began offering **discounted fertilizer exports**, allowing India to meet domestic needs at a lower price. However, as the Indian government dedicates more resources to developing domestic fertilizer production, gradual decreases in imports for specific fertilizers can be expected.

NUCLEAR ENERGY

Russia and India's **nuclear energy cooperation** dates back to 1988, when the two countries signed an intergovernmental agreement for Russia to assist India in the production of two VVER-1000s (pressurized water reactors) at Kudankulam Nuclear Power Plant. This initial phase, with a supplemental agreement signed in 1998 that allowed India to **retain and reprocess used fuel**, was followed by the start of construction in 2002. The two Phase I reactors, Kudankulam-1 and 2, began operation in 2016, with the remaining four reactors of Phases II and III still currently **under construction**. To this day, the Kudankulam reactors are the most productive nuclear power plants in India, providing **up to one-third** of the country's nuclear-generated electricity. However, nuclear energy only makes up a small portion of India's total energy production: a mere **3.3 percent** of India's electricity production came from its 21 operational nuclear power reactors in 2024. However, as part of a 2070 net-zero pledge **announced** by Modi at the United Nations Climate Change Conference in 2021, India intends to **triple** its nuclear capacity by **2032**.

In July 2024, Putin and Modi discussed a mutual **desire** to deepen collaboration for nuclear energy in India. The **joint statement** issued by the two countries "confirmed their intention to expand cooperation in the field of the nuclear fuel cycle," as well as the importance of prioritizing partnership in the nuclear energy space for peaceful purposes. This development comes despite significant delays in the construction of all phases of the Kudankulam Plant, with the two operational reactors more than **seven years delayed**. While a press release from December 2022 stated that all six units at

Kudankulam are to be **completed by 2027**, a report in **the Hindu** in February 2024 **indicated delays** in the "supply of certain critical components from Russia." However, India's willingness to continue cooperation with Russia in the nuclear energy domain can in part be explained by that fact that the Russo-Indian agreement for Kudankulam remains the **only completed project** for a foreign-backed nuclear power plant in the country within the last 40 years, as earlier foreign partners backed out following India's refusal to sign the **Nuclear Non-Proliferation Treaty**. No new agreement between the two countries has been reached, though Russia remains active in India's nuclear energy production as the construction of Phases II and III at Kudankulam continues and India works toward its clean energy initiatives.

Key Takeaways

This paper has highlighted key features of the Russo-Indian relationship, shaped by historical ties and by New Delhi's pursuit of strategic autonomy and opportunism in its foreign policy. On the one hand, New Delhi's continued dependence on Moscow in defense and nuclear energy sectors critical to India's national security can be explained by the usual readiness of Russia, unlike many Western producers, to accommodate key Indian demands on technology import policies and licensed production. On the other hand, New Delhi's post-2022 pivot toward Moscow in energy and fertilizer imports—sectors not dominated by Russia in the preceding decades—has illustrated Indian policy elites' efforts to capitalize on the shifting geopolitical landscape and leverage both Washington's and Moscow's domestic considerations for strategic and economic gain. This does not, however, mean that Russo-Indian ties are "one constant in world politics," as Indian foreign minister Jaishankar **has argued**.

> *Any desire for the United States (and its allies) to replace Russia as India's supplier of choice must focus on scale, affordability, and timely delivery, with additional criteria of technology transfers and codevelopment opportunities for India.*

In fact, evidence points toward a declining Russian grip on Indian defense equipment, especially after Russia's full-scale invasion of Ukraine. While Russian arms shipments remain critical to India's security because of its two-front problem (i.e., militarized disputes with its regional rivals, China and Pakistan), Moscow has not delivered affordable arms in large numbers and in a timely fashion post-2022, and has thus been unable to fulfill New Delhi's major supply criteria. Any desire for the United States (and its allies) to replace Russia as India's supplier of choice must therefore focus on scale, affordability, and timely delivery, with additional criteria of technology transfers and codevelopment opportunities for India. The United States can encourage coproduction via agreements like the **U.S.-India Initiative on Critical and Emerging Technology**. U.S. arms exports also need **streamlining** of the International Traffic in Arms Regulations process. Another facilitator would be institutionalizing exceptions such as India's elevation to **Tier 1 of Strategic Trade Authorization** in 2018. Furthermore, given demands by U.S. partners and allies in Europe, the Indo-Pacific, and the Middle East, multinational solutions are needed to supply India while fulfilling its above-mentioned conditions. In the vein of **Thomas**

A. Callaghan Jr. of CSIS, who advocated in 1974 for the coproduction and standardization of NATO equipment to compete with Soviet capacity, the United States should foster a cooperative, not competitive, supply approach with NATO allies. This could be done via agreements between preexisting defense suppliers to India, namely France, Germany, Italy, Sweden, the United Kingdom, and the United States. Such agreements could focus on: (1) platforms that would help India gradually replace Soviet/Russian legacy systems; (2) expediting permits for Western-origin components that are crucial to India's defense industry and mostly sourced from Russia—including ejection seats, engines, avionics, and main guns—for use in exports, licensed production, and/or indigenous platforms, and (3) facilitating targeted technology transfers to India.

> *While India's increased purchase of Russian oil has indeed contributed to a significant rise in the bilateral trade, it has also led to a massive trade imbalance between the two countries. India will thus likely seek to have this relatively one-sided trade relationship change in the future.*

In the energy domain, New Delhi—even before the tariffs threat from Washington—has understood the importance of gradual diversification away from Moscow's crude. While India's increased purchase of Russian oil has indeed contributed to a significant rise in the bilateral trade, it has also led to a massive **trade imbalance** between the two countries. India will thus likely seek to have this relatively one-sided trade relationship change in the future. Over time, **diversified procurement** may foster "competitive pressure among suppliers," leading to better pricing than sustained dependence on Russia as a major supplier would yield. India has already increased its energy purchases from the United States, with crude oil imports **reportedly** rising by 51 percent in the first half of 2025 compared to the same period the previous year. However, a rushed transition to alternative suppliers due to U.S. penalties may have adverse effects on India that the Modi administration would probably like to avoid. As some **argue**, entirely cutting off Russian oil imports and switching to Middle Eastern, U.S., and Brazilian suppliers in the immediate future could raise India's annual oil bill by $9–11 billion due to rigid pricing terms and logistical hurdles. Furthermore, while **the tariff model** could indeed successfully reduce Russian oil shipments to India (and, perhaps, to other countries globally), the reduction in Russian supply and India's consequent sharp pivot to suppliers from which Europe also purchases oil could cause a global price increase. Finally, should India decide to continue buying Russian crude, the resulting 50 percent tariffs could **strain** carefully crafted U.S.-India ties. An alternative solution, as **proposed** by Clayton Seigle of CSIS, could be for the United States to require importers of Russian crude, such as India, to pay out portion of their discount on Russian crude in the form of a surcharge back to the U.S. government. The authors of this paper suggest that, should such an alternative approach be considered, the collected funds could be promised to be invested back into the Indian economy via jointly-approved projects that accelerate India's energy and defense military transition away from Russia to alternative suppliers such as the United States. ■

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