



India and the World

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Are India-Russia relations reaching a plateau?

Among India's over 30 strategic partnerships, the special and privileged one with Russia stands out in the eyes of European publics and policy makers. Threat perceptions in Europe with regards to Russia continue to diverge from India's. While European military planners prepare for the possibility of another Russian assault on a European country within five years' time, India still views, in particular, its defence partnership with Russia as meaningful.

Policymakers in New Delhi are often baffled by the extent to which the 'Russia factor' impacts their conversations with Europe, which they see as a distinct geography. Clearly, India, given its Eurasian footprint, has its own interests in continued cooperation with Russia and contrasts Moscow's status-quoist behavior in Eurasia with its revisionism to its west. Historical ties, concerns about China, and India's broader goal of shaping a multipolar Asia, also play in.

However, the most pronounced facets of current cooperation – energy and defence industry ties – show a possibility of plateauing due to a mix of external pressures and offers from partners of alternatives. While India-Russia trade surged from \$10 billion in 2021 to \$65 billion in 2024, growth was driven almost entirely by discounted Russian crude oil following Western sanctions. India has, since Russia's invasion of Ukraine in 2022, been sourcing around 40% of its oil from Russia. Some estimates suggest this has saved more than \$13 billion since 2022. While this has bolstered the Kremlin's finances, Indian officials have argued that it has kept domestic inflation in India down, enabled a flow of refined petroleum

products to Europe and elsewhere – and, at least initially, contributed to price stability in global oil markets.

However, the energy trade appears increasingly less sustainable. New sanctions from the United States targeting specific Russian oil firms, alongside the possibility of secondary sanctions, appear to have cast doubt on the profitability and implementation of any future deals. Long-standing payment challenges due to SWIFT restrictions and lack of a rupee-rouble mechanism also continue to complicate trade.

India can replace Russian oil with supply from other countries, mainly in the Middle East. The price tag for imports would increase. However, the effect of the decreasing mark-up of global crude oil is also visible: At this point, according to estimates made by the rating agency ICRA, at this point replacing Russian supply with market price crude oil shipments would only increase the annual bill by approximately 2%.

US authorities have set a compliance deadline for their most recent sanctions of November 21. This comes at a time when President Donald Trump has sounded upbeat about the possibilities of a trade deal with India, and many expect that a reduction from the current high level of tariffs on Indian exports would be predicated on a promise to increase that country's purchases of US oil.

In general, experts assume that, on the basis of their past behaviour, most Indian purchasers will shift strategies to accommodate new US sanctions. The need for continuing and unimpeded access to financial networks and capital markets is usually sufficient incentive for such a shift. It has already been reported that, as a sort of emergency stop-gap solution, some buyers have begun to buy spot crude cargoes from both the Middle East and Brazil. Countries such as Angola, Canada, and Nigeria may also benefit from a diversification of India's suppliers. Indian state refiners already buy generally through intermediaries, and only rarely buy oil directly from Russian companies. It is thus unclear if purchases of Russian oil will completely stop or instead shift to intermediaries to reach its destination. Even so, however, the fresh sanctions will unarguably increase transaction costs, reduce margins, and encourage diversification.

Defence cooperation has long been another central pillar of India-Russia relations, with Russia supplying around 65% of India's imported arms over the past two decades. Cooperation continues, and it has been estimated by various sources in both India and the West that a level of dependency will remain for the coming two decades, partly due to cooperation on legacy systems.

Moscow has suggested specific ways to upgrade and update this relationship. It has proposed joint production of a localised version of the 'flagship' T-14 Armata tank in India, aligning with India's push for defence autonomy. India and Russia are currently negotiating the potential acquisition of the Vorenzh radar system, which it is promised will be produced with over half of its value added indigenously within India. Additionally, the effective performance of the S-400 air defence system during Operation Sindoor in May of this year has led to speculations of additional batches being purchased during Russian President Vladimir Putin's annual summit with the Indian prime minister in December.

In spite of these various promising possibilities, however, New Delhi has not appeared particularly enthusiastic about following through on its end. No new arms deals between India and Russia have been signed since 2021, and no agreements for licensed production outside of India have been reached since 2019.

Delays, performance issues, and geopolitical risks cast doubt on new, larger arms transfers or joint ventures. Russia's war in Ukraine and resulting sanctions have disrupted deliveries of key systems like the S-400 and submarines, raising concerns in New Delhi over Moscow's reliability. India has responded by cancelling or suspending purchase agreements for both military helicopters and fighter jets. Instead, it has accelerated its efforts on indigenisation and diversification – turning in particular to partners like France, the U.S., Israel, and

Sweden. As a result, Russia's share of India's arms imports dropped from 76% (2009–13) to 36% (2019–23). In other words, India's defence ties with Russia are still significant but increasingly supplemented by a broadened base of partnerships, and in this central area the partnership seems to be plateauing.

These trends in crucial parts of the India-Russia partnership are worth bearing in mind as the plans for Putin's visit to India before the end of the year are beginning to take shape. If the visit materialises it may doubtless be followed by a joint communication listing several new initiatives. But the context of such initiatives is also important to understand: In practice, New Delhi's approach to multi-alignment leads it to manage a decline of its historic over-exposure to Russia.

The India-Russia partnership is also discussed in a recent [UI Report](#) by Erik Mollestam and Simmi Saini.



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