REPORT

№ 113 / 2026

Toward More Balanced Russia–India Economic Relations

Ivan Danilin
Lydia Kulik
Polina Chupriyanova
Leyla Turayanova
Aleksei Kashin
Amit Bhandari

RIAC
Russian International Affairs Council

GATEWAY HOUSE
INDIAN COUNCIL ON GLOBAL RELATIONS
भारतीय वैश्विक सम्बंध परिषद्

RUSSIAN INTERNATIONAL AFFAIRS COUNCIL
GATEWAY HOUSE: INDIAN COUNCIL ON GLOBAL RELATIONS

MOSCOW 2026

Russian International Affairs Council

Gateway House: Indian Council on Global Relations

Authors:

From Russia:

Ivan Danilin, Ph.D. in Political Science; **Lydia Kulik**, Ph.D. in Political Science; **Polina Chupriyanova**; **Leyla Turayanova**; **Aleksei Kashin**

From India:

Amit Bhandari

Reviewer:

Gleb Makarevich, Ph.D. in Political Science

Editors:

Svetlana Gavrilova, Ph.D. in History (Lead Editor); **Julia Melnikova**, Ph.D. in Political Science; **Katerina Trotskaya**; **Gleb Gryzlov**; **Daniil Rastegaev** (Publishing Editor).

The report was prepared for the Second International Conference "Russia and India: Toward a New Bilateral Agenda," March 23, 2026.

Toward More Balanced Russia–India Economic Relations: Report No. 113 / 2026 [I. Danilin, L. Kulik [et al.]; edited by S. Gavrilova, J. Melnikova, G. Gryzlov, K. Trotskaya, D. Rastegaev]; Russian International Affairs Council (RIAC). – Moscow: NPMP RIAC, 2026. – 40 p. Authors and editors are listed on the copyright page.

ISBN 978-5-6054794-3-7

A sharp increase in economic cooperation became the most distinct feature in Russia–India relations in this decade. Despite both countries being major global economies, their partnership in trade and investment still holds large untapped potential for further growth. The following report proposes paths for expanding bilateral economic ties, assessing the current dynamics in trade, investment flows, technology exchange, and labor mobility. The authors analyze the impact of international sanctions on bilateral cooperation, examine challenges and opportunities in high-tech sectors, and provide recommendations aimed at strengthening the Russia–India economic partnership.

The full text of the report is available on RIAC's website. Feel free to download it and leave comments via the direct link: **russiancouncil.ru/report113**

Contents

Introduction

Over the first half of this decade, the Russia–India partnership has undergone a significant transformation, reaching new levels of cooperation not seen since the collapse of the Soviet Union. The most important feature of this new phase is arguably the drastic increase in trade that was hardly expected or even possible in previous geopolitical realities.

Political relations between Moscow and New Delhi have remained resilient over the years. Since 2010, the bilateral relationship has held the formal designation of a "Special and Privileged Strategic Partnership," reflecting a high level of institutionalized dialogue and long-term strategic alignment. However, economic engagement has traditionally been viewed as the comparatively underdeveloped pillar of the partnership. Despite a strong foundation built during the Soviet era, bilateral economic ties experienced a prolonged slowdown in the 1990s, as both countries recalibrated their economic priorities and shifted their focus toward other partners. As a result, by the end of the 2000s, Russia accounted for only approximately 1% of India's total foreign trade turnover, with limited figures in both exports and imports.[1] Existing cooperation revolved around the military-industrial complex, where New Delhi remained one of the key destinations for Russian arms exports, in addition to a number of other sectors inherited from the Soviet era.

The leadership of both countries consistently expressed interest in expanding economic cooperation and matching it with the level of political partnership. However, for a long time, these efforts did not lead to any significant rise in trade. Russian and Indian business communities showed little interest in mutual engagement, pursuing access to more lucrative Western markets. In addition, the lack of a clear regulatory and legal framework, as well as other challenges, provided no fertile ground for this interest to form.

The situation changed drastically after Russia was forced to redirect its exports to other, primarily Asian, markets following the beginning of the special military operation in Ukraine and the subsequent escalation of sanctions pressure. Russia–India trade reached $65 billion in 2023,[2] and exceeded $70 billion in 2024.[3] Exports of Russian mineral fuels became the driving factor behind this new era of the bilateral economic cooperation: in 2022, oil supplies from Russia to India increased nineteenfold, while the export of petroleum products doubled.[4] By the end of the 2024-2025 fiscal year (FY), Russia ranked first in the supply of mineral

[1] India-Russia trade could reach $10 bn in 2010 // The Economic Times. 29.09.2009. URL: https://widget.economictimes.indiatimes.com/news/economy/foreign-trade/india-russia-trade-could-reach-10-bn-in-2010/articleshow/5068766.cms

[2] Oil and gas sector driver of economic cooperation between Russia, India — envoy // TASS. 28.05.2024. URL: https://tass.com/economy/1762377

[3] Russia-India trade turnover hits record high // Sber India. 14.03.2025. URL: https://sber.bank.in/media/news/russia-india-trade-turnover-hits-record-high

[4] Novak: Russian oil exports to India grew 19-fold to 41 mln tonnes, to China 28% to 89 mln tonnes in 2022 // Interfax. 08.06.2023. URL: https://interfax.com/newsroom/top-stories/91301/

fuels to India, with deliveries valued at $56.9 billion, amounting to a 26% share.[5] Other trade categories followed suit: Russian agricultural exports to the country, for example, increased twofold in the three years between 2022 and 2025.[6]

India's exports to Russia also grew in certain areas such as in pharmaceuticals, electronics, and machinery. However, they still lag behind Indian imports and amounted to only $4.84 billion in 2024.[7] Thus, while bilateral trade increased greatly, it also grew highly imbalanced: in FY 2024-2025, India's trade deficit with Russia amounted to -$58.9 billion, compared to -$56.9 billion in FY 2023-2024 and -$43 billion in FY 2022-2023.[8]

At the 22nd Annual Bilateral Summit between Russia and India in July 2024, leaders set a new target of achieving $100 billion in trade volume by 2030.[9] Meanwhile, in recent years, the trade growth rate has shown signs of slowing down: in FY 2024-2025, it amounted to only 5% in annual terms.[10] Fulfilling the ambitious goals set forth by the leaders of the two countries will inevitably require diversifying economic ties and correcting the existing imbalance. This issue became one of the most important topics for Russia and India in 2024-2025, and served as one of the main topics of numerous expert and business discussions, including at the Russia–India Business Forum of 2025.

Given these circumstances, this study aims to uncover the previously untapped potential in Russian–Indian trade and economic relations, identify new sectors for cooperation, and analyze possible obstacles to their further expansion. The findings are intended to provide a set of practical recommendations that can serve to strengthen bilateral dialogue in areas such as trade and investment, labor mobility, and technological cooperation.

[5] Import: Commodity wise all Countries // Ministry of Commerce of India. URL: https://tradestat.commerce.gov.in/eidb/commodity_wise_all_countries_import

[6] Agricultural trade turnover between Russia and India has doubled in three years // Vedomosti. 04.12.2025. URL: https://www.vedomosti.ru/politics/news/2025/12/04/1160638-tovarooborot-apk (In Russ.)

[7] FAQ: What are the main exports from India to Russia? // Sber India. 28.05.2025. URL: https://sberbank.co.in/media/publications/faq-what-are-the-main-exports-from-india-to-russia

[8] Total Trade: Country-wise // Ministry of Commerce of India. URL: https://tradestat.commerce.gov.in/eidb/country_wise_ttrade

[9] Joint Statement following the 22nd India-Russia Annual Summit // Ministry of External Affairs, Government of India. 09.07.2024. URL: https://www.mea.gov.in/bilateral-documents.htm?dtl/37940/Joint_Statement_following_the_22nd_IndiaRussia_Annual_Summit

[10] Country: Russia // Ministry of Commerce, Government of India. URL: https://tradestat.commerce.gov.in/eidb/country_wise_ttrade

Chapter 1. Expanding India–Russia Trade and Investment

In 2025, the challenges and hurdles affecting economic cooperation between New Delhi and Moscow became more pronounced than previously. Bilateral trade in the first three quarters of the year reached $53.86 billion and showed a 11.1% decline compared to the same period in 2024.[11] Nevertheless, trade flows showed signs of recovery toward the end of the year, and the overall volume for FY 2025 is likely to be about the same as in 2024 or slightly higher.[12] Russia maintained its position as India's fourth-largest trade partner, following the United States, China and the United Arab Emirates. The decline in trade volume was caused primarily by declining global oil prices, as well as adjustments in supply chains. Russia's main exports to India include crude oil and oil products, coal, vegetable oils, mineral fertilizers (complex, nitrogen-based, potassium), and other commodities.

Despite a moderate decline in overall trade value, the structure of bilateral exchange indicates a trend toward greater diversification. New export categories emerged primarily in pharmaceutical substances, chemical compounds, engineering and technical components, certain types of electrical equipment, food ingredients, and plant extracts. The range of Indian exports to Russia remains broad. Key items include pharmaceuticals, telecommunications equipment, computing devices, ceramic materials, food products, and chemical goods. Pharmaceuticals continue to represent one of the most significant segments, while Russia's expanding requirements in telecommunications and IT infrastructure have contributed to increased deliveries of Indian electronic devices and components. The rise in high-tech categories highlights India's expanding role in meeting the technological and infrastructural needs of the Russian market.

Still, the potential for expanding India's exports to Russia remains yet to be fully realized. As of 2024, Russia's overall imports stand at $283 billion,[13] of which India accounted for only 1.7% (only a slight increase from 1.5% in 2021).[14] Of India's total exports of $437.7 billion in FY 2024-2025, only 1.1% were directed to Russia, compared to 0.9% in FY 2020–2021.[15] Russia is not among India's top

[11] Imports: Country-wise all commodities // Ministry of Commerce and Industry. URL: https://tradestat.commerce.gov.in/meidb/country_wise_all_commodities_import; Exports: Country-wise all commodities // Ministry of Commerce and Industry. URL: https://tradestat.commerce.gov.in/meidb/country_wise_all_commodities_export

[12] Customary for Russia–India trade is to use fiscal years for periodization, ending in March.

[13] Foreign Trade with All Countries, January-December 2024 // Federal Customs Service. URL: https://customs.gov.ru/statistic/vneshn-torg/vneshn-torg-countries (In Russ.)

[14] Foreign Trade with Main Partners, January-December 2021 // Federal Customs Service. URL: https://customs.gov.ru/folder/511 (In Russ.)

[15] Exports: Country-wise, FY 2024-25 // Ministry of Commerce and Industry. URL: https://tradestat.commerce.gov.in/eidb/country_wise_export; Exports: Country-wise, FY 2020-21 // Ministry of Commerce and Industry. URL: https://tradestat.commerce.gov.in/eidb/country_wise_export

25 export markets. Remarkably, India's trade deficit with Russia is second only to the deficit it has with China.

Investment cooperation between India and Russia remains insignificant and largely limited to the resource sector. As of March 2025, Cumulative FDI from Russia to India amounted to $1.3 billion, representing 0.18% of total FDI inflows into India.[16] This figure, however, does not account for Russian investments channeled through offshore financial centers such as Mauritius, Singapore, and the Netherlands. For example, Rosneft holds a 49% stake in the 20-million-ton Nayara Energy petroleum refinery in western India through Rosneft Singapore.[17] Similarly, the Russian telecommunications company Sistema invested in India through Sistema Shyam Teleservices; this entity was subsequently acquired by Reliance Communications, which has since ceased operations. Indian investment in Russia is undertaken predominantly by state-owned enterprises (SOEs), with ONGC being the largest investor through its participation in the Sakhalin-1, Imperial Energy, Vankorneft, and Taas-Yuryakh oil fields. In addition, a consortium of three Indian SOEs—BPCL, Indian Oil, and Oil India—holds stakes in Vankorneft and Taas-Yuryakh.

The Indian private sector showed little interest in investing in Russia, largely due to the broad scope of U.S. sanctions imposed over the past decade. While India does not recognize unilateral sanctions, the risk of U.S. secondary sanctions and related restrictions has acted as a deterrent for major corporations with global operations and financial linkages. Such companies are unlikely to jeopardize their existing commercial interests and international partnerships in order to expand trade and investment with Russia. Expanding the economic partnership will require bringing in new partners—and, where such counterparts do not exist, creating them.

The goal of balancing trade and diversifying bilateral economic ties is not new but the geopolitical and economic environment in 2025 made it more urgent. On the one hand, turbulence caused by the policies of the Trump administration once again reaffirmed the need for India to diversify exports to ensure that national economy is sustainable in the face of growing turmoil in the world. On the other hand, the escalation of Western sanctions proved to Moscow that basing economic cooperation with New Delhi solely on oil leaves it highly vulnerable to external pressure.

Both governments have acknowledged the need to diversify bilateral trade and have incorporated this objective into their agenda. Key outcomes of the work undertaken in 2025 include the identification of potential growth areas and the recalibration of trade and investment priorities to better align Russia's needs with India's capabilities across a range of sectors.

[16] Quarterly Fact Sheet on Foreign Direct Investment (FDI) Inflow from April, 2000 to March, 2025 // Department for Promotion of Industry and Internal Trade.
URL: https://www.dpiit.gov.in/static/uploads/2025/07/03ad41d0e0c3deb434e0520f5dda6df3.pdf

[17] Nayara Energy Limited // Rosneft.
URL: https://www.rosneft.com/business/Downstream/Neftepererabotka/Nayara_Energy_Limited/

Oil Industry

India's petroleum sector is highly concentrated. For instance, the country has a petroleum refining capacity of 258 million tons a year,[18] distributed across 23 operational oil refineries,[19] with an average capacity of 11 million tons a year. Of this total, 65% is with three large state-owned corporations—IOC, BPCL, and ONGC-HPCL.[20] The remaining 35% is split between two companies: Reliance (26%) and Nayara Energy (8%).[21] While scale increases efficiency, it also makes companies more vulnerable to sanctions because of their worldwide operations, and reliance on external financing.

One notable difference between the oil sectors of China and India is the presence in China of a large number of so-called "teapot" refineries.[22] Although these smaller facilities lack the economies of scale and operational efficiency of major integrated refineries, they offset these disadvantages by purchasing discounted crude oil, including supplies from sanctioned sources such as Iran.

India would benefit from developing a tier of smaller oil refineries capable of purchasing crude from sanctioned sources while maintaining limited exposure to the U.S. financial system. Sub–5 million ton refineries continue to be constructed in several African countries, as well as in Afghanistan, where domestic demand is relatively low and logistical constraints are significant. Such refineries, operating outside large corporate structures, would be comparatively less vulnerable to sanctions-related risks. Their smaller scale would allow them to secure crude supplies from a limited number of sources—such as Russia or Iran—and their production can be absorbed locally. India and Russia could also explore cooperation in building similar facilities in countries including Afghanistan, Sri Lanka, Bangladesh, and Kenya, where energy demand exists but conditions may not support large-scale refinery projects.

Table 1. Recently Completed Small-Sized Oil Refineries

Project	Capacity (Metric Tons, MT)	Cost ($)
Uganda Refinery Project, Uganda	3	4 billion[23]
Sentuo Refinery, Ghana	2	980 million
Cabinda Refinery, Angola	1.5	473 million
OPAC Refinery, Nigeria	0.5	78 million
Kam Oil Refinery, Afghanistan	0.2	30 million[24]

Source: Gateway House data compilations

[18] Refineries // Center for High Technology, Ministry of Petroleum and Natural Gas. 01.04.2025. URL: https://cht.gov.in/refineries

[19] Refinery Capacity // Ministry of Petroleum and Natural Gas. URL: https://mopng.gov.in/en/refining/refining-capacity

[20] Ibid.

[21] Ibid.

[22] Small-to-medium, independent, privately-owned Chinese oil refineries, with a capacity ranging from 1 to 5 million tons a year.

[23] Uganda Refinery Implementation Agreement Signed // Uganda National Oil Company. URL: https://www.unoc.co.ug/uganda-refinery-implementation-agreement-signed/

[24] About Kam Oil // Kam Oil. URL: https://kamoils.com/

Policy efforts should focus on supporting the creation of new small oil companies capable of constructing and managing petroleum refineries. Additionally, collaboration should be encouraged to implement similar refinery projects in oil-importing states such as Bangladesh, Myanmar, Sri Lanka, and Afghanistan.

Critical Minerals

Global supply chains for critical minerals such as rare earths, lithium, and cobalt, are currently dominated by China. The U.S. is trying to create its own supply chains under the Pax Silica program. Washington has a long history of using its economic leverage geopolitically and the Pax Silica can be viewed as an attempt to create similar leverage in yet another sector.

India's long-term economic security and strategic autonomy will likewise depend on the establishment of independent and reliable supply chains. The country's ambitious renewable energy and electric vehicle programs will require sustained access to critical minerals. This entails not only the extraction of raw materials, but also the acquisition of technologies for their refining and processing.

Both India and Russia have significant rare earth resources. India's rare earth reserves are largely managed by Indian Rare Earths Limited, a state-owned enterprise under the Department of Atomic Energy. On the Russian side, state owned Rosatom[25] and Rosneft[26] perform similar functions. Both companies are deeply engaged with India. Given the strategic importance of this sector, state-owned enterprises will have to take the lead in mining and processing rare earth minerals.

The parties should consider forming a joint research and development (R&D) initiative aimed at advancing refining and processing technologies for rare earth elements, thereby contributing to long-term technological self-sufficiency. Furthermore, specialized state-owned enterprises could be established to oversee the refining and processing of these minerals, with the objective of enhancing coordination and ensuring the effective management of strategic resources.

Pharmaceuticals, Biotechnology, Medical Devices, and the Healthcare Sector

The history of Russia-India cooperation in the pharmaceutical sector stretches back decades. Currently, approximately 10% of drugs registered in the Russian Federation–around 1,800 products—are manufactured in India.[27] Among the imported drugs in the Russian market, Indian-made products account for roughly 16%.[28] India also represents a significant share in the supply of pharmaceutical

[25] Rare Earth Supply Chain // Rosatom Newsletter. URL: https://rosatomnewsletter.com/2024/04/25/rare-earth-supply-chain/

[26] Rosneft acquires holder of Tomtor rare earth metals deposit license // Interfax. 21.05.2025. URL: https://interfax.com/newsroom/top-stories/111546/

[27] Russia and India's medical cooperation is reaching a new strategic level // Ministry of Health of Russian Federation. 05.12.2025. URL: https://minzdrav.gov.ru/news/2025/12/06/29070-sotrudnichestvo-rossii-i-indii-v-meditsine-vyhodit-na-novyy-strategicheskiy-uroven (In Russ.)

[28] Ibid.

substances to Russia, supplying approximately 1.3 million kilograms annually, or approximately 23% of total imports.[29] The presence of Indian medical device manufacturers in the Russian market is also growing, with 283 types of medical devices currently supplied from India.[30] As Russia is actively developing and modernizing its healthcare system it also aims to become more self-reliant in pharmaceutical manufacturing. Most Big Pharma players left the Russian market after 2022, which presents an even greater opportunity for Indian firms to expand their presence.

India's pharmaceutical, vaccine and biotech sectors have achieved outstanding results. The country has been producing active pharmaceutical ingredients (APIs) for three to four decades and has developed stronger competences, greater production scale, and human resources capabilities in this field than Russia. This creates opportunities for joint development of APIs and pharmaceutical intermediates.

Given that technological self-sufficiency remains a key priority for the Russian government, the localization of production in Russia would enhance prospects of Indian manufacturers of securing government tenders. The localization of intellectual property rights, patents, know-how, and technological standards present an additional window of opportunity for Indian partners. This is equally relevant for Indian medical device manufacturers, many of whom produce globally competitive products ranging from hospital consumables to high-tech equipment such as, for example, hip and knee replacement devices.

In certain cases, Russian research capabilities and Indian manufacturing capacity could be combined to promote jointly developed pharmaceutical products in third-country markets. Major international pharmaceutical companies increasingly utilize India as a contract development and manufacturing organization (CDMO) hub, given its cost advantages, skilled workforce, and facilities compliant with U.S. FDA and EMA standards. A similar approach could be adopted by Russian companies.

Other avenues for cooperation include the export of India-manufactured industrial and laboratory equipment for the pharmaceutical and biotechnology sectors. Since this segment is growing rapidly in Russia, demand for relevant equipment is extremely high. The development and production of biosimilars (biologic medicines) are more expensive and time-consuming than the manufacture of generic drugs. Joint research initiatives and co-investment in biosimilar projects could therefore generate substantial benefits for both Russian and Indian stakeholders.

Marine Products

For India, whose coastline stretches over 11,000 kilometers, fisheries represent a sector of key strategic importance. The Modi government has supported its

[29] Russia and India's medical cooperation is reaching a new strategic level // Ministry of Health of Russian Federation. 05.12.2025. URL: https://minzdrav.gov.ru/news/2025/12/06/29070-sotrudnichestvo-rossii-i-indii-v-meditsine-vyhodit-na-novyy-strategicheskiy-uroven (In Russ.)

[30] Ibid.

development through infrastructure improvements and export promotion initiatives. This resulted in India becoming a global fishery powerhouse, contributing 8% to global fish production, ranking second in overall fish output and aquaculture, and achieving a record 19.5 million tons of production in 2024-2025.[31] India's seafood export volumes rose 60% and its export value increased 88% over the past decades, reaching over 130 destinations worldwide.[32] India is one of the world's largest producers and exporters of cultivated prawns. In 2024, Russia imported around 115,000 tons of prawns, with about only 23,000 tons from India—an increase of 35% compared to 2021.[33] Other suppliers include Ecuador, China, Vietnam, Indonesia, Thailand. More than 50% of Russia's total shrimp imports consist of unpeeled shrimp and head-on shrimp, including products intended for cooking.[34] Ecuador currently serves as Russia's largest supplier in this segment. There is potential for further growth in the Russian market, supported by declining prices and increasing consumer demand. Retail shrimp sales in Russia are expanding at an annual rate exceeding 10%, while the HoReCa segment is growing by around 12%.[35] At present, India primarily exports peeled shrimp; however, industry assessments indicate that export volumes could increase if India expands supplies of unpeeled shrimp, which are preferred for cooking in Russia.

Following a temporary suspension affecting all exporters, Russian certification authorities have recently issued the necessary approvals to 128 Indian seafood processing units.[36] For India, this development is particularly significant in light of the recent increase in U.S. tariffs. India maintains that there is considerable potential for deeper bilateral cooperation in fisheries and aquaculture, including cold water aquaculture, broodstock development, hatchery technologies, aquatic health management, sustainable fishery practices, biodiversity conservation and coordinated action against illegal fishing.

Textiles, Including Technical Textiles

Textiles represent another strategically important sector of the Indian economy that has been hit by U.S. tariffs. India's annual exports stand at $40 billion, and India is aspiring to increase this figure to $100 billion. India's textile industry products are exported to almost 200 countries and amount to 4 to 5% of global exports.[37] The

[31] India rises as global fisheries powerhouse, contributes 8% to world output // Northeast News. 04.10.2025. URL: https://nenews.in/business/india-rises-as-global-fisheries-powerhouse-contributes-8-to-world-output/33643/

[32] India's seafood industry poised to ride CETA wave with estimated 70% export growth to UK // India Blooms. 26.07.2025. URL: https://www.indiablooms.com/news/indias-seafood-industry-poised-to-ride-ceta-wave-with-estimated-70-export-growth-to-uk/details

[33] Russian businesses are counting on increased imports of prawn with head from India // Interfax. 04.14.2025. URL: https://www.interfax.ru/business/1061482 (In Russ.)

[34] Ibid.

[35] Ibid.

[36] Rosselkhoznadzor has opened access to the Russian market for 10 Indian fish and seafood producers // Federal Service for Veterinary and Phytosanitary Supervision. 02.12.2025. URL: https://fsvps.gov.ru/news/rosselhoznadzor-otkryl-dostup-na-rossijskij-rynok-10-indijskim-proizvoditeljam-ryby-i-moreproduktov/ (In Russ.)

[37] India Plans to Boost Textile Exports to 40 Countries, Including Russia // Sputnik India. 26.08.2025. URL: https://sputniknews.in/20250828/india-plans-to-boost-textile-exports-to-40-countries-including-russia-9669918.html

country is also one of the largest producers of natural fibers—cotton, jute, and silk. India has one of the largest producing capabilities in man-made fibers, second only to China.[38] The technical textiles segment receives special attention by the Indian government, and it is growing at a faster pace than other segments of the industry. In addition, India is developing seven new textile mega parks (integrated clusters) designed to provide world-class infrastructure and support the sector's production and supply chain requirements in a coordinated and efficient manner.[39]

Russia's textile and apparel imports were valued at more than $13 billion in 2024,[40] placing the country among the world's largest consumers in this sector. While exports to Russia are increasing—particularly in the apparel segment—they continue to account for only a small share of total domestic consumption. India is well positioned to compete with established suppliers such as Turkey, Uzbekistan, and China by leveraging its advanced capabilities across the textile value chain. These include cotton and man-made fabrics, home textiles, carpets, and technical textiles.

E-commerce will play a crucial role in reaching out to consumers on both sides. Russia's leading marketplaces already prioritize Indian suppliers, viewing the country as one of the most promising sources of imports in the coming years, provided that export-import procedures are simplified and the cost of logistics are reduced. According to one major platform, sales of consumer products originating from India were estimated at approximately $135 million in 2025.[41]

Apart from exports to Russia, additional avenues for bilateral cooperation exist within the textile sector. Russia possesses advanced capabilities in technical textiles, including high-performance fibers, glass fibers, polymers, composites, defense textiles, specialized nonwovens, geotextiles, filtration materials, medical textiles, and fibers for automotive, aviation, and space applications. This technological expertise is of considerable interest to India and creates opportunities for joint research, development, and manufacturing initiatives with Russian partners.

Agriculture and Food

The potential for cooperation in agriculture, including the expansion of Russia's agro-exports to India, has been examined previously.[42] It is also important to note

[38] Leader in fibre production, but growth, exports lagging: What ails India's textile industry // The Indian Express. 25.02.2025. URL: https://indianexpress.com/article/explained/explained-economics/whats-ails-indias-textile-industry-9853302/

[39] India to set up 7 mega textile parks under PM Mitra Scheme // India Today. 25.03.2025. URL: https://www.indiatoday.in/information/story/india-to-set-up-7-mega-textile-parks-under-pm-mitra-scheme-2698641-2025-03-25

[40] Russia's trade balance for January-October fell by 7.8% to $115.4 billion // Interfax. 10.12.2025. URL: https://www.interfax.ru/business/1062419 (In Russ.)

[41] Wildberries and Ozon are seeing a boom in demand for Indian goods // Retail.ru. 05.12.2025. URL: https://www.retail.ru/news/wildberries-i-ozon-fiksiruyut-bum-sprosa-na-tovary-iz-indii-5-dekabrya-2025-272218/ (In Russ.)

[42] Kulik L. *Russia-India: An economic cooperation framework.* Valdai Discussion Club Report. 2025. URL: https://valdaiclub.com/files/47664/
Russia-India Cooperation in Agriculture and Food Security. RIAC and Synergia Foundation Report No. 103 / 2025. Moscow: NPMP RIAC, 2025. 36 p. URL: https://russiancouncil.ru/papers/RIAC-Synergia-Russia-India-FoodSecurity-Report103.pdf

that Russia and India share similar approaches to agricultural development, both prioritizing food self-sufficiency and the expansion of export capacity. Russian companies are interested in increasing quality and productivity, in line with the country's objective of increasing food production by 25% by 2030.[43] The search for complementarity between the Russian and Indian industries has helped to identify areas for potential cooperation. Besides animal husbandry, seafood, fisheries, basmati rice (for which India is Russia's largest supplier), tea and spices, India can increase the supply of tropical fruits, berries, certain types of vegetables. Russia imports about 4 million tons of tropical fruits and berries annually, while India's share of this market remains relatively small.[44] Also, India might potentially export its food processing equipment. Joint research and development in crop and animal breeding, as well as in soil quality monitoring, preservation and enhancement has significant potential.

In general, bilateral trade continues to be constrained by lengthy product certification procedures and the limited alignment between the regulatory frameworks of the two countries. This issue is particularly acute in the food sector. 2025greement between Russia's Federal Service for Surveillance on Consumer Rights Protection and Human Wellbeing and India's Food Safety and Standards Authority (FSSAI), signed during President Vladimir Putin's state visit to India in 2025 represents an important step toward facilitating trade, especially in this domain. However, further efforts will be required to achieve meaningful regulatory harmonization and procedural streamlining.

The key to resolving this issue is the joint work of regulators, certification authorities, as well as streamlining logistics. Supply chains need to function as efficient "green corridors," ensuring streamlined customs and phytosanitary clearance for trusted suppliers and priority goods. Active collaboration between regulators in Russia and in India is essential to make the procedures for issuing necessary permits more transparent, with integrated and clearly defined criteria for all involved. When it comes to Russia-India trade, regulators on both sides need to serve as facilitators rather than obstacles. Indian authorities can play an important role in preliminary inspections, preparing Indian companies for Russian export requirements, and exchanging data with Russian regulatory authorities. The implementation of harmonized checklists, standardized inspection templates, and mutually maintained registries of trusted suppliers will enhance procedural coordination between Russia and India. Furthermore, efficiency, transparency, and regulatory interoperability between the two countries might be improved by establishing a unified digital platform enabling real-time procedural tracking, along with the integration of electronic certification systems and the introduction of end-to-end electronic document exchange, including electronic phytosanitary certification. This way Russian consumers will receive stable supplies at reasonable prices and India will gain a large and reliable market for its producers.

[43] Putin sets task to ensure 25% growth of agricultural production by 2030 compared to 2021 // TASS. 07.05.2021. URL: https://tass.com/politics/1785257

[44] Lut told how many tropical fruits Russia imports // Prime. 04.12.2025. URL: https://1prime.ru/20251204/frukty-865206116.html (In Russ.)

Telecommunications and the Digital Sector

As in other sectors, the departure of Western suppliers from the Russian market created incentives for domestic developers to strengthen their capabilities and expand their share of the national market. It also broadened the scope for potential cooperation with non-Western partners. Russia's digital transformation has been progressing at a pace similar to that of India, which possesses distinctive strengths and is deeply integrated into the global IT services industry. India is making significant progress in the manufacturing of electronic components, mobile phones and computer hardware. Today the country is the second largest mobile phone producer in the world and accounts for 20% or global workforce in chip design.[45] Russia has expressed particular interest in telecommunications equipment manufactured in India, including 4G and 5G base stations, given projections of a potential shortfall of 200,000–250,000 base stations by 2030.[46] Russia is ready to place orders for printed multilayer boards and plates at India's growing microelectronic manufacturing, fabrication and packaging facilities, as well as for batteries and solar panels. The country's fast-expanding e-commerce segment requires building tens of thousands of autonomous drone platforms in remote areas of the country for the efficient delivery of goods. There is also a large demand of warehousing robots in the country. Moscow's ambitious AI projects can use Indian specialized computing infrastructure to teach its models. India's AI mission and Russia's national AI strategy share certain common objectives of harnessing AI for societal and economic benefit and ensuring that there are appropriate ethical safeguards. This common understanding provides the necessary foundation for cooperation in the field of AI.

Industrial Cooperation

The automotive sector offers opportunities not only in the production of passenger vehicles, but also in tractors, heavy machinery, and heavy commercial vehicles. Russian manufacturers have expressed interest in sourcing automotive components, electronic parts, spare parts, industrial robots, 3D printers, stamping tools, and press molds. In addition, the civil aviation and shipbuilding industries generate substantial demand for a wide range of industrial goods, components, and equipment. Experts emphasize the importance of developing a unified components base or taxonomy that could serve both sides by standardizing classifications and facilitating procurement. They also underscore the potential for localizing production in Russia, where Indian manufacturers may benefit from favorable business conditions.

Russia and India have been cooperating in the aviation sector for over sixty years. Today the two countries are beginning their first large-scale cooperation project

[45] Semiconductor push: India hosts 20% of world's chip design engineers; consumption set to cross $120 billion by 2030 // The Times of India. 02.09.2025. URL: https://timesofindia.indiatimes.com/business/india-business/semiconductor-push-india-hosts-20-of-worlds-chip-design-engineers-consumption-set-to-cross-120-billion-by-2030/articleshow/123646878.cms

[46] By 2030, Russia may cover the shortage of base stations by relying on India // Comnews. 08.12.2025. URL: https://www.comnews.ru/content/242788/2025-12-08/2025-w50/1008/k-2030-g-rossiya-mozhet-zakryt-deficit-bazovykh-stanciy-za-schet-indii (In Russ.)

in the field of civilian aviation: Sukhoi Superjet (SJ-100) regional aircraft will be manufactured in India in partnership with Hindustan Aeronautics Limited (HAL) to support the expansion of India's short-haul connectivity. The production of this jet, which initially incorporated a substantial share of foreign components, has been fully localized in Russia following the escalation of sanctions pressure in 2022. As a result, the scope and depth of Russia–India cooperation in the production of the SJ-100 will depend largely on the parameters agreed upon by the two sides. The localization of component manufacturing in India could contribute to reducing production costs for the Russian side.

Similarly, the cooperation between the two countries in railway stock industry is two-way. While Russia's leading rolling stock producers are already importing certain goods and components from India, as well as steel, they are simultaneously working on localizing their know-how in railway infrastructure, production of advanced wagons and locomotives in India. There is further scope to integrate Indian manufacturers into Russian railway value chains. In addition, the two countries could jointly leverage their capabilities in development, manufacturing, and supply to serve third-country markets.

Services

The free trade agreement currently in the making between India and the Eurasian Economic Union will only cover trade in goods. A separate process will therefore be required to establish a legal framework governing trade in services and the protection of investments. The former is of particular importance, given that 55% of India's GDP and 45% of India's exports is in services.[47] This sector encompasses a wide range of areas with substantial business potential, including software development, cybersecurity, legal, consulting, accounting and financial services, research and development, design, project management, healthcare (including medical tourism), education, labor and skills development, and logistics.

Encouraging Indian MSMEs and Retail Investors to Invest in Russia

India's corporate sector has traditionally been integrated with the Western financial system—companies raise capital from western investors, partner with western firms for technology, and often have subsidiaries in the OECD countries. In recent years, however, hundreds of small and medium enterprises (SMEs) have listed on Indian stock exchanges across sectors such as finance, construction, textiles, food products, IT services, entertainment, and biotechnology. As smaller outfits, these companies generally lack long-standing institutional relationships with Western partners and are less dependent on Western sources of funding. Due to this limited exposure, they may be less susceptible to the direct impact of U.S. sanctions compared to larger, globally integrated corporations. In this context,

[47] India's service economy powers over 55% of GDP, and it's just getting started. Are you invested in this next wave of wealth creation? // The Economic Times. 02.07.2025. URL: https://economictimes.indiatimes.com/wealth/invest/indias-service-economy-powers-over-55-of-gdp-and-its-just-getting-started-are-you-invested-in-this-next-wave-of-wealth-creation/articleshow/122204835.cms

Russia would need to shift its outreach strategy in India toward engaging these SMEs, encouraging them to invest in and trade with Russia.

There has been strong retail demand for the initial public offerings (IPOs) of such companies; in some cases, issues have been oversubscribed by a factor of 100, meaning that for every share offered, more than 100 bids were submitted. Several foreign firms have already begun accessing the Indian retail capital market. Notable examples include Hyundai Motor India Limited, listed in October 2024 and currently valued at approximately $21.4 billion, and LG Electronics India Limited, listed in October 2025 and currently valued at around $12 billion.

A substantial part of the value of the Korean parent firm comes from the Indian arm. For Indian investors, exposure to elevated commodity prices represents a notable portfolio risk; investment in Russian commodity producers could serve as a partial hedge against such volatility. From the Russian perspective, attracting additional foreign investors would contribute to enhancing market capitalization and liquidity. In the short term, financial instruments such as exchange-traded funds (ETFs) could facilitate cross-market investment. Over the longer term, the listing of Russian companies on Indian exchanges may provide a more structured mechanism for deepening financial integration between the two markets.

Strengthening institutional support for small and medium-sized enterprises (SME) could be achieved through the establishment of a joint SME Chamber of Commerce between India and Russia, aimed at facilitating trade and investment cooperation. Furthermore, the creation of an exchange-traded fund (ETF) enabling Indian investors to invest in Russian resource companies would enhance financial connectivity and promote greater participation in strategic sectors.

Dedicated Economic Zones for Russian Firms in India

One route adopted by India for encouraging manufacturing has been the establishment of dedicated industrial townships. These townships typically host clusters of companies from a single partner country, such as Japan or the Republic of Korea. A similar model could be applied to Russian enterprises, with a dedicated township accommodating companies operating in petroleum, nuclear energy, critical minerals, and related sectors. The presence of an established cluster would lower entry barriers for new and smaller Russian firms seeking to operate in India, while also facilitating access to financing and associated services. Efforts to deepen industrial cooperation could be complemented by the development of a corresponding industrial township in Russia, incorporating key infrastructure such as port facilities, oil refining units, and mineral processing centers.

Logistics

The expansion of bilateral trade might facilitate improving connectivity between the states. While the two countries have been mainly focused on North-South Transport Corridor and supporting domestic infrastructure, in the present geopolitical environment, developing the Northern Sea Route and Chennai–Vladivostok corridor acquires even greater importance. Both countries would

benefit from developing a specialized port on India's eastern cost as part of these efforts. The beginning of training of India's seamen for operations in polar waters is a much needed and welcome development that would help connect India with Russia and other global markets.

The business communities of both countries continue to face persistent challenges that have long complicated bilateral cooperation. These include the limited availability of direct flights, the absence of reliable payment mechanisms for individual travelers, and restrictive visa practices imposed by certain third countries, which constrain business mobility and commercial exchange.

Despite the challenges outlined above, both governments have signaled their commitment to reducing tariff and non-tariff barriers to trade in goods and services, as well as to the movement of capital. The streamlining of regulatory frameworks and the continued development of infrastructure remain central priorities in advancing bilateral economic cooperation. The timely implementation of these measures would enhance the overall attractiveness of the bilateral economic environment for businesses, which currently face substantial operational and regulatory constraints in both markets.

Chapter 2. Challenges for Russia–India Technology Cooperation

Historically, technological cooperation between Russia and India has been centered around a few large intergovernmental energy and defense projects, as well as commercial initiatives in infrastructure, chemicals and, to some extent, pharmaceuticals—all of them with very little to no innovation.[48] Cooperation in the IT sector has been even more limited, if not largely absent, despite numerous policy discussions, official declarations, academic exchanges, business missions, and related initiatives.

Unlike certain companies with Russian "digital DNA" but de-jure international status, such as Acronis, Russian IT giants traditionally had a very limited presence in India, focusing mostly on marketing and product support. Some top Russian IT corporations began to sell their products in the Indian market in the late 1990s, as a part of a broader effort to accelerate global expansion. Most notably, Kaspersky established a subsidiary in India in the early 2000s to support its operations.[49] However, Russian software and IT service companies did not create R&D centers or innovation ecosystems in the country.

Russian internet giants with strong innovative capabilities and experience of expansion to CIS and other partner markets—such as Yandex, VK and Sberbank—were very cautious, if not reluctant, about entering India. It was not until 2020-2022 that Yandex and Sberbank began establishing a more institutionalized presence in India. However, it has not yet resulted in Russian companies gaining a significant share of the IT market, technology-related local employment, or in other associated areas (investments in startups, outsourcing, etc.). Sberbank's IT Center in Bengaluru, established in 2023, stands as the only notable exception, though the results of its work remain to be assessed.

The same holds true for Russian startups and established small and medium IT enterprises (IT SMEs). Aside from a few notable success stories, Russian IT SMEs have little presence in India. The establishment of Sberbank's IT Center in Bengaluru has not yet led to influx of Russian IT entrepreneurs to the city or other Indian IT clusters.

Similarly, the largest Indian IT companies either have no presence in Russia at all, or their activity remains very limited. The most notable exception is Tata Consulting Services (TCS), one of the leaders in Indian IT and global IT outsourcing, which opened its Moscow office as early as in 2008. However, its operations were also dedicated to sales and product support. Moreover, Indian companies operated in only a few niche segments of Russian IT market, where they never gained—nor sought—a large share. For example, Indian IT giants provided core banking

[48] Danilin I., Ustyuzhantseva O. *Prospects and Constraints for Technology Cooperation*. Valdai Discussion Club Report, 2026. Pp. 4-6. URL: https://valdaiclub.com/files/51550/

[49] Kaspersky Aims To Be 'Big Boy' Of Enterprise Security World // CSO. 22.03.2013. URL: https://www.csoonline.com/article/538394/data-protection-kaspersky-aims-to-be-big-boy-of-enterprise-security-world.html

software solutions to several Russian banks including TCS BaNCS for BINBAK, Finacle (by Infosys) for Uralsib, 3i Infotech solutions for ICICI Bank Eurasia. The same applies to Indian IT services for Russian oil and gas companies and for some other sectors. Like their Russian counterparts in India, Indian IT leaders never opened R&D or design centers in Russia—even though western corporations like Microsoft and Alphabet (Google) and even some Chinese companies like Huawei had done so since the 1990s. Following the onset of the Russian special military operation, nearly all operations of Indian companies such as Infosys, Wipro, and HCL in Russia ceased.

There are three main factors underlying the limited enthusiasm for technological cooperation and market expansion among Russian and Indian IT companies, beyond general market entry barriers such as high localization costs associated with regulatory requirements, administrative procedures, and data localization obligations. The key reasons are generally related to the market and finance. Historically, domestic demand for IT services in both Russia and India has not been sufficiently large to sustain rapid growth, prompting major firms to prioritize expansion into larger external markets offering higher price premiums. This consideration has been particularly important given the pronounced price sensitivity of corporate clients and end consumers—especially in India—and the generally high elasticity of demand within national IT markets.

A high level of competition has also played a role. The IT industry is inherently global in nature, with the largest corporations present in all major markets. Brands ranging from Microsoft to Oracle and from SAP to IT subsidiaries of global consulting companies have established a presence in Russia and India, offering high-quality, globally-proven and elaborated set of services. Both economies are also home to their own leading IT enterprises with a broad spectrum of solutions. Consequently, competition has been, at best, extremely intense, and, at worst, has left virtually no place for significant presence of third-party IT service providers. This has been particularly true as Russian and Indian IT companies, until recently, lacked resources for intensive internationalization, preferring to channel scarce money reserves toward capturing more lucrative western or loyal domestic markets.

Finally, market specifics also come into play. In particular, there are natural regulatory differences and cultural distance between the two countries, ranging from R&D practices up to consumer experience. In the case of India, for example, a very specific attitude can be observed to the proprietary IT systems. On the one hand, only the most known IT brand names (including Indian ones) are considered by Indian businesses as “reliable.” End consumers, in turn, often prefer “prestigious” or “rational-to-buy” services. As a result, even some of the most advanced Russian technologies have no chance in the market. On the other hand, Indian enterprises in some cases view specialized business software and associate payments as “excessive” and prefer to develop analogues within affiliated or partner companies—partly to keep control, which is an important aspect of “reliability.” In recent years, the development of the nationwide “India Stack” has also begun to influence the scaling of IT solutions in local market.

Russian corporations and IT entrepreneurs tend to underestimate local specifics, including general market requirements and business or consumer cultures. Some Russian solutions turn out to be too costly or unsuitable for the Indian market—even those that perform optimally in other economies (as is the case with certain platform aggregators or search engines).

For Russian SMEs and IT entrepreneurs this situation is further aggravated by certain elements of national business culture. Some of them refuse to localize important technical features or business models, treating their solutions as "unique" and "unparalleled" and believing that Indian consumers should accept them "as is." Predictably, this approach often led to failure. Unwillingness to pay for an "entry ticket" also plays its role, as India is not a country suited for "sales only" or "invest-and-forget" strategies. Continuous engagement, finding the right local partners, localization—from investments to hiring local personnel—are important success factors that are either overlooked by Russian businesses or remain out of their reach due to financial constraints.

When it comes to cross-investment in the IT sector and the integration of Russian and Indian technological expertise and human capital, an additional set of structural constraints becomes apparent. Bilateral cooperation is complicated by differing patterns of market specialization and technological development. Although Russia has maintained a presence in global IT outsourcing and IT-enabled business process management (IT-BPM), these segments have not constituted a central strategic focus for major Russian IT firms, whose primary orientation has remained domestic and, to some extent, CIS markets.

Conversely, areas in which Russia demonstrates comparative strengths—such as internet platforms, specialized software solutions, and certain AI-related services—are in India either dominated by large U.S. digital corporations, including Amazon and Alphabet (Google), or remain relatively underdeveloped due to broader socio-economic conditions. As a result, Russian and Indian IT competencies do not always align in practice, even though they may appear "complementary" on paper.

Differences in software design cultures, cost structures and organizational challenges, associated with establishing new IT design centers and centers of excellence also impede cooperation, along with language barriers and other issues. Equally important is the absence of the diaspora factor and sizable IT cross-educational and professional communications, which facilitate joint U.S.–India projects.

The rise of fintech and the stronger emphasis on national currencies in trade have likewise not become a "silver bullet" for technological cooperation. Since the late 2010s, and especially after 2022, both sides have engaged in bilateral and multilateral dialogue on these issues and have implemented related initiatives. Over the past decade, Russia and India have intensified efforts to enhance financial sovereignty and develop associated IT systems, albeit for different reasons. Since 2014, Russia has pursued greater self-sufficiency in digital financial technologies. The "Mir" payment system, based on the National Payment Card System (NSPK),

was successfully developed and scaled, achieving a degree of internationalization in neighboring and partner economies. It was followed by the NSPK-based Faster Payments System ("SBP"), which introduced QR-code payments. In addition, under the auspices of the Bank of Russia, the Financial Messaging System (SPFS) was developed and deployed as a substitute for SWIFT. These measures helped mitigate the impact of the withdrawal of Visa and Mastercard from Russia in 2022, as well as restrictions related to SWIFT, although they did not fully eliminate the financial technology gap, given that sanctions effectively limit partner countries' ability to use NSPK and SPFS. Meanwhile, India developed its own financial messaging and payment infrastructure, including the Unified Payments Interface (UPI) and RuPay cards. The primary drivers of New Delhi's efforts differed, focusing on strengthening national digital financial capabilities as a means of enhancing financial system resilience and inclusivity.

Since 2022, Russian and India have intensified dialogue on the integration of "Mir" with RuPay and SBP with UPI for instant money transfers, as well as in support of export-import operations and general cross-border transactions. However, beyond optimistic declarations and regular communications between regulatory bodies and national financial institutions, little progress has been made. Sanctions and unfavorable international conditions impede the process, in turn also affecting Indian banks that would be involved in these activities.

Talks on the possible use of Russian and Indian national digital currencies are also in progress. Nevertheless, it is hard to predict future arrangements in this area until all technological, regulatory and technical issues are resolved by both nations. The idea of creating a special BRICS+ digital currency, discussed on various occasions (for example, during the Kazan Summit in 2024), leaves too many unanswered questions and blind spots to be developed into a practical initiative.

Finally, the recent AI revolution has also failed to invigorate cooperation despite the existence of formally powerful synergies between two economies. IT actors in both nations are intensifying their AI activities but follow different logic. Indian professionals are engaged in multiple efforts led by Western multinational corporations. Local IT giants and startups develop some solutions of their own, while mostly applying mature Western technologies to address business needs. In contrast, Russian companies such as Yandex and Sberbank, along with several others, offer advanced AI solutions ranging from customer support systems to GPT-based models, while facing constraints related to international expansion and access to large-scale datasets. Some firms, including Yandex, have begun exploring opportunities in the Indian market, which is itself seeking to strengthen the visibility of its AI capabilities. However, these initiatives remain limited in scope.

Current limitations in AI cooperation stem from an interplay of economics, "path dependence," and geopolitics. From a financial standpoint, Russian IT companies simply cannot afford to invest in India`s startups, R&D, personnel, education and training, innovation ecosystems or technology and competence-building

activities on the same scale as their U.S. counterparts who aggressively promote their initiatives in India. Equally important is the fact that, for the Indian IT sector, cooperation with the U.S. is more convenient and rational. Beyond commercial and market prospects, the established ties between national IT clusters and Silicon Valley must be considered, as well as ties with the largest U.S. digital enterprises. Finally, Western sanctions and, to some extent, the techno-sovereignty focus of both Russian and Indian governments limits potential for bilateral AI cooperation.

However, AI could potentially become a gamechanger in the Russia-India IT dialogue for years to come. Setting aside possible innovative synergies, one of the key drivers here is the "creative destruction" moment on the Indian market, fueled by the bourgeoning venture investments and the rise of innovation teams. This "Big Bang" dynamic creates space for new Russian initiatives—and new possibilities on the Indian side. The rapid digitalization of the Indian economy and the digital transformation underway in neighboring regions such as ASEAN to the Middle East support this trend, creating new growth opportunities and new market niches.

Finally, the national pro-development approaches in both nations creates favorable conditions for supporting cooperative efforts. India is focused on developing independent AI capabilities, while also advancing cooperation with U.S. corporations. For Russia, strengthening its own AI potential is an unquestionable priority—especially given the present market and geopolitical conditions, as well as systemic societal and economic challenges such as aging and employment shortages. Although the development ideologies of the two parties diverge, there are promising points of alignment in areas such as digital sovereignty, human capital development, and more.

The path forward for Russia and India in the technological sphere will not be easy. Advancing cooperation will require high-level negotiations, as well as more intensive dialogue among corporate actors, higher education institutions, and research organizations. However, perhaps the most challenging—and most essential—task will be to strengthen expert and professional communication in order to develop an appropriate economic, political, and regulatory framework for cooperation and to identify areas where mutually acceptable agreements can be reached.

Chapter 3. Labor Mobility: A Hidden Gem of the Bilateral Agenda

India has the lowest median age (29 years[50]) amongst the major world economies. Each year India's labor force increases by seven to eight million people,[51] while the youth unemployment rate among those aged 15 to 29 has reached 14.1%.[52] The youth bulge makes India a natural exporter of labour—an estimated 17.2 million Indians live and work outside of India.[53] According to some estimates, approximately 700,000 labor migrants leave India annually in search of jobs.[54] The greatest concentration of Indian citizens outside the country is currently in West Asia, where the six Gulf Cooperation Council (GCC) members account for 9.5 million Indians workers.[55] Russia, in its turn, which has a median age of 40.3 years,[56] is already dealing with labour shortages in certain sectors. Structurally, there are some parallels between the GCC and Russia: abundant natural resources, dependence on resource production and exports, and a relatively smaller population.

Nevertheless, Russia currently does not feature amongst major destinations for Indian professionals and workers, with only 70,000 Indians estimated to be living and working there in 2025.[57] Instead, Central Asian republics of Tajikistan, Kyrgyzstan, and Uzbekistan have traditionally provided entry level workers for Russia. However, their presence may spark security concerns, especially following the Crocus City Hall Attack in March 2024, perpetrated by foreign nationals. In contrast, migrants of Indian origin are generally underrepresented in criminal offences including terrorism in their countries of stay, and therefore can serve as a source of law-abiding, skilled labour for Russia. One sign of the increasing interest from the Russian side is the uptick in the number of the country's recruitment agencies seeking workers in India. In turn, India's setting up new diplomatic missions in Kazan and Yekaterinburg shows New Delhi's commitment to strengthening bilateral ties in this area.

[50] How India's demographic profile has changed over last 8 decades // Hindustan Times. 13.08.2025. URL: https://www.hindustantimes.com/india-news/how-india-s-demographic-profile-has-changed-over-last-8-decades-101755194727151.html

[51] India Employment Report 2024 // International Labour Organization. 29.03.2024. URL: https://www.ilo.org/publications/india-employment-report-2024-youth-employment-education-and-skills

[52] Periodic Labour Force Survey // Ministry of Statistics and Programme Implementation. 15.12.2025. URL: https://www.mospi.gov.in/publications-reports

[53] Where Indians live abroad in 2025-26: Top 10 countries with the largest diaspora led by US // The Indian Express. 05.02.2026. URL: https://indianexpress.com/article/trending/top-10-listing/top-10-countries-with-the-largest-indian-population-abroad-2026-10500814/

[54] Surbhi Gloria Singh. Germany, Italy, Japan, Spain need foreign workers; India is the answer // Business Standard. 06.05.2025. URL: https://www.business-standard.com/immigration/germany-italy-japan-spain-need-foreign-workers-india-is-the-answer-125050601188_1.html

[55] Data on Indian Diaspora Abroad (as of January 2025) // Ministry of External Affairs. URL: https://www.mea.gov.in/Images/CPV/LS196_A.pdf

[56] Russian Federation // UNECE Ageing Policy Database. URL: https://ageing-policies.unece.org/countries/42

[57] About 70,000 Indians working in Russia — Russian ambassador to India // TASS. 16.12.2025. URL: https://tass.com/politics/2059537

Labor Migration Between Russia and India in the 2020s

Over the past few years, there has been a steady increase in labor migration from India to Russia. According to the Russian Ministry of Internal Affairs, 5,480 Indian nationals were granted work permits in 2021, 8,050 in 2022, 14,090 in 2023, and 36,208 in 2024.[58] In terms of the number of work permits issued, India ranked second after China among visa-required countries in 2024, overtaking Vietnam.[59] In January-September 2025 alone, 37,875 permits were issued to Indian nationals, indicating that by the end of 2025, the total number of work permits granted to Indians will likely exceed 40,000.[60]

Indians, as labor migrants from a visa-required country, come to Russia to work for specific enterprises under quotas established annually in accordance with employer requests. Indians are employed across the agricultural, textile, logistics, construction, and retail sectors. Major companies such as Rusal, Russian Railways, Velesstroy, X5 Group, Magnit, BTC Group, Ozon, Delovye Linii, and Rusagro have reportedly recruited Indian employees. The duration of stay in the country on a work visa is limited to one year, with a possibility of extension. Recruitment of Indian workers is usually conducted through Russian and Indian recruitment agencies acting as intermediaries.

In 2025, a number of steps were taken, leading to the simplification of the recruitment process for Indian guest workers. Since August 2025, foreign nationals from visa-required countries who have obtained a work permit under the quota have been exempted from testing their knowledge of the Russian language, Russian history, and laws.[61] In December 2025, during the Russian-Indian summit, the intergovernmental agreement on temporary labor activity of citizens of one state in the territory of the other state was signed, guaranteeing the protection of the rights of Indian migrant workers in Russia. A joint working group is being established to address issues related to the implementation of this agreement.[62] In addition, the parties signed an intergovernmental agreement on cooperation in combating irregular migration.[63]

Among the advantages of hiring Indian workers for the Russian state are the favorable price-quality ratio, the ability to assign workers to a specific enterprise

[58] Number of foreign workers (work permits) // Unified Interdepartmental Information and Statistics System (EMISS). URL: https://www.fedstat.ru/indicator/58167 (In Russ.)

[59] Delhi time: how is the labor migration of Indian citizens to Russia organized? // Izvestia. 14.10.2025. URL: https://en.iz.ru/en/1970560/sergei-guranov/delhi-time-how-labor-migration-indian-citizens-russia-organized

[60] Number of foreign workers (work permits) // Unified Interdepartmental Information and Statistics System (EMISS). URL: https://www.fedstat.ru/indicator/58167 (In Russ.)

[61] Federal Law of July 31, 2025 No. 329-FZ "On Amendments to Articles 15.1 and 18 of the Federal Law "On the Legal Status of Foreign Nationals in the Russian Federation" // Official Internet Portal of Legal Information. 31.07.2025. URL: http://publication.pravo.gov.ru/document/0001202507310075 (In Russ.)

[62] Agreement between the Government of the Russian Federation and the Government of the Republic of India on Temporary Labor Activity of Citizens of one State in the Territory of the other State // The Ministry of Foreign Affairs of the Russian Federation. 04.12.2025. URL: https://www.mid.ru/ru/foreign_policy/international_contracts/international_contracts/2_contract/63046/ (In Russ.)

[63] Agreement between the Government of the Russian Federation and the Government of the Republic of India on Cooperation in Combating Irregular Migration // The Ministry of Foreign Affairs of the Russian Federation. 04.12.2025. URL: https://www.mid.ru/ru/foreign_policy/international_contracts/international_contracts/2_contract/63045/ (In Russ.)

for the entire duration of their contract, and India's extensive experience as a source country of labor migrants. For Indians, labor migration to Russia is highly attractive from a financial perspective: according to expert estimates, median salaries for blue-collar jobs in Russia are at least 60% higher than those in India.[64] Furthermore, the abolition of mandatory Russian language proficiency examination has lowered the threshold for candidates to successfully complete the selection process.

The following challenges have been identified in relation to the employment of Indian professionals:

1. High recruitment costs. The cost of recruitment—approximately 150,000 rubles per worker—renders this option largely inaccessible for small and medium-sized enterprises.
2. Quota procedures. The process of obtaining the required quota is lengthy, often taking several months, and involves significant administrative complexity.
3. Unreliable intermediaries. The presence of unscrupulous recruitment agencies that misrepresent wages and working conditions contributes to labor disputes and undermines trust in the system.
4. Language barriers. Although the formal requirement for mandatory knowledge of Russian has been removed, many Indian migrant workers also lack proficiency in English. Given that a significant share of migrants originates from North India, the availability of Hindi-speaking interpreters is particularly important in technologically complex industries.
5. Climatic and cultural adaptation. Indian workers may face difficulties adapting to harsh climatic conditions, especially in regions such as the Urals, Siberia, and the Far East, as well as challenges related to the limited availability of traditional Indian cuisine.

To attract Indian labor migrants to Russia, the following steps are recommended for the relevant Russian and Indian agencies:

1. Targeted recruitment programs. Establish targeted recruitment programs under which designated Russian companies would be permitted to invite employees from India outside existing quota limitations.
2. Business missions and institutional dialogue. Organize business missions to India for Russian recruitment agencies and employers seeking to attract migrant workers, and facilitate B2B sessions between Russian and Indian recruitment firms.
3. Pre-departure and orientation programs. Develop Pre-Departure Orientation Training Programs for Indian nationals, as well as familiarization courses conducted in their native languages. Similar programs are already being

[64] Turayanova L. How India Became Russia's Second-Largest Source of Labour Migration from Distant Countries // RBC. 11.07.2025. URL: https://www.rbc.ru/industries/news/686d1a509a7947de366f7f61 (In Russ.)

created[65] for Indian migrant workers destined for Emigration Check Required (ECR) countries.[66] Participation in these programs will allow migrants to gain knowledge about Russian law and culture, and will also alleviate any concerns Indians may have about being fraudulently recruited into the Russian Armed Forces.

4. Institutional support mechanisms. Establish dedicated Labor Wings at Indian diplomatic missions in Russia and free assistance centers for Indian migrants (Pravasi Bharatiya Sahayata Kendras), modelled on the existing structures in the Persian Gulf countries.[67] Such departments could provide counselling and assist Indian nationals in resolving disputes, the frequency of which is likely to increase with the growing number of Indian labor migrants in Russia. Furthermore, interested members of the Indian diaspora could be engaged as consultants in conflict resolution.
5. Language training initiatives. Open Russian language learning centers for migrant workers under the framework of the Skill India Mission.

Student Work Visas

As of December 2025, an estimated 1.88 million Indian students are currently studying abroad, about 66.5% of them in universities and other higher education institutions.[68] The number of foreign students studying in India is much smaller, estimated at 50,000 in 2023,[69] with most of the students hailing from Nepal, Afghanistan, and other South Asian countries. This is likely to increase going forward due to two factors. First, an increasing number of higher education institutions in India seek to attract foreign students to provide a diverse learning environment. Second, academic or professional experience in India is expected to gain value as the country's economy continues to expand, making an "India stint" an increasingly attractive component in student and professional career trajectories. In turn, such graduates may represent an important asset for Indian companies seeking to strengthen their presence in international markets.

Gateway House has recommended that India create a student work visa policy, which allows foreign students to study, and find temporary internships in India.[70]

[65] Pre-Departure Orientation Training Programme trains 1 lakh participants // Ministry of External Affairs, Government of India. 28.07.2021. URL: https://www.mea.gov.in/press-releases.htm?dtl/34068/PreDeparture_Orientation_Training_Programme_trains_1_lakh_participants

[66] This list comprises 18 countries: Afghanistan, Bahrain, Indonesia, Iraq, Jordan, Kuwait, Lebanon, Libya, Malaysia, Oman, Qatar, Saudi Arabia, Sudan, South Sudan, Syria, Thailand, the UAE, and Yemen. As these countries do not have strict laws regulating the entry and employment of foreign nationals, Emigration Check Required (ECR) passport holders (Indian nationals who have not passed their 10th standard and certain other categories) are required to obtain emigration clearance as a protective measure against the risk of exploitation when seeking employment there.

[67] Question No-3288 migrant workers. Ministry of External Affairs, Government of India. 19.12.2025. URL: https://www.mea.gov.in/lok-sabha.htm?dtl/40524/question+no+3288+migrant+workers

[68] Data on Indian Students Abroad (as on January 1, 2025) // Ministry of External Affairs. URL: https://www.mea.gov.in/Images/CPV/557-en-01-04-12-2025.pdf

[69] Question No. 2313: Indian Students Pursuing Higher Education Abroad // Ministry of External Affairs. 20.03.2025. URL: https://www.mea.gov.in/rajya-sabha.htm?dtl%2F39206%2F

[70] Work visas for foreign students in India // Gateway House. 20.03.2025. URL: https://www.gatewayhouse.in/work-visas-for-foreign-students-in-india/

India needs to create a special visa category that allows foreign students studying in India to take up short-term (up to three years) internships or apprenticeships with Indian companies, gaining familiarity with India. India also needs to create space for Russian students who wish to study and intern in India as a part of their education. These students will provide a talent pool for Russian companies that want to operate in India. Ideally, such a program should be negotiated between two universities mutually. In the current conditions, such a program will have to involve state universities from the Indian side.

The following measures may be undertaken by Russia and India to facilitate cooperation in this area:

1. Special visa arrangements. India could allocate a designated number of special visas for Russian students wishing to reside and work temporarily in India.
2. Institutional partnerships. India and Russia should designate pairs of technical universities that will implement such a program.
3. Industry participation. India should identify companies willing to host, employ, and train participating students for the duration of their stay in India.

Skilled Workforce Migration: IT Sector

Since the 1990s, India has been widely recognized as a major source of highly qualified IT professionals and digital entrepreneurs. Among the most significant developments in this sector have been the rapid expansion of IT outsourcing, the formation of a substantial Indian IT diaspora in Silicon Valley and other global innovation hubs, the emergence of internationally prominent Indian technology firms such as TCS and Infosys, and the establishment of design and R&D centers of multinational corporations within India. More recently, the country has experienced a "gold rush" in venture capital activity in the technology sector, alongside the growing presence of Indian nationals in top management positions within leading global digital corporations.

Another distinct feature of the Indian IT job market is its large size: currently there are almost 5.8 million Indians working in the Information Technology and Software industry.[71] If technology-related E-commerce and associated Internet activities were accounted for, the total number of Indian professionals in the information technology sector would likely exceed 6 million.

As noted above, owing to a combination of market, financial, political, and cultural factors, Russian companies did not fully utilize the potential of Indian IT professionals during the 1990s and 2000s. However, shifts in the global environment and in Russia's domestic market and regulatory framework—alongside the emergence of new digital technologies such as artificial intelligence—have once again brought this issue to the forefront.

[71] India's Workforce in the Agentic AI Era: The Great Decoupling Has Begun // RAYSolute Consultants. URL: https://www.raysolute.com/reports/swir-2026/strategic-workforce-report-2026.html

Currently there are several potential paths for developing Russia-India cooperation:

The first is expanding the presence of Russian business in India. From this point of view, Sberbank's experience with establishing IT-centers in Bengaluru, as well as its efforts to create another center in Hyderabad, is a valuable experience that is worth being carefully studied. However, one should take into account that these IT units are focused on supporting Sberbank India's banking and business development operations. Since other Russian digital corporations have not yet followed this logic, it is clear that this model has many financial, organizational, and cultural drawbacks for the Russian IT sector.

Another proposal currently under discussion is the development of a Russian analogue to the H-1B visa in order to facilitate the employment of Indian IT professionals by technology companies in Russia. However, both senior executives and HR specialists within Russian digital enterprises have expressed considerable skepticism regarding the large-scale "import of talent." The most contentious issue concerns the integration of Indian professionals into Russian companies. Besides purely regulatory and organizational problems, differences in IT and management cultures present significant obstacles. The language barrier is another issue of utmost importance.

To achieve high productivity under such conditions, Russian companies would effectively face three main options:

1. Establishing special "Indian" R&D and other tech divisions within Russia.
2. Investing in lengthy training programs for newly hired Indian employees, including courses on Russian language, culture, and business practices.
3. Fundamentally transforming their organizational "DNA" or structures through greater internationalization ("globalization" of Russian divisions), including the adoption of English as a primary working language.

All of these options, however, involve substantial costs and are difficult to implement in practice.

Another possible approach would involve training a new generation of Indian IT specialists in Russia or at affiliated branches of Russian higher education institutions established in India for this specific purpose. However, experience from English-language programs in IT and the natural sciences introduced in the 2010s—along with the AI master's program at Novosibirsk State University—suggests that such an initiative would require substantial preparatory efforts. Numerous changes would have to be made in Russian federal regulations governing higher education institutions. In addition, major actions would be expected from the universities themselves, ranging from creating English language courses for the Russian faculty members, the modernization of teaching methodologies, and the establishment of appropriate academic and technological infrastructure. In addition, the broader intergovernmental regulatory framework presents further complications, given the absence of full mutual recognition of academic degrees

and the ongoing debate in Russia regarding the potential withdrawal from the Bologna system.

As can be seen, in most scenarios any further steps related to the integration of Indian IT professionals into Russian digital sector and any cooperation in this area not only face significant challenges but also require extensive financial obligations and organizational efforts—at least on the Russian side. This does not imply that no action should be taken, as disregarding India's IT market and human capital is not a viable option. However, it is evident that any meaningful progress will constitute a lengthy and complex process, especially under current geopolitical and economic conditions.

Yet another possibility merits consideration. In most cases, when discussing the integration Indian IT professionals to Russian market, Russian experts, IT leaders, and regulators consider only an "employment scheme." However, the entrepreneurial boom in India also opens a new path for cooperation, giving access to the national market to Indian IT firms. Given that Indian entrepreneurs already possess experience in establishing technology-related businesses in Russia—most notably in the pharmaceutical sector—this prospect should not be regarded as unrealistic. The Russian business environment remains pluralistic, and the current market context is relatively favorable for new entrants. Since 2022, numerous Western companies, as well as some firms previously headquartered in Russia (such as ABBYY), have exited the market, leaving unoccupied niches and creating new growth opportunities. In this context, newly established Russian–Indian IT ventures could emerge as important bridges between the two countries' technological and academic communities, thereby supporting broader bilateral cooperation in the IT and high-technology sectors.

Payment Gateways

Payments between India and Russia remain a significant issue, particularly for individuals. For Indian workers in Russia, transferring remittances to their families can be complicated. At present, only one Indian bank operates in Russia—a joint venture between the State Bank of India (SBI) and Canara Bank. On the Russian side, VTB Bank and Sberbank each maintain two branches in India. In light of Western sanctions imposed on Russia, there has been limited appetite among major Indian public sector banks to expand their presence in the Russian market. One possible approach would be for India to utilize smaller state-owned banks, such as UCO Bank—which previously facilitated trade with Iran—to establish branches in key Russian cities in order to simplify and support remittance flows for individuals.

Chapter 4. The Russia–India Partnership Under Sanctions: Key Risks and Strategic Directions for Trade Cooperation

Since February 2022, Russia has become a primary target of Western sanctions. Over the past three and a half years, initiators of these restrictive measures (including the United States, the European Union, and the United Kingdom) have employed a full range of instruments accumulated over decades, including financial blocking sanctions, export and import controls, transport and visa restrictions, sectoral sanctions, and others.

In an attempt to increase economic pressure on Russia, new and fundamentally different sanction mechanisms have been introduced. Key measures include the introduction of a price cap on Russian oil, the implementation of tariff-based restrictions, and the wide application of secondary sanctions by nearly all members of the "sanctions coalition"—practices that were previously associated primarily with U.S. sanctions policy. As a result, all strategically important areas of the Russian economy, including the financial, industrial, technological, and energy sectors, have come under intense pressure.

Economic Consequences of Sanctions Against Russia and Moscow's Response

In response to the hostile policies of Western states, Russia has developed and progressively strengthened its own tools to mitigate the impact of sanctions. One such mechanism emerged during the first wave of restrictions that started in 2014: the National Payment System (Mir), which has been operating since 2015, enabled Russia to transition relatively smoothly away from Western payment systems that exited in the market in early 2022. As a result, sanctions targeting Russian banking sector did not disrupt the operation of the country's domestic payment system.

After the start of the special military operation in Ukraine, the Russian government further tightened its export and import regulations. In response to extensive export restrictions imposed by the U.S., EU, and other sanctioning countries, Russian authorities approved a list of goods that may be imported into Russia through third countries without the consent of intellectual property holders—a mechanism known as "parallel import."[72]

Around the same time, a number of measures were adopted to protect the country's energy industry in response to the sectoral sanctions imposed by Western states. In particular, a ban was introduced on the sale of natural gas to individuals and

[72] Decree of the Government of the Russian Federation of March 29, 2022 N 506 (as amended on June 28, 2023) "On goods (groups of goods) in respect of which certain provisions of the Civil Code of the Russian Federation on the protection of exclusive rights to the results of intellectual activity expressed in such goods cannot be applied, and the means of individualization with which such goods are marked" // Pravo.gov.ru.
URL: http://publication.pravo.gov.ru/Document/View/0001202203300003 (In Russ.)

entities from "unfriendly" countries in foreign currencies.[73] In addition, Russian entities were prohibited from taking part in transactions that complied with the G7 Oil Price Cap Coalition regulations.[74] Within a remarkably short period, Russia managed to significantly diversify its network of trade partners. This was facilitated, in part, by strengthening trade cooperation with "friendly" countries—such as India and China—and by expanding cooperation within the EAEU. In particular, by the end of 2024, Russian imports from India increased by 45% compared to 2021.[75]

This surge was primarily caused by an uptick in purchases of industrial goods and chemicals, categories that are explicitly banned from export to Russia by the U.S., the European Union, and other sanctioning states. Conversely, the negative effects of sanctions on Russian energy exports were offset by a substantial rise in oil and fossil fuel deliveries to third countries, including India.[76] At the same time, several sectors of the Russian economy—such as industrial equipment manufacturing, chemical production, and IT services—remain highly vulnerable due to their continued dependence on imports from Western states.

Alongside efforts aimed at mitigating the impact of unilateral sanctions, Russia has also moved to strengthen its countermeasure policies, as well as to ensure the sustainable development of strategically important sectors of the national economy under external pressure. Within the first track, Russian legal framework for applying countermeasures is being expanded and strengthened, including the introduction of blocking sanctions,[77] the establishment of the "50% rule,"[78] and other mechanisms. This increases the focus on the country's technological development under sanctions in order to achieve sustainable economic development and technological independence.

Russia–India Trade: Risks Under Sanctions and Mitigation Strategies

One of the key challenges facing Russian–Indian trade and economic cooperation today are secondary sanctions. Since February 2022, the United States has broadened the application of financial blocking sanctions related to engagement with Russia. So far, China, the UAE, and Turkey have the largest number of

[73] Decree of the President of the Russian Federation No. 172 of 03/31/2022 (as amended on 09/22/2025) "On the special procedure for foreign buyers to fulfill their obligations to Russian natural gas suppliers" // Consultant.ru. URL: https://www.consultant.ru/document/cons_doc_LAW_413296/ (In Russ.)

[74] Decree of the President of the Russian Federation No. 961 of 27/12/2022 (as amended on 10/06/2025) "On Special Economic Measures in the Fuel-and-Energy Sector in Response to the Price Cap on Russian Oil and Oil Products Established by Some Foreign States // Consultant.ru. URL: https://www.consultant.ru/document/cons_doc_LAW_435651/ (In Russ.)

[75] UN Comtrade Database. URL: https://comtradeplus.un.org/TradeFlow

[76] Ibid.

[77] Decree of the President of the Russian Federation No. 252 of 03/05/2022 (as amended 22/12/2022) "On Imposing Retaliatory Special Economic Measures in Connection with the Unfriendly Actions of Certain Foreign States and International Organizations" // Consultant.ru. URL: https://www.consultant.ru/document/cons_doc_LAW_416210/ (In Russ.)

[78] Federal Law No. 422-FZ of 08/04/2023 "On Amendments to Certain Legislative Acts of the Russian Federation" // Consultant.ru. URL: https://www.consultant.ru/document/cons_doc_LAW_453877/ (In Russ.)

companies targeted by secondary sanctions. However, in recent years, these restrictions have been increasingly applied to Indian entities as well.[79] Today, the risk of secondary sanctions is especially significant for Indian suppliers of dual-use goods and technologies, microelectronics, and industrial equipment. Notably, the United States has already imposed blocking measures on 22 Indian companies for exporting such goods to Russia.[80]

Another layer of pressure by Washington concerns Russia–India energy cooperation. It is aimed at persuading New Delhi to scale back, or even end, its imports of Russian energy resources. Since 2024, the U.S. has repeatedly imposed secondary sanctions on Indian companies for their involvement in Russia's energy sector, particularly through indirect participation in the Arctic LNG-2 project.[81]

A recent development has been the introduction of so-called "secondary tariffs and duties." In August, President Trump signed an executive order, imposing additional 25% duties on India. The motive for their use was the import of oil and petroleum products from Russia in violation of Executive Order 14066, which prohibited such supplies.[82] The institutional design of duties indicates the "sanctioning nature" of tariff policy: the same legal mechanisms are used to apply both instruments. In February 2026, information appeared about the abolition of 25% duties on India.[83] This decision by Trump was soon formalized by making changes to the previously adopted Executive Order 14329.[84] At the same time, the easing of restrictions is hardly sustainable: under certain political conditions, duties can be promptly restored.

Despite the ongoing pressure, Washington is unlikely to be able to impose a policy favorable to its own interests on Moscow and Delhi. The countries express a firm commitment to pursuing its national and strategic interests and are focused on strengthening bilateral relations, including in the field of energy. Meanwhile, the impact of sanctions is becoming more visible from a perspective of business behavior, whose position often differs from the approach of the state. Due to fears of being targeted by secondary restrictions, business becomes the conduit of the Western political agenda. Particularly, the blocking financial sanctions imposed in October 2025 towards Rosneft and Lukoil, which provided about half of all Russian oil supplies, stimulated a significant reduction in energy exports to India.

---

[79] Timofeev I. Sanctions against Russia: Risks for India // Valdai Discussion Club. 25.02.2025. URL: https://ru.valdaiclub.com/a/highlights/sanktsii-protiv-rossii-riski-dlya-indii/

[80] Source—The Russian International Affairs Council Database of Secondary Sanctions.

[81] Treasury Intensifies Sanctions Against Russia by Targeting Russia's Oil Production and Exports // U.S. Department of the Treasury. 10.01.2025. URL: https://home.treasury.gov/news/press-releases/jy2777

[82] Addressing Threads to the United States by the Government of the Russian Federation // The White House. 06.08.2025. URL: https://www.whitehouse.gov/presidential-actions/2025/08/addressing-threats-to-the-united-states-by-the-government-of-the-russian-federation/

[83] US, India seal trade deal after PM Modi-Trump call: 5 things that changed overnight // IndiaToday. 03.02.2026. URL: https://www.indiatoday.in/business/story/us-india-trade-deal-finalised-pm-modi-trump-call-tariffs-cut-18-percent-2862114-2026-02-03

[84] Modifying Duties to Adress threats to the United States by the Government of the Russian Federation // The White House. 06.02.2026. URL: https://www.whitehouse.gov/presidential-actions/2026/02/modifying-duties-to-address-threats-to-the-united-states-by-the-government-of-the-russian-federation-04b2/

The further development of trade and economic cooperation, combined with risk mitigation, can be achieved by both sides through several key approaches. The first and most important step is to expand cooperation in sectors that fall outside the scope of U.S. and other sanctioning countries' regulations. Chief among these are fertilizers, food products, and goods in the pharmaceutical and medical sectors. It is also important to recognize that even in the most vulnerable areas of trade—such as electronics and industrial equipment—there is room for exporting goods and technologies not subject to foreign sanctions. The opportunities for exporting and importing such goods, as well as their "sanction status," should be carefully monitored in each specific case.

The second component involves minimizing instances of "overcompliance" by Indian businesses when dealing with Russian partners. Since the start of the special military operation in Ukraine, foreign banks and companies have shown a heightened level of caution in conducting financial transactions with Russian entities due to the threat of secondary sanctions. In some cases, this has led to a complete refusal to engage with Russian businesses—even in sectors formally unaffected by U.S. or other sanctions. On the one hand, such caution is justified by the lack of transparency in U.S. legislation and associated legal risks. On the other hand, data reveals that the application of secondary sanctions against Indian companies for engaging with Russia has been relatively limited. Since 2022, the United States has blocked only 36 Indian firms, most of which are small intermediary companies often created specifically for circumventing restrictions.[85] Taking this into account, Indian businesses could make more balanced assessments of the risks involved in cooperating with Russian partners.

The third component is the expansion of payments in national currencies. Over the past few years, the share of financial transactions conducted in rupees and rubles has grown significantly, and by the end of 2025 reached about 96% in commercial transactions. Another alternative may be payments in so-called "compromise currencies," the most prominent of which are currently the Chinese Yuan and the UAE Dirham. Equally important is the gradual development of alternative financial payment mechanisms that operate independently of Western payment systems. While an autonomous financial infrastructure cannot completely eliminate the risk of secondary sanctions—given that the United States and the European Union have already established mechanisms for imposing restrictions on systems like MIR and the System for Transfer of Financial Messages (SPFS)—in the long term, such tools may prove to be the most effective means of mitigating sanction-related risks.

Finally, to circumvent Western sanctions it is necessary to establish a sanction-resilient ecosystem of Indian banks and companies specifically oriented toward serving Russian clients and businesses. While there is a high probability that such institutions will be targeted by secondary sanctions from the U.S., EU, and others, the risk would be far lower for them, given their lack of interest in operating within Western jurisdictions.

[85] Source—The Russian International Affairs Council Database of Secondary Sanctions.

As of today, there are no reasons to assume that anti-Russian sanctions will be eased in the near future. The expansion of U.S. sanctions against Moscow in October 2025 demonstrated that despite the current U.S. administration supposedly pursuing normalization with Russia, relations between the two countries remain highly unstable. Currently, there are no clear indications that the Trump administration is planning to increase economic pressure on India. However, the very fact of deepening Russian–Indian cooperation in areas deemed "toxic" by the United States could serve as a pretext for expanding the use of coercive measures.

Western sanctions should be viewed as a long-term factor shaping bilateral cooperation between Moscow and New Delhi, as well as their engagement within broader frameworks such as BRICS and the SCO. In this context, policies aimed at expanding bilateral economic ties, and developing mechanisms to mitigate sanctions-related risks, should not be temporary or merely adaptive. Instead, they must be strategically aligned with the new political reality.

Conclusion

Following a period of rapid development, economic cooperation between Russia and India is currently facing a number of significant challenges. The future of bilateral relations in this area will largely depend on the ability of both states to overcome these emerging issues. Developments in 2024–2025 have demonstrated that the existing model of extensive growth—largely based on Moscow's redirection of a portion of its resource exports to India—has reached its limits. Further progress will require trade diversification and rebalancing. Achieving this will necessitate a more systemic policy approach and substantial governmental efforts to facilitate cooperation in previously underdeveloped sectors.

In particular, both sides will need to harmonize their regulatory frameworks for cooperation and reduce tariff and non-tariff barriers. Equally important is the task of improving infrastructure, including resolving connectivity issues and developing financial mechanisms resilient to sanctions pressure. Most importantly, the two parties should look beyond traditional areas of engagement to increase ties in fields such as technology, labor mobility, and the service market.

The evident determination of the Russian and Indian leadership to lay the groundwork for closer bilateral cooperation suggests that both governments will seek to address current issues. The two economies show a high level of compatibility in many areas and, if the necessary measures are taken, the goal of expanding annual trade volume to $100 billion by 2030 is entirely realistic and can be achieved by both nations.

About the Authors

Russia

Ivan Danilin—Ph.D. in Political Science, Deputy Director for Scientific Work, Primakov National Research Institute of World Economy and International Relations of the Russian Academy of Sciences (IMEMO).

Lydia Kulik—Ph.D. in History, Head of India Studies at the Moscow School of Management SKOLKOVO, Senior Research Fellow at RAS Institute of Oriental Studies, RIAC member.

Polina Chupriyanova—Program Manager, Russian International Affairs Council.

Leyla Turayanova—Junior Research Fellow, Center of the Indo-Pacific Region, Primakov National Research Institute of World Economy and International Relations of the Russian Academy of Sciences (IMEMO).

Aleksei Kashin—Program Assistant, Russian International Affairs Council.

India

Amit Bhandari—Senior Fellow, Energy, Investment and Connectivity, Gateway House: Indian Council on Global Relations.

Russian International Affairs Council

The Russian International Affairs Council (RIAC) is a non-profit-making organization focused on conducting research on international relations and offering practical advice on foreign policy and international affairs for Russian government agencies, businesses, non-profit organizations and other institutions. The Council was established by its board of trustees, pursuant to the Order of the President of the Russian Federation No. 59-rp of February 2, 2010, "On Establishing the Non-Profit-Making Partnership Russian International Affairs Council."

RIAC is a leading Russian think tank with research programs that cover over 20 areas. The Council's expertise is widely used by the Russian government, academic community, and domestic and international companies involved in international activities.

Alongside its analytical projects, RIAC is also deeply involved in building a strong network of young foreign policy and diplomatic professionals. The Council actively participates in expert diplomacy through its ongoing partnerships with international research centers, universities, and business associations.

RIAC's Board of Trustees is chaired by Sergey Lavrov, Minister of Foreign Affairs of the Russian Federation. The President of RIAC is Igor Ivanov, Corresponding Fellow of the Russian Academy of Sciences, who served as Russian Foreign Minister in 1998–2004 and Secretary of the Russian Security Council in 2004–2007. RIAC General Director is Ivan Timofeev.

Gateway House: Indian Council on Global Relations

Gateway House: Indian Council on Global Relations is an independent, non-partisan and nonprofit foreign policy think tank based in Mumbai, India. Established in 2009, it was founded to engage India's leading corporations and individuals in debate and scholarship on the nation's foreign policy and its evolving role in global affairs. Located in Mumbai, the country's financial and cosmopolitan capital, the organization positions itself at the intersection of business and international relations, leveraging the city's status as India's gateway to the world.

The think tank's studies focus on critical areas including geo-economics, geopolitics, bilateral relations, national security, and the intersection of science, technology, and innovation with foreign policy in the modern world. As a membership-based organization, Gateway House provides a platform for dialogue through private, off-the-record meetings with corporate leaders, diplomats, and global decision-makers, fostering candid discussions on India's international priorities. Manjeet Kripalani, a former India Bureau Chief for Businessweek and Edward R. Murrow Press Fellow at the Council on Foreign Relations in New York, serves as the co-founder and Executive Director of Gateway House.

Notes

Russian International Affairs Council

Gateway House: Indian Council on Global Relations

TOWARD MORE BALANCED RUSSIA–INDIA ECONOMIC RELATIONS

Report No. 113 / 2026

Cover photo credit:
RIA Novosti / Alexander Kazakov

Layout—Olga Ustinkova

Format 70×100 1/16.

Offset printing.

200 copies.

Tel.: +7 (495) 225 6283
Fax: +7 (495) 225 6284
welcome@russiancouncil.ru

119049, Moscow,
8, 4th Dobryninsky pereulok

russiancouncil.ru