



TRENDS AND CHALLENGES IN INDIA- RUSSIA TRADE: A 25-YEAR ANALYSIS

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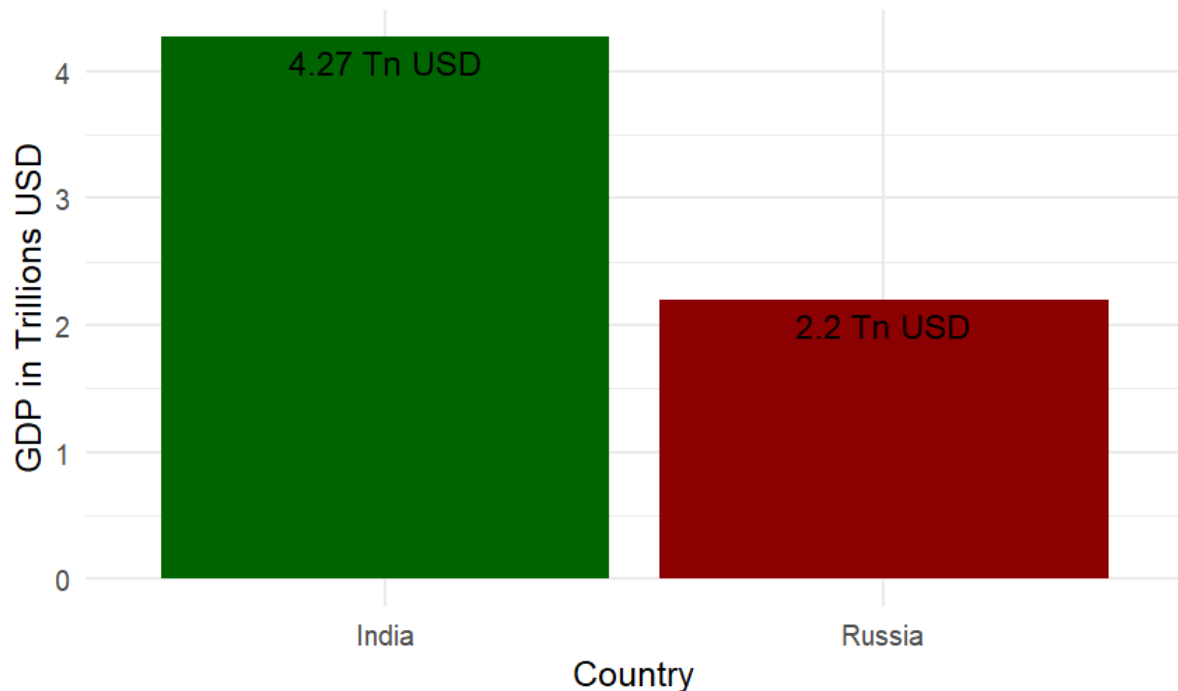
1 Abstract:-India and Russia share a long-standing friendly relationship. Russia has been a key defense partner of India, supplying various military equipment over the years. Amidst the Russia-Ukraine war, and despite sanctions imposed on Russia by Western countries and the United States, there have been significant shifts in India-Russia trade relations. One notable change is India's increased import of crude oil from Russia. The objective of this paper is to highlight the trade relations between India and Russia and to analyze their trends. It can be concluded that, at the global level, India has maintained its ties with Russia, and external pressure from other countries has not significantly affected India's stance. This is because India's trade policy is influenced by its historical and strategic relationships with respective countries. Just as India has strengthened its relations with the United States, it has also continued to maintain strong ties with Russia. Moreover, Russia is an important trade partner for India within the BRICS group, and the group is also contemplating the introduction of a new currency, which further emphasizes the evolving dynamics of economic cooperation among these nations. The analysis conducted in this paper reveals that, compared to the total trade between Russia and India in 2020, trade between the two countries has increased by **816 percent** in 2025. The primary reason for this surge is India's heavy import of crude oil from Russia. However, this increase has been largely driven by the geopolitical situation, particularly the Russia-Ukraine war. Therefore, it is necessary for India to enhance its exports to Russia, focusing on long-term trade relationships. Additionally, diversification in exports is crucial for India because continuous trade deficit with a particular country can negatively affect the economic morale of that country.

Key Words:- Foreign Trade , India-Russia , Crude Oil , Trade Deficit

2 INTRODUCTION:- Russia is the largest country in the world by area, while India ranks as the seventh largest. In addition to its vast territory, Russia is also considered a global superpower. The relationship between India and Russia has remained cordial and strong for several decades, regardless of which political party has been in power in India. All Indian governments have maintained favorable and strategic relations with Russia. Due to the ongoing Russia-Ukraine war, Russia has been subjected to various sanctions imposed by Western countries, including the United States. These sanctions include the seizure of Russian companies' assets in the U.S. and Russia's exclusion from the SWIFT international payment system. European countries and the United States have frozen the assets of several Russian banks. These countries have also imposed multiple sanctions on the import of crude oil and gas from Russia. However, Russia has expanded its trade relations with countries like India, China, and other allies, aiming to reduce its dependence on the U.S. dollar. Since both China and Russia are key members of the BRICS group and are actively working to decrease reliance on the dollar, this shift could benefit India as well, as no country would want its national currency to weaken in comparison to the dollar. It is also important to note that India faces a significant trade deficit with China.

Recently, due to geopolitical developments, there have been sudden and significant changes in India's trade trends with Russia, particularly after the onset of the war. These changes highlight the dynamic and evolving nature of their economic relationship.

In 2021–22, Russia's share in India's total crude oil imports was only 0.2 percent. However, after the Russia-Ukraine war, around 40 percent of India's total imported oil came from Russia. (the hindu) <https://www.thehindu.com/business/Industry/us-sanctions-hit-russian-oil-supply-to-india-bpcl-says-supplies-may-be-impacted/article69131404.ece>



Since gaining independence, India has maintained strong and cooperative relations with Russia, particularly in the field of defense procurement. For several decades, Russia has served as India's foremost defense partner, supplying a significant share of military equipment. In recent years, India has diversified its defense partnerships, with countries such as France, the United States, and Israel emerging as important collaborators. Nevertheless, Russia continues to be India's primary defense partner, reflecting the enduring strategic depth of their bilateral relationship. Currently, India is showing growing interest in importing crude oil and fertilizers from Russia, and the volume of these imports has increased significantly.

Export to Russia :- According to the data for 2023–24 and 2024–25, India exports the following major items to Russia in the highest quantities:

- Pharmaceutical Products
- Organic Chemicals
- Nuclear Reactors, Boilers, Machinery and Mechanical Appliances
- Iron and Steel
- Electrical Machinery and Equipment and Parts Thereof; Sound Recorders and Reproducers, Television Image and Sound Recorders and Reproducers, and Parts
- Inorganic Chemicals; Organic or Inorganic Compounds of Precious Metals, of Rare-Earth Metals, of Radioactive Elements, or of Isotopes
- Optical, Photographic, Cinematographic, Measuring, Checking, Precision, Medical or Surgical Instruments and Apparatus; Parts and Accessories Thereof

Import from Russia:- Based on the data from 2023–24 and 2024–25, the following are the major commodities imported by India from Russia:

- Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes
- Fertilisers

- Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes
- Edible vegetables and certain roots and tubers
- Iron and steel
- Project goods and items for specific industrial or strategic uses

In 2023–24 and 2024–25, more than 85 percent of India's total imports from Russia consist solely of: Mineral Fuels, Mineral Oils and Products of Their Distillation; Bituminous Substances; Mineral Waxes

BRICS (Brazil, Russia, India, China, South Africa) was established in 2006, and South Africa joined in 2010. BRICS countries account for 41 percent of the world's total population, 24 percent of the global GDP, and 15 percent of world trade. Additionally, the three major economies within BRICS are China, India, and Russia.

2.1 Objectives

1. To Analyze the current trend of India-Russia trade.
2. To Study the causes of India's trade deficit with Russia.
3. To Examine the 25-year trend of India-Russia trade.
4. To Highlight the future prospects of India-Russia trade relations.

3 Review of Literature

Bhattacharjee, A., Gaur, D., & Gupta, K. (2024):- The author studied the impact of the Russia-Ukraine war on India's key sectors and found that many sectors experienced abnormal profits during this period, although the market later corrected itself. Additionally, the metal industry benefited the most. The author also observed that the war affected India as well, given that Russia is a major defense partner of India, while India also has relations with Ukraine.

Shrivastava, V., & Pillai, A. A. (2024) observed that Russia and Ukraine account for just 2 percent of the global economy, they are responsible for a significant portion of the production of many essential goods.

Menon, R., & Rumer, E. (2022):- Highlighted that From 1960 to 1991, Russia (then the Soviet Union) accounted for around 10 percent of India's total trade. During the same period, Russia's share in India's total arms imports was approximately 66 percent (from 1955 to 1991). Between 1992 and 2021, Russia continued to be India's leading arms supplier, contributing about 65 percent of India's total arms imports. In comparison, the United States, France, and Israel followed with shares of around 7 percent

Peri, D., & LATER, C. S. R. (2023):- Observed that From 2018 to 2022, Russia remained India's largest arms supplier, with France ranking second. Although Russia's share has declined due to the inclusion of other countries like the United States and Israel in India's list of arms suppliers, Russia still accounted for 45 percent of India's total arms imports during this period.

Lalwani, S., O'Donnell, F., Sagerstrom, T., & Vasudeva, A. (2020). Emphasized that The BrahMos cruise missile system represents one of the most significant examples of defense cooperation between India and Russia. In 1998, India's Defence Research and Development Organisation (DRDO) and Russia's NPO Mashinostroyeniya partnered to establish the joint venture BrahMos Aerospace, with the goal of developing a supersonic cruise missile system.

Kumagai, S. (2023). In his paper, the author discusses India's oil trade partners before and after the Russia-Ukraine war. It is highlighted that prior to the war, Russia's share in India's crude oil imports was negligible; however, after the war, it rose significantly to around 25 percent. On the other hand, after the war, India's fertilizer imports from Russia also increased, reaching around 14 percent

Jha, K. K., & Katiyar, K. (2024, March):- stated Russia is a major global exporter, accounting for 25 percent of the world's natural gas, 18 percent of coal, 11 percent of crude oil, 18 percent of wheat, and 14 percent of fertilizers.

Rastogi, C. (2014). :-In his paper, the author discusses India's energy consumption patterns and also mentions the world's top oil-producing and oil-consuming countries. Additionally, the author highlights that India is heavily dependent on oil imports and emphasizes the need for energy self-reliance (Atmanirbhar Bharat) in the energy sector.

Mork, J. H., & Andresen, V. L. (2024). Found that The crude oil that Russia used to export to Europe before the Russia-Ukraine war was largely redirected to India, which began purchasing a significant share of it. This shift occurred because Russia offered various incentives to India on these imports. Alongside India, Turkey also took advantage of these favorable terms.

Tavadyan, A., & Tavadyan, A. (2025) also mentioned in their paper that following the imposition of various sanctions on Russia, its oil market shifted significantly towards India.

Kulikova Irina, V., Roshchina Lydia, N., & Ukrainitseva Inna, V. :- Pointed out that India primarily exports pharmaceutical products, organic chemicals, electronics, and mechanical equipment to Russia. On the other hand, Russia's exports to India mainly consist of oil, fertilizers, and metals. In 2022, 92 percent of India's total imports from Russia consisted of crude oil, with fertilizers being another significant import.

4 RESEARCH METHODOLOGY :-

Secondary data has been used from various government websites, the India-Russia Embassy, international organizations, and reputable newspapers.

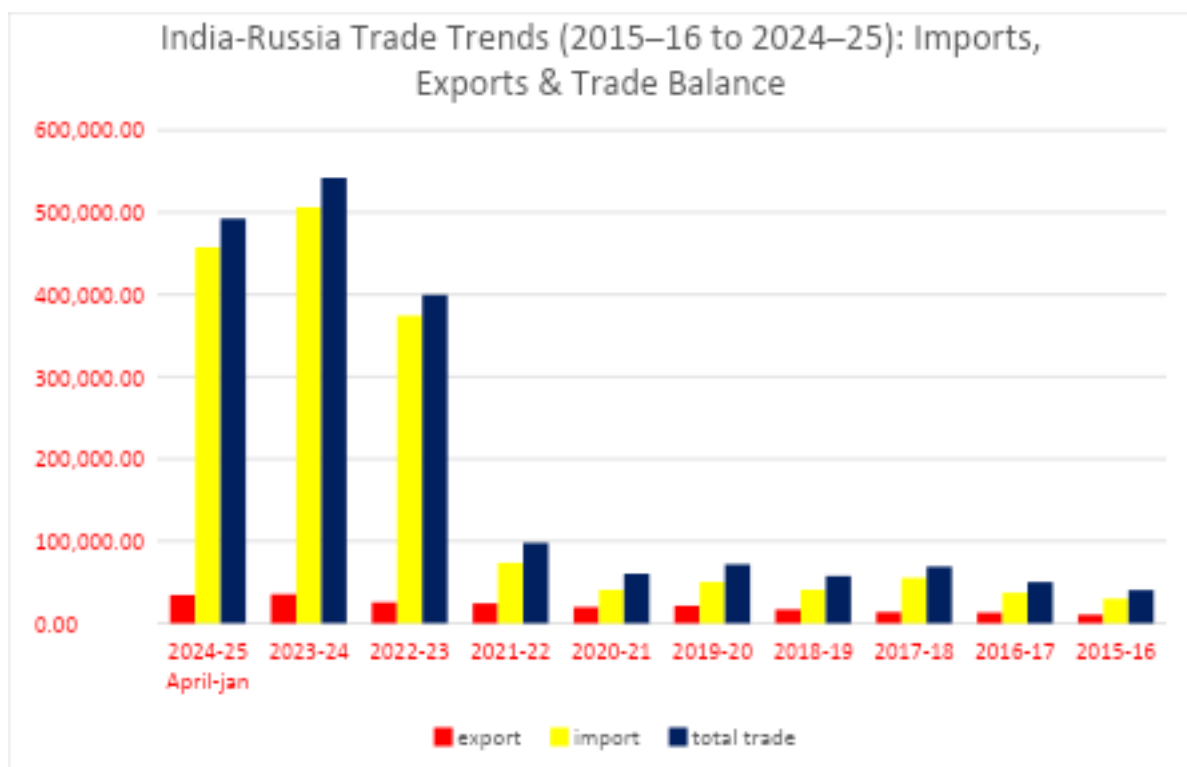
4.1 DATA ANALYSE

India-Russia Trade Trends (2015–16 to 2024–25): Imports, Exports & Trade Balance

Year	Export	Import	Total Trade	Trade Balance	Russia's Rank in India's Overall Foreign Trade
2024-25 April-jan	34,417.35	4,57,600.44	4,92,017.79	-4,23,183.08	4 Rank
2023-24	35,288.03	5,06,386.27	5,41,674.30	-4,71,098.23	4 Rank
2022-23	25,462.70	3,74,003.31	3,99,466.00	-3,48,540.61	5 Rank
2021-22	24,232.80	73,654.91	97,887.71	-49,422.12	25 Rank
2020-21	19,649.70	40,632.41	60,282.11	-20,982.70	26 Rank
2019-20	21,399.88	50,291.07	71,690.95	-28,891.19	25 Rank
2018-19	16,726.79	40,816.79	57,543.59	-24,090.00	30 Rank
2017-18	13,622.02	55,287.09	68,909.11	-41,665.07	23 Rank
2016-17	12,985.32	37,180.34	50,165.66	-24,195.01	27 Rank
2015-16	10,408.94	29,986.47	40,395.40	-19,577.53	31 Rank

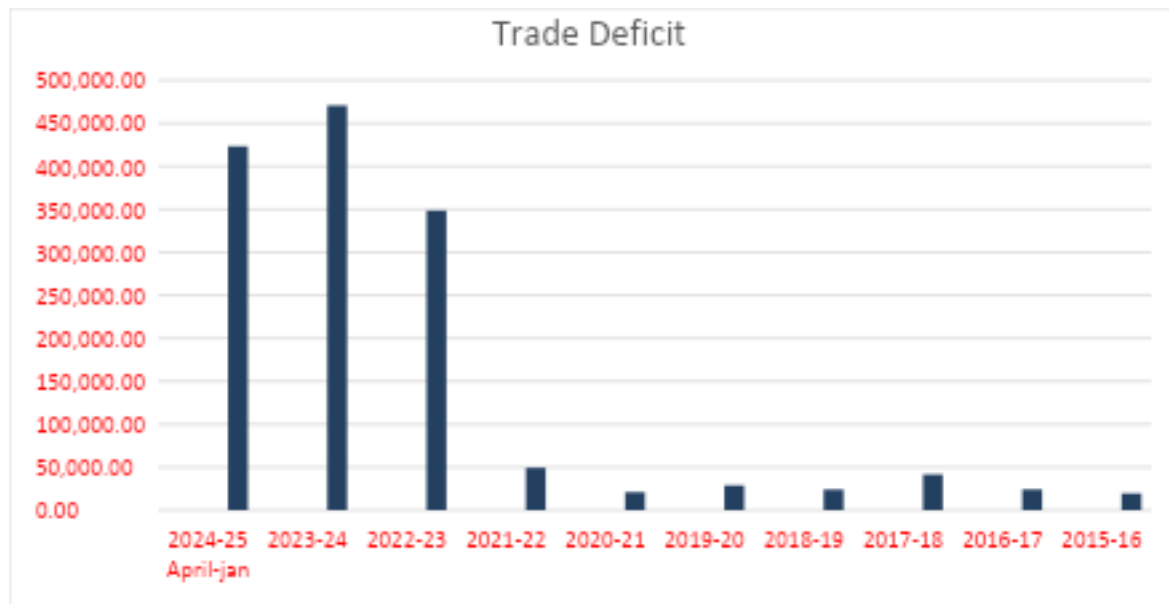
DATA:- In crore ₹

SOURCE:- <https://www.dgft.gov.in/CP/?opt=trade-statistics>



DATA:- In crore ₹

This chart indicates the bilateral trade between India and Russia from 2015-16 to 2024-25. From 2015-16 to 2021-22, India's total trade with Russia was less than ₹1 lakh crore, but by 2022-23, it surged to approximately ₹4 lakh crore. According to data from April to January 2024-25, this trade is nearing ₹5 lakh crore. Prior to 2021-22, Russia was not even among India's top 20 trade partners. In 2015-16, Russia ranked 31st among India's trade partners. However, due to the Ukraine-Russia war, Russia, which had been selling crude oil to India at a discount, has become one of India's top 5 trade partners over the past three years. This shift is also attributed to various sanctions imposed on Russia by the USA and Europe, which have impacted Russia's oil supply in international markets.



DATA:- In crore ₹

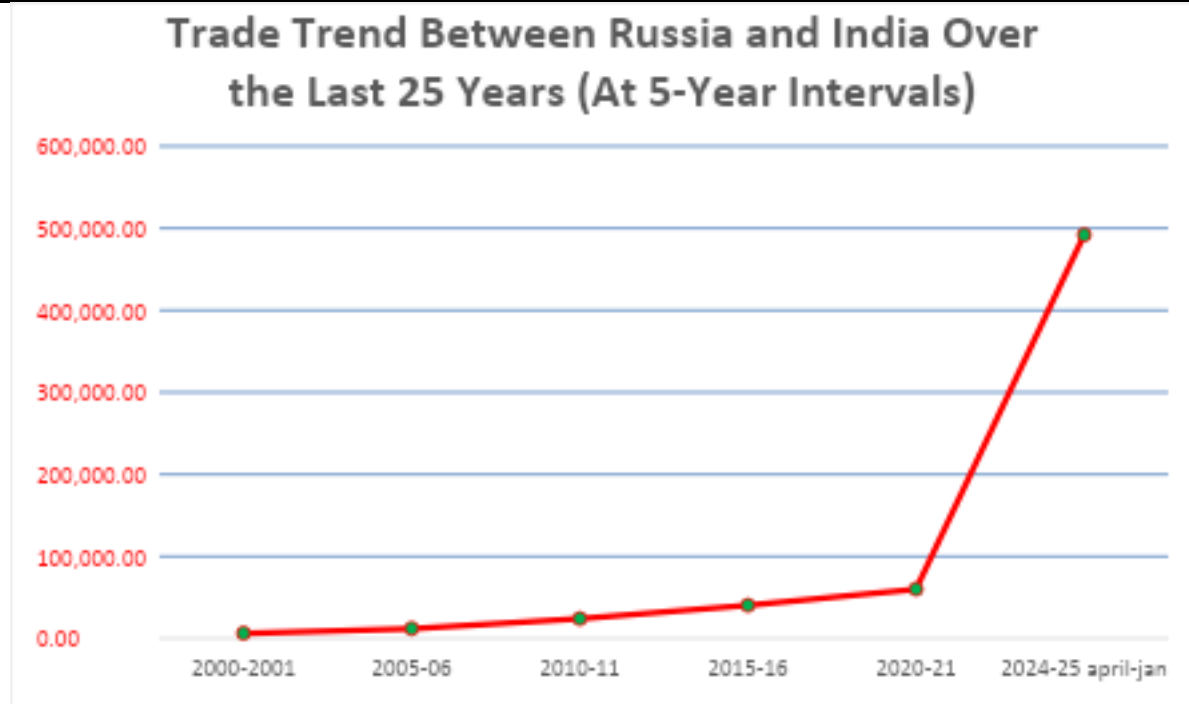
Trade deficit. Over the past 10 years, India has consistently experienced a trade deficit. In these years, India's exports have not exceeded imports. Moreover, in the last 3 years, India's imports have primarily been driven by crude oil and fertilizers, while trade with Russia remains comparatively low compared to other countries. The chart indicates that from 2015-16 to 2021-22, the trade deficit value was less than ₹50,000 crore. However, due to the import of crude oil from Russia at discounted price India's trade deficit has consistently increased over the past 3 years. In 2024-25, this deficit has reached ₹4,23,000 crore.

Trade Trend Between Russia and India Over the Last 25 Years (At 5-Year Intervals)

Year	Export	Import	Total Trade	Trade Balance	Russia's Rank in India's Overall Foreign Trade"
2000-2001	4,061.39	2,364.90	6,426.29	1,696.49	18 Rank
2005-06	3,245.89	8,952.94	12,198.83	-5,707.05	21 Rank
2010-11	7,706.14	16,416.66	24,122.80	-8,710.52	31 Rank
2015-16	10,408.94	29,986.47	40,395.40	-19,577.53	31 Rank
2020-21	19,649.70	40,632.41	60,282.11	-20,982.70	26 Rank
2024-25 april-jan	34,417.35	4,57,600.44	4,92,017.79	-4,23,183.08	4 Rank

DATA:- In crore ₹

SOURCE:- <https://www.dgft.gov.in/CP/?opt=trade-statistics>



Data:- In crore ₹

Based on the chart and the table presented above, an analysis of India-Russia trade data at five-year intervals reveals that India has consistently experienced a trade deficit with Russia. This is primarily due to India's lower export volumes and higher imports. However, it is also evident that, compared to other countries, India's trade volume with Russia has remained relatively low. Until 2020-21, Russia was not even among India's top 20 trade partners, which proves that trade between India and Russia has been limited. However, during this period, political and defense cooperation between the two countries had been growing.

Russia is now among India's top five trade partners:- In 2000-01, Russia ranked as India's 18th largest trade partner by volume. This rank dropped significantly to 21st in 2005, and stood at 31st in both 2010 and 2015. Just before the impact of the Ukraine war, Russia was India's 26th trade partner. However, in the past three years, this ranking has improved dramatically, placing Russia among India's top 5 trade partners.

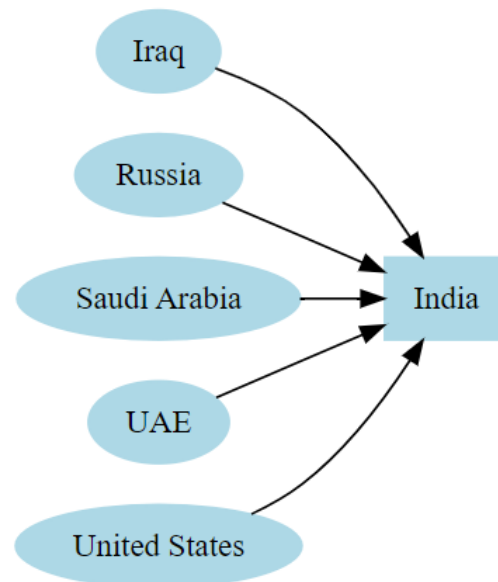
The chart illustrates that over the last 25 years, there was little significant change in trade volume for the first 20 years. However, the last five years have witnessed a sharp increase in bilateral trade, which cannot be overlooked.

816 percent growth in last five year :- From 2021-22 to 2024-25, India-Russia trade grew by 816 percent, compared to 189 percent growth between 2000 and 2005, and 149 percent between 2015 and 2020. It is estimated that in 2024-25, India-Russia trade will surpass ₹5 lakh crore. The chart illustrates that over the last 25 years, there was little significant change in trade volume for the first 20 years (2000 to 2020). However, the last five years have witnessed a sharp increase in bilateral trade, which cannot be overlooked.

India imports crude oil primarily from Iraq, Saudi Arabia, the United States, Russia, and the United Arab Emirates. Among these countries, the highest volume of crude oil is imported from these key suppliers.

In 2025, the number of countries supplying crude oil to India has increased to 40, and India now imports 80 percent of its total crude oil requirements.

Key Countries Supplying Crude Oil to India



5 CONCLUSION:-

5.1 Need for Trade Diversification

India needs to increase its exports to Russia, as over the past two decades, trade has largely remained in deficit. Persistent trade deficits can, over time, affect a nation's economic morale. The relationship between India and Russia has traditionally been friendly and is likely to remain so, as India follows a neutral foreign policy and maintains its trade interests independent of global alliances.

To strengthen long-term economic ties, India must identify sectors with strong export potential to Russia. The recent surge in bilateral trade has been primarily driven by geopolitical factors, particularly discounted crude oil imports. However, for sustainable trade growth, India must diversify and expand its export portfolio.

Apart from the last three years, India's trade volume with Russia has historically been much lower compared to its trade with other major partners such as China, UAE, USA, Saudi Arabia, Germany, Singapore, Indonesia, Netherlands, Iraq etc. Therefore, India must explore high-potential areas for trade with Russia—sectors that offer promising profitability and long-term value.

5.2 India has experienced a trade deficit with Russia for the past 25 years. For the past 25 years, trade with Russia has been consistently declining, which, for any country, can lower economic morale. Therefore, India needs to think about this issue. It is true that geographic distance and Russia's consumer market affect trade, as India is no longer able to export electronics and cheaper products to Russia in the same way as China. However, India will need to increase its trade, particularly exports, in this regard. In the past 25 years, India had a trade surplus with Russia three times in the years 2000-2001, 2001-2002, and 2002-2003. After that, India has faced a continuous trade deficit with Russia until 2024-2025.

5.3 There is a need to increase overall trade: India has indeed increased its imports of crude oil and fertilizers from Russia, but this is temporary. Once the world moves past the Russia-Ukraine war, it is possible that Russia's crude oil market will reopen to the global market, and sanctions may be lifted. At that point, India and other countries may no longer benefit from discounted rates for Russian oil. Therefore, India needs to increase trade with Russia and also explore potential trade opportunities in other sectors. This is crucial as India has rapidly expanded trade with other countries such as the USA, Germany, Singapore, the Netherlands, UAE, and others. There is also a need to increase exports with Russia.

5.4 India will remain neutral:- India does not align itself with any global bloc and stands firmly for its sovereignty. At the same time, India will continue to strengthen bilateral relations and trade with all nations around the world. India enjoys cordial relations with countries like the USA, UK, Germany, Australia, and Japan, while also maintaining a close and friendly relationship with Russia.

India has repeatedly emphasized that it stands for peace. Accordingly, it has engaged in dialogue with the leaders of both Russia and Ukraine to help resolve the ongoing conflict. From a trade perspective as well, India will continue its business relations with Russia and other countries as before.

5.5 Diversity in India's Defence Partnerships:- In the present times, India maintains strong and balanced relations with several powerful countries across the world. This is clearly reflected in its defence strategies and defence trade. Earlier, India was heavily dependent on a single nation—primarily Russia—for its defence needs. However, the scenario has significantly changed.

According to recent reports, India has diversified its defence partnerships. Today, India engages in defence deals with multiple countries such as the United States, France, Australia, Russia, Israel, and others. As a result, no single country holds a monopoly over India's defence sector anymore.

This strategic diversification has allowed India to reduce dependency, gain access to advanced technologies, and choose from a variety of defence systems that suit its needs more effectively. It reflects India's evolving approach towards achieving self-reliance and strengthening its position on the global stage.

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