

India Takes a Step Away from the Russian Defense Industry

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Abstract

India and Russia have had a long-standing security cooperation partnership, with India relying heavily on Russian weapons and equipment for its armed forces. However, Indian Prime Minister Narendra Modi launched the *Make in India* initiative in 2014 to develop the country's defense industry and reduce dependence on imports. The war in Ukraine has caused India to accelerate this process and end negotiations or cancel agreements with Russia on several weapon system acquisitions. Indian officials cited Russia's logistical problems in delivering new systems as the reason for the cancellations. This article examines how the conflict in Ukraine has impacted one of Russia's key security cooperation partnerships and how India's defense industry is developing to produce replacements for these systems. The study provides insights into the challenges and opportunities for India to achieve its goal of self-reliance in defense production.

India's current security cooperation with Russia has roots in the solid relations between the Soviet Union and India. Diplomatic ties between India and the Soviet Union were established in 1947, but the relationship deepened in the 1950s and 1960s when India faced border disputes and conflicts with Pakistan and China, leading to increased economic and security cooperation. During these conflicts, US support for Pakistan instead of India also prompted New Delhi to strengthen ties with Moscow. Although the collapse of the Soviet Union altered the dynamics of the relationship, India and Russia have continued to maintain close ties. Despite not being each other's top trading partners, the two countries have an estimated annual trade turnover of several billion USD, including significant defense expenditures by India.¹

The inventories of India's Army, Navy, and Air Force feature several Russian weapon systems. The Indian Army possesses an estimated 2,400 T-72 and 100 T-90 main battle tanks, 2,400 BMP-2 infantry fighting vehicles, 150 BM-21 and 42 BM-30 Smerch multiple rocket-launch systems, and several dozen mobile and static air defense systems of Russian origin. The Indian Navy has seven *Sindhughosh*-

¹ "India: Exports, Imports, and Trade Partners," Observatory of Economic Complexity, <https://oec.world/> and "Russia: Exports, Imports, and Trade Partners," <https://oec.world/>.

class (previously Soviet *Kilo*-class) attack submarines, one *Vikrant*-class (previously Soviet *Kiev*-class) aircraft carrier, three *Rajput*-class (previously Soviet *Kashin*-class) guided-missile destroyers, six *Talwar*-class frigates (previously Soviet *Krivak*-class) frigates, one *Abhay*-class (previously Soviet *Pauk*-class) corvette, three *Kumbhir*-class (previously Soviet–Polish *Polnocny*-class) amphibious warfare vessels, and one *Jyoti*-class (previously Soviet *Komandarm Fedko*-class) replenishment tanker. In addition, the Indian Navy utilizes more than 40 MiG-29 multirole fighters, three Il-38 aircraft, and a dozen Ka-28 helicopters in anti-submarine and maritime patrol roles. The Indian Air Force has more than 60 MiG-29s, 50 MiG-21s, and 260 Su-30s in various combat roles, six Il-78 aerial tankers, 17 Il-76 heavy transports, more than 100 An-32 medium transports, over a dozen Mi-24 attack helicopter variants, more than 200 Mi-17 transport helicopters, and a dozen Mi-21 and Mi-29 trainer aircraft.²

To provide a balanced perspective, it should be noted that alongside Russian weapons, each of the three branches also possesses weapons systems of non-Russian origins. For instance, the Indian Army has an estimated 122 domestically produced Arjun main battle tanks and 36 Pinaka multiple rocket-launch systems. Similarly, the Indian Navy and Air Force operate a mix of Russian and non-Russian systems in the same functions. The navy has an equal number of domestically produced ships of various types, while the air force also has dozens of non-Russian combat aircraft, transports, and attack and utility helicopters. However, the large number of Russian systems in India's inventory attests to the long-standing security cooperation between India and Russia prior to the war in Ukraine.

The depth of India's security cooperation with Russia is demonstrated not only by the large number of Russian-origin weapon systems in India's inventory, but also by the several joint ventures to produce systems in India. These ventures include the BrahMos cruise missile, the Su-30MKI multirole fighter, various ships for India's navy, and other projects such as the production of the AK-203 assault rifle.³ Moreover, India purchased five Russian S-400 surface-to-air missile systems in October 2018, with the first deliveries taking place in late 2021.⁴ The sale of the S-400s, which Russia has sold to only a handful of other governments, highlights

² "Asia: The Military Balance," in *The Military Balance* 123, no. 1 (2023): 208–301, DOI: 10.1080/04597222.2023.2162718

³ Kartik Bommakanti, "India-Russia military-technical cooperation: Beyond commercial relations," *Observer Research Foundation*, 22 June 2017. <https://www.orfonline.org/>; and Dinakar Peri, "AK-203 assault rifles production to begin by year-end: Russian official," *The Hindu*, 18 October 2022. <https://www.thehindu.com/>.

⁴ Dinakar Peri, "Deliveries of S-400 air defence system have begun, says Russian official," *The Hindu*, 14 November 2021. <https://www.thehindu.com/>.

the strength of Indian–Russian ties. While the purchase did not include a technology transfer to manufacture the systems in India, it nevertheless underscores the close partnership between the two countries. This relationship was further highlighted in July 2019 when Russia declined to sell 50,000 Kalashnikovs to Pakistan after pressure from the Indian government, despite having lifted an arms embargo against Pakistan in 2014 and engaging in closer security cooperation up to that point.⁵

The Russian defense industry annually exports around USD 15 billion worth of equipment to various countries, with India being among the top four recipients.⁶ While defense exports generate significantly less revenue for Russia's economy than energy exports, the export of weapons serves as a tool for Moscow to establish or maintain influence with various governments worldwide. Russian officials, including Vladimir Putin, have stated that defense exports support the country's foreign policy by providing weapons and equipment to nations that do not have good relations with the West.⁷

The Make in India Initiative

Before discussing India's cancelled agreements with Russia, it is important to note how the Indian government has been emphasizing the need to build up the country's defense industry and reduced reliance on imports for its armed forces. The *Make in India* initiative, which covers several sectors of country's economy, has three main objectives: increasing manufacturing growth, creating more manufacturing jobs, and raising the percentage of manufacturing as part of the country's gross domestic production (GDP).

Indian officials have taken various steps to boost growth in the defense sector, including implementing a requirement that new acquisitions are produced domestically whenever feasible, as well as creating import ban lists that require the armed forces to purchase certain systems or equipment from a domestic supplier.⁸ The Indian Armed Forces are permitted to acquire weapon systems outside of these requirements if there is an urgent operational need. For example, the Indian Army

⁵ Snehes Alex Philip, "Russia rejects Pakistan request for 50,000 AK rifles, assures India of no deals in future," *The Print*, 17 July 2019. <https://theprint.in/>.

⁶ Mark Trevelyan, "Ignoring Ukraine setbacks, Putin touts 'superior' Russian weapons exports," *Reuters*, 16 August 2022. <https://www.reuters.com/>.

⁷ Richard Connolly and Cecilie Sendstad, "Russia's Role as an Arms Exporter," *Chatham House*, Research Paper, 20 March 2017. <https://www.chathamhouse.org/>.

⁸ Snehes Alex Philip, "AK 203 and Kamov delayed, India and Russia aim for missile deal ahead of Modi visit," *The Print*, 10 February 2020, <https://theprint.in/>; and Abhishek Bhalla and Manjeet Negi, "Mini UAVs, mine-protected vehicles among new list of 108 defence items banned for import," *India Today*, 31 May 2021, <https://www.indiatoday.in/>.

has acquired light machine guns and different types of artillery and small arms ammunition through these types of acquisitions.⁹

The *Make in India* initiative has coincided with several years of increasing defense expenditures in India. By 2019, India's defense budget had become the world's third-largest, a position it maintained into 2022.¹⁰ India continues to prepare for a potential two-front war against Pakistan and China.¹¹ As the Indian government allocates a significant portion of its budget to defense and seeks to develop its domestic defense industry, each acquisition takes on added significance. Because India's defense industry cannot yet meet all the requirements for the armed forces, the country will continue to import various weapon systems. Despite the impact of the war in Ukraine on their partnership, India is likely to continue working with Russia to build up its defense industry.

The War in Ukraine

New Delhi has maintained a neutral stance on Russia's invasion of Ukraine, urging both sides to end the war and find a diplomatic solution.¹² India has indirectly supported Russia at the UN by abstaining from various votes against Russia at the UN General Assembly and as a nonpermanent member of the UN Security Council.¹³ India's abstentions at the UN Security Council included a vote on the draft resolution condemning Russia's annexation of four regions of Ukraine.¹⁴ While India condemned the killing of civilians in Bucha, Ukraine, early in the war, its representative at the UN called for an independent investigation into the incident without attributing blame to Russia for the deaths.¹⁵

⁹ Press Trust of India, "Post Pulwama, Centre grants more financial powers to 3 services to buy weapons," *Times of India*, 16 April 2019. <https://timesofindia.indiatimes.com/>; and "India to Procure 16,479 Light Machine Guns From Israel," *Force*, 20 March 2020. <http://forceindia.net/>.

¹⁰ Stockholm International Peace Research Institute, "World military expenditure passes \$2 trillion for first time," 25 April 2022, <https://www.sipri.org/>.

¹¹ "India must be prepared for 2-front war: Rawat," *Daily Excelsior*, 7 September 2017, <http://www.dailyexcelsior.com/>.

¹² "Parliament proceedings | India called upon Russian, Ukrainian sides to return to path of diplomacy, dialogue: Govt.," *The Hindu*, 21 July 2022. <https://www.thehindu.com/>.

¹³ "As UN Votes to Remove Russia from UNHRC, India Abstains," *The Wire*, 7 April 2022. <https://thewire.in/>; and "U.N. demands Russia reverse Ukraine annexations, India abstains from vote," *The Hindu*, 13 October 2022, <https://www.thehindu.com/>.

¹⁴ Sriram Lakshman, "India abstains on UNSC resolution condemning Russia's 'referenda'," *The Hindu*, 1 October 2022, <https://www.thehindu.com/>.

¹⁵ "At UNSC, India Supports Call for Independent Probe Into Bucha Civilian Killings in Ukraine," *The Wire*, 5 April 2022, <https://thewire.in/>.

New Delhi has not implemented any sanctions against Russia, but it has expressed concerns about violating them. In July 2022, the US government granted India a waiver in connection with the Countering America's Adversaries Through Sanctions Act (CAATSA), allowing India to purchase Russian systems, including the S-400s which have already been acquired.¹⁶ India has been importing Russian oil since the war in Ukraine began and remains one of Russia's top buyers. Moreover, New Delhi did not commit to end purchases of Russian oil when the G7 governments introduced a price cap on Russian oil in early December 2022.¹⁷

On 16 September 2022, at the Shanghai Cooperation Organization (SCO) summit in Samarkand, Uzbekistan, Indian Prime Minister Narendra Modi made a rare public statement indirectly criticizing the war in Ukraine, telling Russian President Vladimir Putin that the "era of war is over."¹⁸ This could be related to some of India's business interests in Ukraine, including significant delays in train wheels for India's Vande Bharat—a new semi-high-speed, intercity rail system—and spare parts for gas turbine engines for the Indian Navy. Both are manufactured in Ukraine, and the Ukrainian firms involved have been forced to delay production to support the war effort.¹⁹ It is unclear whether Modi's statement was a direct criticism of Russia's actions or a more general call for peace, but it could also be a response to the impact that the war has had on the rising cost of food, as India imports wheat and sunflower oil from Russia and Ukraine.²⁰ Overall, India has generally avoided openly criticizing Russia's invasion of Ukraine.

India's Cancelled Agreements and the Russian Defense Industry's Logistics Issues

The Indian government cancelled or suspended several agreements with Russia to acquire new or upgraded weapon systems a few months after the Russian invasion of Ukraine began. The first cancelled agreement came on 16 April 2022, when the Indian Air Force cancelled plans to purchase 48 Mi-17 V5 helicopters from Russia.

¹⁶ "Important step for India's purchase of Russian weaponry, says ex-diplomat on US sanction waiver," *India Today*, 16 July 2022, <https://www.indiatoday.in/>.

¹⁷ Press Trust of India, "Russia becomes India's top oil supplier in October," *The Hindu*, 6 November 2022. <https://www.thehindu.com/>.

¹⁸ Suhasini Haidar, "PM Modi tells Vladimir Putin 'now is not an era of war'," *The Hindu*, 16 September 2022, <https://www.thehindu.com/>.

¹⁹ "Wheels of Vande Bharat trains are on their way from war-torn Ukraine," *India Today*, 24 April 2022, <https://www.indiatoday.in/>; Anirban Bhaumik, "Russia-Ukraine war: India assesses impact on defence supply from both nations," *Deccan Herald*, 18 April 2022. <https://www.deccanherald.com/>.

²⁰ Samrat Sharma, "How the Russia-Ukraine war may affect India's platter," *India Today*, 29 March 2022, <https://www.indiatoday.in/>.

Indian officials claimed the decision to cancel the deal happened before the war to provide a boost to the *Make in India* initiative, but it marked the first in a series of decisions by the Indian government.²¹ On 18 April, the Indian Ministry of Defence opened a four-day conference with sessions dedicated to examining the impact of the war on deliveries of weapons and equipment to India.²² On 29 April, Indian Minister of Defence Rajnath Singh made a statement that the war in Ukraine highlights the need for India to become more self-sufficient in its defense industry.²³ His statement followed announcements from other Indian officials who noted how the war in Ukraine has caused delays in the delivery of weapons, equipment, and spare parts for the Indian Army and Navy.²⁴

Several significant cancellations took place in the wake of these announcements. On 8 May, Indian Air Force officials announced the cancellation of plans to upgrade its inventory of 85 Russian Su-30MKI fighters due to logistical problems arising from the war in Ukraine. Officials stated this decision would bolster India's defense industry.²⁵ On 10 May, Chief of Army Staff of the Indian Army Manjoo Pande acknowledged logistics issues with certain types of ammunition and spare parts from Ukraine and Russia that were critical to the Indian Army's readiness but noted that there were sufficient reserves for the immediate future. General Pande also indicated that India was exploring alternative sources for ammunition and supplies.²⁶ On 17 May, the government announced that it was suspending negotiations to acquire 10 Russian Ka-31 airborne early warning and control helicopters for its Navy. The Indian Navy already has 14 Ka-31s and had sought to add more, but New Delhi was unable to find a way to pay for the new helicopters in the face of ongoing sanctions on Russia and doubted Russia's ability to deliver them.²⁷ The agreements to upgrade the Su-30MKI fighters and purchase the 10 Ka-31 helicopters were estimated to be worth several hundred million USD.

India's concerns over Russia's ability to deliver new systems persisted as the war in Ukraine continued into July 2022. The Indian Army and Air Force had been

²¹ Manjeet Negi, "To boost Make in India, IAF cancels plans to buy 48 Mi-17 choppers from Russia," *India Today*, 16 April 2022, <https://www.indiatoday.in/>.

²² Bhaumik, "Russia-Ukraine war."

²³ Manjeet Negi, "Russia-Ukraine war highlights need for a self-reliant military: Rajnath Singh," *India Today*, 29 April 2022, <https://www.indiatoday.in/>.

²⁴ A.K. Sachdev, "The Great Indian Dilemma," *Force India*, April 2022, <https://forceindia.net/>.

²⁵ "India shelves ₹35,000 cr plan to upgrade Su-30 fighter fleet amid Russia-Ukraine war," *Live Mint*, 8 May 2022, <https://www.livemint.com/>.

²⁶ Press Trust of India, "Supply chain of certain ammunition, spares impacted because of Ukraine war: Army chief," *New Indian Express*, 10 May 2022, <https://www.newindianexpress.com/>.

²⁷ Anirban Bhaumik, "Amid Ukraine war, India halts KA-31 helicopter deal with Russia," *Deccan Herald*, 17 May 2022, <https://www.deccanherald.com/>.

seeking to replace their inventories of light combat and light utility helicopters that can operate in high-altitude environments for several years prior to the start of the war in Ukraine. Hindustan Aeronautics Limited (HAL) had already introduced some indigenous light utility helicopters into operational units, but India planned to purchase 200 Russian Ka-226T helicopters to complement the HAL light utility helicopters. However, officials abandoned negotiations in early July due to logistical challenges related to the war in Ukraine.²⁸

An incident in late July 2022 prompted another decision to not pursue an agreement with Russia for a new system. On 28 July, an Indian Air Force MiG-21 crashed during a training flight, killing two pilots. This marked the sixth Indian MiG-21 crash in 18 months. Shortly after the incident, officials announced that the Indian Air Force would retire all its current inventory of MiG-21s by 2025. India had been negotiating with Russia to acquire MiG-29s and SU-30s before the July crash, but an agreement could not be reached because of the ongoing war in Ukraine.²⁹

Representatives in the Russian defense industry have acknowledged that ongoing contracts have been impacted by the Russian invasion of Ukraine, in addition to India cancelling contracts. On 17 August, the United Shipbuilding Corporation of Russia announced a six-month delay on two frigates currently being constructed for the Indian Navy. The delay was due to difficulties procuring components for the ships due to sanctions, and the ships had already been delayed by nine months due to the COVID-19 pandemic.³⁰ A few days later, in an interview with the Indian newspaper *The Hindu*, Dmitry Shugaev, Russia's Director of the Federal Service for Military-Technical Cooperation, stated that Russia would take a tailored approach to fulfilling orders for Russian military equipment for each customer, accounting for logistical problems due to the ongoing war in Ukraine. He also mentioned that the Russian industry would provide alternative payment options to work around sanctions.³¹

Finally, on 15 August 2022, Russia's Rubin Design Bureau, a submarine designer and builder, withdrew from a request for proposal to construct six submarines for the Indian Navy, stating that the proposal was unrealistic. According to the deputy director of the bureau, the cost and requirement to build in India, the transfer of

²⁸ Dinakar Peri, "Army Aviation augments combat power while ageing Cheetah, Chetaks await replacement," *The Hindu*, 10 July 2022, <https://www.thehindu.com/>.

²⁹ Pradip Sagar, "Bye Bye MiG-21 Bison," *India Today*, 31 July 2022, <https://www.indiatoday.in/>.

³⁰ Dinakar Peri, "Six-month delay in delivery of two stealth frigates by Russia due to war in Ukraine," *The Hindu*, 17 August 2022, <https://www.thehindu.com/>.

³¹ Dinakar Peri, "Customised defence deals offered to offset sanctions impact, says senior Russian military official," *The Hindu*, 19 August 2022, <https://www.thehindu.com/>.

technology, and penalties for not meeting deadlines were too high. Although the war in Ukraine was not explicitly cited as a factor in withdrawing from the proposal, it marked another instance of Russia and India failing to reach an agreement since the war began.³²

Outlook

Based on the history of Indian–Russian relations and New Delhi’s commitment to developing its domestic defense industry, Indian officials canceled agreements or ended negotiations for several weapon systems because they did not believe Russia could deliver them. Unlike the punitive measures that Western governments have carried out, these cancellations do not appear to be aimed at punishing Russia for the war in Ukraine. However, the cancellations have left India without clear replacements from its defense industry, and it is uncertain when a replacement will be available or if another security cooperation partner will step in to fulfill the country’s armed forces’ requirements.

India has been clear for several years that it intends to import fewer weapon systems and develop its domestic defense industry, so Russia losing some defense agreements was expected. Still, the war in Ukraine has accelerated India’s plans. While it is unlikely that the Indian government will completely abandon its acquisitions of Russian weapon systems, Russia is likely to continue to face logistical difficulties in delivering weapon systems as the war in Ukraine continues. As Russia depends on defense exports to sustain its economy and shape foreign policy, this could weaken its international influence further. This, in turn, could ultimately offer other security cooperation partners an opportunity to fill in the gaps that Russia is leaving in its pursuit of the war in Ukraine. ✪

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³² Dinakar Peri, “Terms of Indian Navy’s mega submarine deal unrealistic: Russian official,” *The Hindu*, 15 August 2022, <https://www.thehindu.com/>.