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OPINION TRADE

The Economic Reality of India-Russia's \$100 Billion Ambition



Nilanjan Banik

21 hours ago 5 min read



The key question is how long trade dynamics can sustain India-Russia ties with the presence of China.

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In this image posted on Dec. 5, 2025, Prime Minister Narendra Modi and Russian President Vladimir Putin during the India-Russia Business Forum, in New Delhi. Photo: narendramodi.in via PTI Photo.

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The world is watching president Vladimir Putin's India visit and the global policy community is keenly assessing the new direction India-Russia bilateral relations might take. Modi is particularly excited as the two countries are expected to sign deals on defence, trade, healthcare, civil nuclear energy, and labor cooperation.

How much of this bonhomie will translate into trade figures, particularly in achieving the much-touted goal of reaching \$ 100 billion in bilateral trade between these two trusted neighbours?



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more sustainable footing outside of oil trade. That is a stark reality the two sides would have discussed.

India-Russia economic ties emphasise inter-industry trade, where India exports labour-intensive manufactures like pharmaceuticals, chemicals, iron and steel, vegetable and marine products, while importing Russia's capital- and resource-intensive goods such as crude oil, fertilisers, coal, and defence items. The nature of this trade is unlike intra-industry trade, which involves countries simultaneously exporting and importing similar products within the same industry, such as automobiles or electronics. The Russia-China trade is more intra-industry, with the Russians dependent much on Chinese made automobiles, electronic items, and microchips. The literature on intra-industry trade suggests that trade between countries is more likely to grow and be sustained when it is intra-industry rather than inter-industry.

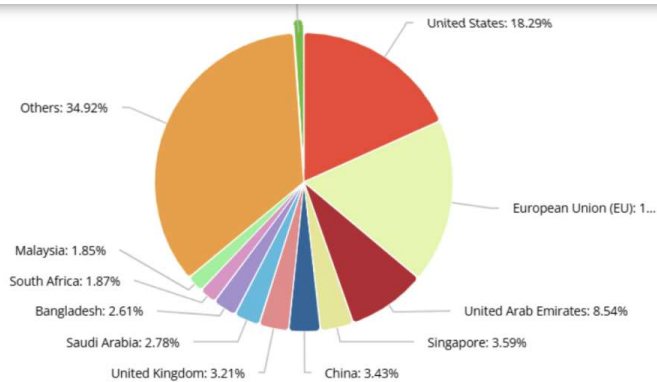
With India-Russia relations at a historic high, the key question is how long trade dynamics can sustain them. Russia's growing economic dependence on China may constrain its ability to openly back India amid potential Indo-China tensions, mirroring India's neutral stance on the Russia-Ukraine war by advocating for a peaceful resolution. India is more dependent on Russia, and China on the other hand, is an equal trade partner with Russia.

Bilateral trade between Russia and India reached a record **\$68.7 billion in FY 2024-25**, marking a sevenfold increase over five years, primarily driven by India's surging imports of discounted Russian crude oil, coal, fertilisers, and defence equipment. Russian exports to India dominated at around \$65 billion in 2024, while Indian exports, including pharmaceuticals, engineering goods, electronics, and chemicals, totalled about \$4.9 billion. Both nations aim for **\$100 billion by 2030** through diversification, industrial cooperation in sectors like metallurgy, IT, and agriculture, and infrastructure like the International North-South Transport Corridor.

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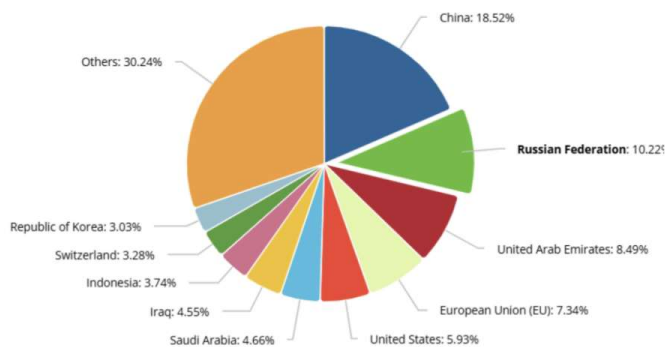
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Data source: UN Comtrade, based on data submitted by **India**

Import Sources of India, 2024



Data source: UN Comtrade, based on data submitted by **India**

In 2024, India exported US \$ 434.44 billion around the world, the main destinations being the United States (18.29%), the European Union (EU) (17.80%), and the United Arab Emirates (8.54%). Valued at US \$ 4.84 billion, exports to the Russian Federation accounted for 1.11%.

On the other hand, the import data from Russia painted a different picture. In 2024, India imported US \$ 656.84 billion of the world, the top sources being: China (18.52%), the Russian Federation (10.22%), and the United Arab Emirates (8.49%).

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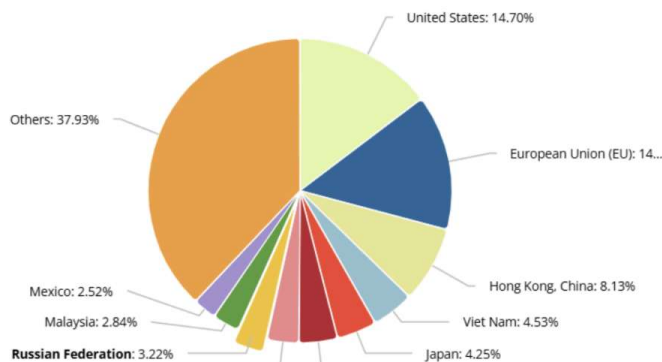
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Ukraine in February 2022, India purchased minimal Russian crude, accounting for less than 2% of its oil imports. However, steep Western discounts on Russian oil prompted a strategic shift. By 2023, Russia became India's largest oil supplier, with imports exceeding 1.6 million barrels daily – nearly 40% of India's total crude purchases.

But that is now going to change. With steep US sanctions, and threatening of a worsening trade relationship with the Western European nations, India has to cut its oil imports from Russia by **38% in value terms and 31% in volume terms** in October 2025 as compared to last year. And all this means the value of trade that India and Russia are aiming at is likely to see a dip in the coming years unless India, like its Chinese counterparts, has something tangible to offer like manufacturing tradable items.

Comparing the trade figures between Russia and China offers a more organic and possibly sustainable picture. Russia-China trade, far larger in scale, stood at **\$106.48 billion** in the first half of 2025, with Russian exports (mainly oil, gas, and minerals) at \$59.32 billion and Chinese exports (machinery, electronics, and dual-use goods) at \$47.16 billion. China accounts for about **30-48% of Russia's total trade**, making it Moscow's top partner, though early 2025 saw declines due to falling hydrocarbon prices and specific category slumps. Payments occur mostly in national currencies, reflecting de-dollarisation efforts.

Export Destinations of China, 2024



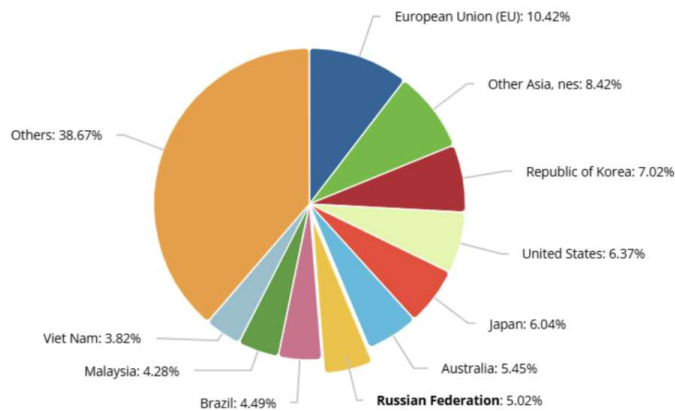
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European Union (EU) (14.42%), and Hong Kong (8.13%).

Valued at US\$ 115.28 billion, exports to the Russian Federation accounted for 3.22%.

Import Sources of China, 2024



Data source: UN Comtrade, based on data submitted by China

There is a need to reduce the burgeoning trade deficit and offer something in the form for services trade and space cooperation. As Russia pivots toward non-Western partners post-sanctions, this trend is likely to persist. What remains to be seen is when and how India will catch up with China in this evolving story of economic dependence.

Nilanjan Banik is professor, Mahindra University, Hyderabad.

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