To the World in Crisis

India and Russia offer some solutions



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Global geopolitical and geoeconomic context from Russia's perspective



There is nothing new about the world being in turmoil. Every generation has its own share of international crises to deal with – and ours is not an exception. The increasingly deteriorating international environment is a matter of concern for the governments, businesses, expert communities and common people alike. How we cope with them, whether we learn from history and what principles we follow – is what matters.

In place of dialogue between nations – there is confrontation. Diplomacy has been replaced with reckless unilateral actions. The attempt to replace international law with the so-called "rules-based order" (the order of *ad hoc* convenience for the powerful few) is leading to complete lawlessness where the will of the strongest is imposed on weaker nations. National sovereignty is an increasingly rare privilege that very few countries can afford. Western countries have been wary of the concept of multipolarity, seeing it as the source of chaos. Surely, they did not expect how fast their allies in Washington would become the main source of manifested disorder in the world economy and international relations.

Russia has been advocating a fair multipolar world order where states act responsibly, engage in dialogue and have the opportunities to work out and follow their own development models in accordance with their own priorities, traditions, cultural preferences and local conditions. Russia's commitment to these principles makes its foreign and economic policy constructive, respectful, mindful of the needs of its own people as well as its partners, and considerate of their legitimate security and economic concerns. The same is true about the foreign policy of India.

It is apparent that we are witnessing the crises of international institutions. Russia has been continuously supporting the idea of reforming the UN Security Council and giving India (as well as Brazil and South Africa) a permanent seat. Despite the inability of the United Nations to prevent the dramatic events that nations face on the global arena, for Russia, the role of the United Nations is still central to world affairs. The principles set in the UN Charter (respect for sovereignty and equality of all member-states, non-interference in domestic affairs, and the resolution of disputes through peaceful means) have not lost their relevance.

The reforms in the international financial institutions such as the WTO, the World Bank and the IMF are also overdue. The developing nations are poorly represented and have no say in their decisions. Their management structure does not reflect today's economic realities, where economic power is shifting to the Global South, and countries like India become the locomotives of the global economy in the coming decades. WTO has been paralysed, and the IMF and the World Bank have discredited themselves as development institutions. They are increasingly politicised in their

approach and actions. The World Bank, for example, has provided Ukraine with more aid in 2022-2025 than all African countries combined.[1]

In the meantime, developing countries face biased rejections and complicated procedures for funding from the World Bank and the IMF. Imbalances in the global economy and in the distribution of political power have become too obvious and have had to manifest themselves in major transformations.

International economic relations have entered the phase of fragmentation after decades of globalisation and the "world being flat". Free trade, immigration, and liberalisation of markets have been on the banners of the Western actors for decades, until they started losing in this field of their own creation, where they had thought they would only be winning. Mounting sovereign debt of most of the so-called developed countries pushes them to the verge of fiscal collapse. While the developing world is in dire need of investments, borrow in gin the "developed" world is hitting all-time record levels. It is only the monetary printing press that keeps them going.

Weaponisation of the dollar, however, leads to escapism into gold, as the only time-tested hedge and commodity. Resources and territory are again in highest demand. Global trade is under the threat of new tariff wars, sanctions and technological restrictions. It is experiencing a major crisis of openness. Supply chains are disrupted. International maritime routes are under threat not just from piracy but from state-led hostile unilateral actions. The US has prioritised diminishing the economic power of China, regaining some of the manufacturing capacities that it had yielded to China, and will pursue this objective at all costs.

Since Western countries have no more capacity for growth, the US is trying at least to retake its own share of "the economy of the West." Thus, the European Union has been sent into an economic and political abyss by its main ally, the US, by disconnecting it from affordable Russian energy. Europe is expected by Washington to be self-sufficient yet obedient. The crisis of trust is the main characteristic of today's international relations.

Seeing that its capabilities are diminishing, in search of the new engines of growth, the US is also trying to bring itself back into the Western hemisphere and possibly make its own manufacturing base out of Latin America – to replace not just China but

[1] As stated by Russia's Foreign Minister Mr Sergey Lavrov at various fora and by Deputy Chief of Staff of the Presidential Executive Office Mr Maxim Oreshkin at G20 meeting in Johannesburg in November 2025.

perhaps India too. It is no longer a matter of values for the US administration. Anything goes for the sake of material gains. In the meanwhile, the European governments bet on militarisation of their economies by pumping up the threat that, in their view, is emanating from Russia.

Another important phenomenon that came about as the result of tectonic transformations of recent years is the emergence of Global Majority (or, rather, World Majority). Contrary to earlier interpretations, it does not imply ethnicity, race or income levels of nations. It includes more countries that are usually defined as the Global South. It includes countries so different from one another that they can hardly be grouped at all.

Nevertheless, what is common between them is that they do not wish to be dragged into the rivalry of the great powers and bloc politics; they demand respect for their rights and interests, fair access to technologies, connectivity, education, investments and financing. They act pragmatically, pursuing their national interests. They are also in search of new development models, since the old ones no longer have credibility. Some of the countries of the Global Majority, such as India and Russia, move forward rather successfully with their own developmental solutions, focused on sustainable economic growth, social inclusion and democratizing innovations.

Russia's Economy: Towards Greater Diversification and Self-Reliance

Russia's GDP by PPP is 4th in the world (after China, US and India). Russia is the country of over 146 million people. The size of the population may not be that large in comparison with Asia's giants, but these are well-educated people, mainly living in cities. Even Russia's small towns and villages are not what they used to be some 10-15 years back. Rapid improvements in infrastructure and public spaces, multidimensional digital transformation and growth in disposable income have turned nearly the entire population of the country into demanding consumers.

By present day, Russia is also the most heavily sanctioned country in the world. Its institutions, companies, officials and individuals are subject to thousands of unilateral restrictions imposed mainly by the US, EU, UK, Canada, Japan, Australia and New Zealand. At the same time, Russia post-2022 boasts the macroeconomic stability that has surprised many. One of the important tasks faced by the government in Moscow is balancing a mobilisational economy and maintaining normal consumer and social sentiments. So far, this task has been dealt with quite successfully too, with a high level of resilience – politically, socially and economically. It helps to have self-

sufficient energy and natural resources sectors, strong agriculture, but also well-developed education systems and deep cultural traditions.



Despite the common perception spurred by global media, the country managed to avoid difficulties like hyperinflation and recession. GDP growth rate in 2023 was 3.6 percent, 2024 – 4.3 percent, and in 2025 – one percent. The dip in 2025 (officially – the cooling down of the economy) is attributed mainly to the high key interest rate set by the Central Bank of Russia in order to curb inflation. At the peak of this policy, the key interest rate was as high as 21 percent.

Capital outflow has slowed from a record high of approximately US$220-240bn in 2022 to approximately US$50-60bn in 2023-2024, and estimated US$15-16bn in 2025. In addition to the reduced trade surplus and restrictions on capital outflow from Russia, the West itself contributed significantly to the reduction in capital outflow by freezing Russians' private assets. The reduction in capital outflow contributed to accelerated capital accumulation within the country.

As of November 2025, households had accumulated approximately 66 trillion rubles[2] in deposits, almost twice as much as at the beginning of 2022. The growing volume of cash that people in Russia habitually prefer to invest in real estate instead of stocks or business explains the Central Bank's policy of maintaining a high interest rate –

[2] Approximately 57 trillion if counted in Indian rupees

otherwise, all these funds would be directed towards consumption and lead to galloping inflation. In fact, the imbalance between personal investments and consumption, spurred by decreased capital outflow, led to higher than necessary inflation (6.6 percent, as of November 2025). Now that it is showing consistent signs of slowing, the Central Bank of Russia is gradually decreasing the key interest rate, and currently it stands at 16 percent.[3]

Inflation has been the primary concern for the regulators because social welfare programmes, such as pensions, benefits (monetary support for mothers for every child born, for instance) and salaries of governmental personnel had to remain intact and could not be eroded by high inflation. At the same time, high interest rates are rather restrictive for business. GDP growth rate forecast for 2026 is very modest, but it is still in a positive range. The government is tasked with avoiding stagnation and the interest rate is expected to decrease further.

Another difficulty that business is facing – is lack of labour resources as Russia has walked into a structurally well-predicted demographic pothole, which is the result of tremendous losses in the World War II and the sharp decrease in births in the 1990s. Engagement of hundreds of thousands of contract soldiers in Russia's military operation puts an additional strain on the labour market. The official unemployment rate in the country is at the all-time low: 2.1 percent (about 1.7 million people are unemployed).[4] Gradual opening of Russia's labour market to qualified personnel from India for specific projects is the need of the hour. It is high on the agenda of both business and regulators.

Since 2022, Russia's gold and foreign exchange reserves have grown by over US$100bn to US$754.9bn[5] (this includes approximately US$300bn in "frozen" reserves that Russia was keeping in now hostile jurisdictions). The structure of the Central Bank's reserves has changed significantly. The share of gold in the reserves has doubled to over 43 percent. With "frozen" assets excluded, it stands at 70 percent.

Federal budget revenues "related to domestic production" (domestic revenue) nearly doubled from 2.5 trillion rubles in Q1 2022 to 4.2 trillion rubles in Q3 2025, and as a percentage of total revenue, increased from 34 percent to 45 percent, making Russia's economy more independent of fluctuations in the external environment. The 2025 budget law initially projected a deficit of 1.173 trillion rubles, or 0.5 percent of GDP.

[3] As of January 2026
[4] Federal State Statistic Service https://eng.rosstat.gov.ru/
[5] Interfax News Agency https://www.interfax.ru/business/1067992

Amendments were made to the law in the spring, increasing the budget deficit to 3.792 trillion rubles, or 1.7 percent of GDP. Amendments in the fall increased the planned budget deficit further to 5.737 trillion rubles, or 2.6 percent of GDP, which was the factual deficit of 2025.[6]

The increased deficit is explained by falling revenues – while expenses remain stable. One could suggest that this decrease in revenue must have been due to Russia's shrinking oil and gas exports; however, this is not quite the case. The dependency of Russia's budget upon oil and gas has decreased two-fold from 42 percent of all federal budget revenues in Q1 of 2022 to 20 percent in Q3 2025. Global oil surplus and falling prices are not critical, as the bulk of production comes from existing fields that don't require development and production costs.[7]

Therefore, companies are still receiving revenue, albeit somewhat reduced, but still sufficient to maintain exports. For the government of Russia, which is seeing its lowest oil and gas revenues in five years, this is more painful, but the drop in oil prices will not have a dramatic impact on the country's overall economic situation or the budget's ability to meet its obligations. Overall, the importance of exports for the Russian economy is decreasing. It used to constitute 35 percent of GDP in 2021 and about 24 percent in 2024. Although the domestic market is limited and many businesses expect 2026 to be a difficult year, the economy of Russia today is more diversified, self-reliant and less susceptible to external pressures than it was just a few years back.

Eurasian Economic Union and Russia's Greater Eurasia initiatives

On the backdrop of global fragmentation, Eurasia (including the Middle East), as well as Africa, is the new epicentre of gravity and economic growth. Eurasia itself is a powerhouse – both economically, in terms of its human capital and considering its tremendous potential. Russia is part of the economic bloc called Eurasian Economic Union (EAEU), set up in 2014. It also includes Belarus, Armenia, Kyrgyzstan,

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6 Anton Siluanov: The budget deficit for the year amounted to 2.6% of GDP January 16, 2026. https://expert.ru/news/anton-siluanov-defitsit-byudzheta-po-itogam-goda-sostavil-2-6-vvp/#:~:text=%D0%98%D0%B7%D0%BD%D0%B0%D1%87%D0%B0%D0%BB%D1%8C%D0%BD%D0%BE%20%D0%B7%D0%B0%D0%BA%D0%BE%D0%BD%20%D0%BE%20%D0%B1%D1%8E%D0%B4%D0%B6%D0%B5%D1%82%D0%B5%20%D0%BD%D0%B0,%D0%B8%D0%BB%D0%B8%202%2C6%25%20%D0%92%D0%92%D0%9F

7 Unsinkable Oil: How the West Restricted the Industry and What Came of It. January 5, 2026. https://www.forbes.ru/biznes/552877-nepotoplaemaa-neft-kak-zapad-ogranicival-otrasl-i-cto-iz-etogo-vyslo

Kazakhstan. Several years back, India and the EAEU have agreed in principle to start negotiations about establishing a free trade zone.

In August 2025, during External Affairs Minister Jaishankar's visit to Moscow, the Terms of Reference were finalized and the first round of negotiations about the free trade agreement started in November 2025. Both sides are rather optimistic about the timeframe for negotiations and possible outcome.

The EAEU is more than a free trade bloc. Member countries aim to coordinate their economic policies. Strategic priorities of the EAEU include ensuring technological sovereignty, developing industrial cooperation, and accelerating the digital transformation of the real economy. The Union strives to enhance the resilience of the Eurasian economic architecture to external shocks and create conditions for the development of competitive production ecosystems.[8] Key EAEU indicators, including the union's gross domestic product, industrial production, agriculture, construction, and retail turnover, performed well in 2025.

Entrepreneurial activity is growing: fixed capital investment across the EAEU as a whole increased by over six percent in the first half of the year. The industrial sector is demonstrating steady positive growth. The volume of mutual industrial trade between member states increased by 3.6 percent, industrial exports to third countries by 12.8 percent, and cooperative deliveries within the Union by 3.8 percent. To support high-tech manufacturing, a programme is being implemented to subsidise loan rates for projects involving companies from at least three countries of the Union. This mechanism will also be extended to the agro-industrial complex.[9]

Active work is underway to extend the financial support mechanism for cooperative projects to the agro-industrial complex. This initiative aims to strengthen food security, develop sustainable interstate production ties, and increase the technological independence of the Union's agricultural sector. The Eurasian Economic Commission has begun developing a legal and institutional framework to support cooperative projects in crop production, livestock farming, processing, food production, and agricultural infrastructure. The terms are similar to those for industrial projects: interest rate subsidies for up to five years with the participation of enterprises from at

[8] Union of Free Economies. January 05, 2026. https://expert.ru/mnenie/soyuz-ekonomik-svobodnykh/

[9] Mishustin considers the Eurasian Economic Union's 2025 results to be commendable. December 11, 2025. https://belta.by/economics/view/mishustin-schitaet-dostojnymi-rezultaty-evrazijskogo-ekonomicheskogo-sojuza-v-2025-godu-753686-2025/

least three Union countries. General principles and approaches to ensuring food security in the Union are aimed at reducing dependence on imported material and technical resources and increasing the competitiveness of member states in the global agrifood market. The Union has significantly increased agricultural production, raised food self-sufficiency, and increased mutual trade in agricultural products and food items among member states in recent years. While in 2014 the EAEU was one of the largest importers of agricultural goods, with a negative balance of US$24bn, since 2021 it has transitioned to net exporter status.[10]

Between 2015 and 2024, the Eurasian Economic Union's industrial goods market nearly doubled, reaching US$1.2tn. Meanwhile, the share of goods produced by member states to meet domestic demand reached 75.5 percent, while the share of imports from third countries fell to 18.8percent – the lowest level in the past 10 years, demonstrating strife towards self-reliance. In 2025, the Strategic Programme for Scientific and Technological Development of the Eurasian Economic Union was approved.[11] Its implementation will help accelerate the creation and implementation of innovation in EAEU countries. Industrial robotics and microelectronics are high priorities.

In early 2025, an agreement was signed allowing enterprises from union countries to list their securities on the stock exchanges of any of the five member states. The share of national currencies in intra-union settlements reached 93 percent, and in foreign trade contracts between Russian businesses and entrepreneurs from other union countries, it exceeded 98 percent. The practical implementation of the free trade agreement with Iran has begun. Free trade agreements have been signed with the UAE and Mongolia.[12] As already mentioned, negotiations with India have started.

Russia is in search of ways to guarantee economic cooperation, peace and stability in Greater Eurasia, to avoid its militarisation. It aims to engage actively with all Eurasian countries and discuss their conceptual understanding of Eurasia, their vision of the future of this vast and increasingly important continent. Initially, this idea was introduced by President Putin in his address to the Federal Assembly of the Russian Federation in 2015.

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10 Supra Note 8

11 EAEU long-term science and technology development program approved. September 15, 2025. https://eec.eaeunion.org/en/news/utverzhdena-dolgosrochnaya-programma-nauchno-tekhnicheskogo-razvitiya-eaes-/

12 Mishustin considers the Eurasian Economic Union's 2025 results to be commendable. December 11, 2025. https://belta.by/economics/view/mishustin-schitaet-dostojnymi-rezultaty-evrazijskogo-ekonomicheskogo-sojuza-v-2025-godu-753686-2025/

Originally, this proposal had a strong economic element, but gradually and on the backdrop of global developments matters of peace and security took centre stage in all discussions. Many important questions are yet to be answered – for instance: what countries are part of Eurasia, how to decrease the role of non-regional players in Eurasia while decreasing the conflict potential not just between large powerful countries of Eurasia, but between many smaller states too. We are now just at the beginning of the process of designing the system of security for Eurasia, possibly only its non-European part to start with, that should be undivided (meaning someone's security cannot be built at the expense of others).[13]

It needs to guarantee the feeling of safety for all states. This is something that Europe, spurred by NATO, failed to conceptualise and bring about despite Russia's consistent proposals. Effectively, this has never been implemented before. According to Russia's officials, some options for discussion in the concept for Eurasia, for instance, may include non-aggression agreements between all countries participating in this future Eurasian security system.[14]

Why India-Russia Relations Matter

India is the symbol of the Global South and the emerging great power. Its strategic autonomy is the waymark for many countries. India's economy embodies the characteristics, opportunities and challenges typical of large, rapidly developing nations. India's own reformist course, particularly its approach to digital transformation,[15] is an example of a new equitable, inclusive and just development model. India's experience demonstrated that accessible digital architecture can stimulate significant socio-economic transformation. It paves the way for other high-growth developing countries towards effective, technology-based sustainable development and provides India with the new type of global leadership role that it seeks and deserves.

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13 What is 'indivisible security'? The principle at the heart of Russia's ire against Nato. February 07, 2022. https://mgimo.ru/about/news/experts/what-is-indivisible-security/?utm_source=google.com&utm_medium=organic&utm_campaign=google.com&utm_referrer=google.com

14 Yakovenko named a possible way to ensure Eurasian security. May 27, 2026. https://ria.ru/20250527/yakovenko-2019445512.html

15 Srivastava, R. & Kulik, L., (2025) "India's Digital Revolution: Distinctive Features", American Review of Political Economy 19(1). doi: https://doi.org/10.38024/arpe.632

In many ways, India is also the embodiment of multipolarity – with its endless diversity, pluralism as well as traditions of respect for varying opinions and consideration for multiple stakeholders. In the view of Russia's leading foreign policy experts,[16] the persistence of Moscow on the issue of Ukraine and NATO enlargement served as the catalyst for change pent up in the world. The events of 2025 and previous years just fermented the objective process of transition towards multipolarity, because the imbalances that had accumulated in the global system sought their solutions. At this transformational era the special and privileged strategic partnership between India and Russia is acquiring an even greater meaning.[17]

There are many terms that have emerged in recent years that describe the relations between India and Russia. Time-tested. A constant. All-weather. Exemplary. Prime Minister Narendra Modi and then Union Minister of Commerce & Industry, Shri Piyush Goyal, called Russia India's "*sukh dukh ka saathi*". The same can be said about India to Russia. The relations of trust that the two countries share are extremely rare in the present-day environment. The leaders of India and Russia remain committed to preserving the special, trusting nature of this partnership. Amidst geopolitical uncertainty on the global stage, both Moscow and New Delhi view the expanding scope of bilateral cooperation not only as a factor of domestic stability but also as a beneficial stabilising foundation for the global environment at large, both in terms of politics and economy: be it in energy markets, fertiliser supplies or food security.

Unprecedented continuity in the Russia-India relations is not an obstacle to tremendous adaptability. The relations have adapted to the deep internal transformation that the two countries have undergone in the 1990's. Today they are adapting to the shifting balance in geopolitics and geoeconomics by bringing economic cooperation to the forefront of the bilateral agenda. This dimension has long been in the shadow of other pillars of the relationship – but today it is the most dynamic and promising of all. It has become one of the personal priorities of the leaders of India and Russia too. It figured prominently at the 23rd summit in Moscow in July 2024 and at the 24th summit in New Delhi in December 2025.

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16 Lukyanov, F. The end of the 20th century: in the past year, changes in the world order reached a new level. December 29, 2026. https://profile.ru/politics/konec-hh-veka-v-uhodyashhem-godu-izmeneniya-miroustrojstva-vyshli-na-novyj-uroven-1797558/

17 Kulik, L. (ed.) "India and Russia. Enduring trust in a transformational era". Har-Anand Publishers, New Delhi 2025.

Now that economic links firmly occupy a central place in Russian-Indian relations, the two governments have actively engaged in creating the necessary infrastructure, adapting, and developing more flexible approaches to bilateral trade in the face of a radically changed external environment.[18]

After the July 2024 summit in Moscow, the relevant agencies in the two governments have been instructed to prepare and coordinate a Programme for the Development of Strategic Areas of India – Russia Economic Cooperation till 2030 (the so-called "Programme 2030"). By the summit in New Delhi, this roadmap was ready. The exact parameters of this document have not been made public, but it is clear that Programme 2030 is designed to ensure the necessary political and regulatory support to realise the full potential of economic cooperation, for which today offers a unique opportunity.

It is common knowledge that trade has been the weaker component of the Russia-India strategic partnership. Once hovering between US$12-13bn at maximum, the bilateral trade volume received a massive boost with Russia redirecting its oil supplies to India post-2022. The volume of bilateral trade reached US$65bn in calendar year 2023 and over US$66bn in calendar year 2024. Highest growth in Russia's exports was demonstrated in hydrocarbons, fertilisers and agricultural products. The latter increased two-fold in three years between 2022 and 2025, reaching an all-time high in 2024. India's exports to Russia grew in segments such as pharmaceuticals, electronics and machinery. The volume of India's exports to Russia, however, was more than 10 times smaller than its imports. At the summit in Moscow in July 2024, the leaders of Russia and India set the new target of achieving US$100bn in bilateral trade by 2030 with simultaneous diversification and correction of the imbalance.

The numbers for the first three quarters of 2025 (US$48,62bn) showed a 10percentdecline both for exports and imports, compared to the same period of 2024,[19] but the year ended with certain activation of trade, so the overall statistics for calendar year 2025 may be about the same as 2024 or slightly higher. Russia maintained its position as number 4 among India's trade partners after US, China and UAE. The decline in numbers was mainly due to downward dynamics in oil prices as well as restructuring of supplies.

Russia's predominant exports to India include: crude oil and oil products, coal, vegetable oils, mineral fertilisers (complex, nitrogen, potassium), goods for

[18] Kulik L. Valdai Discussion Club Report, 2025. Russia-India: An economic cooperation framework https://valdaiclub.com/files/47664/

[19] As per Ministry of Commerce of India

infrastructure projects, raw diamonds, steel and ferroalloys, cast iron, legumes, asbestos, pulp, natural gas, sulfur, raw materials for the agricultural sector and other products. Indian exports to Russia remain broad: key items include pharmaceuticals, communications equipment, computing equipment, ceramic materials, food products, and chemicals. Pharmaceuticals remain one of the most significant segments, and Russia's growing needs for telecommunications and IT infrastructure are driving an increase in deliveries of Indian electronic devices and components. The growth in supplies in high-tech categories highlights India's growing participation in meeting the technological and infrastructural needs of the Russian market.

Still, India's trade deficit with Russia is second only to the deficit it experiences in its trade with China. The priority of balancing trade, diversifying Russia's exports to India and building up India's exports to Russia is not new. But 2025 has given these goals new momentum. It would not be an exaggeration to say that external pressures have helped it become more urgent and put it even higher on the list of priorities not just for the two governments, but, most importantly, for businesses too.

During the interview with India Today media group at the Kremlin on the eve of his official state visit to India in December 2025 Vladimir Putin mentioned that it was his personal instruction to the Government of the Russian Federation to explore further opportunities for imports from India.[20]

This effort resulted in a two-day business forum on the sidelines of the President's official visit to New Delhi on December 04-05, 2025, under the fresh motto "Balanced Trade. Shared Growth". On the first day of the business forum, a strategic session entitled "Sell in Russia: New Horizons for Indian Business" was held. Other sessions were devoted to cooperation in labour resources, AI and digital technologies, pharmaceuticals and healthcare, food supplies, technical textiles, automotive sector, industrial supply chains and other fields.

Under pressure from US tariffs, the Indian government is actively looking for new markets for the Indian companies. It is now more open to the idea of entering into new free trade agreements. The negotiations that have otherwise been moving rather slowly are progressing more dynamically. In August 2025 during Minister Jaishankar's visit to Moscow the Terms of Reference were finalised that allowed to make progress

[20] Interview with Aaj Tak and Indian Today TV channels. December 04, 2025. http://en.kremlin.ru/events/president/news/78649

towards the Free Trade Agreement between India and the Eurasian Economic Union.[21] The first round of negotiations about the FTA started in November 2025.

The free trade agreement that is in the works between India and the Eurasian Economic Union will only cover trade in goods and will not cover the services sector and investments. The work with relation to the legal framework for services and protection of investment will have to move in accelerated pace. 55 percent of India's GDP and 45 percent of India's exports are in services. This is a very broad segment that includes areas of crucial importance in present-day economic environment and major business potential, including software development, cyber security, legal, consulting, accounting and financial services, research, design and development, project management, healthcare, tourism and medical tourism, education, labour and skilling, logistics etc. All of these and many other sectors will require special attention too.

Today, more than 95 percent of trade between India and Russia is settled in national currencies. Two Russian banks – Sber and VTB – have their branches in India, and several other large banks are planning to start working in India. Business wins from the increased competition between financial services providers. Regular consultations between the central banks of the two countries have been instrumental in setting the new framework. Central Bank of Russia now has a permanent representative in Mumbai. This will positively impact further improvements of payment infrastructure, create more favourable conditions for cross-border investment and further strengthen interbank ties.

Logistics is of crucial importance to trade. While the two countries have been mainly focused on the North-South Transport Corridor and supporting domestic infrastructure, in the present-day geopolitical environment, the Northern Sea Route, including Chennai-Vladivostok corridor acquires even greater importance. Russia and India would benefit from developing a dedicated port on India's eastern coast as part of these efforts. The beginning of training of India's seamen for operations in polar waters isa much-needed and welcome development that would help connect India with Russia and other global markets.

Given the growing complexity and fast-changing nature of world trade, streamlining customs regulation and its swift technical implementation gives any country a strong advantage. Export and import systems need to be rather detailed, flexible and fine-

[21] Includes Russia, Belarus, Armenia, Kyrgyzstan, Kazakhstan

tuned, maintaining a balance between protectionism and stable trade operations. Both Russian and Indian customs agencies have digitally transformed themselves in recent years. Their joint work is being improved. During the summit in New Delhi, the protocol was signed between the Federal Customs Service of Russia and the Central Board of Indirect Taxes and Customs of India on the exchange of advance information on goods and means of transport moving between the two countries.

Today, bilateral trade is significantly hampered by the lengthy certification process on both sides and the general lack of synchronisation in certification approaches between the two countries. The agreement signed in 2025 between Russia's Federal Service for Surveillance on Consumer Rights Protection and Human Wellbeing (Rospotrebnadzor) and Food Safety and Standards Authority of India (FSSAI), is an important step toward facilitating trade, particularly in the food sector.

The governments of the two countries are sending a clear signal that they are determined to work on removing tariff and non-tariff barriers, administrative hurdles to trade in goods, services and the movement of capital. Streamlining regulations and helping with further infrastructural improvements is also a high priority. This work is crucial and needs to be done in the shortest of time to make cooperation irresistibly enticing for businesses that otherwise face many difficulties.

In 2026 India has assumed the chairmanship of BRICS, which is now a club of 11 countries.[22] The importance of BRICS for India is also likely to grow, particularly in its economic component as an alternative platform and a range of potential new destinations for India’s exports. It is also an important platform for Russia-India cooperation as the club is working on the basis of consensus, mutual respect and sensitivity to each other’s concerns. It is moving forward with many important initiatives aiming at a more just international order and economic mechanisms – including the BRICS investment platform, commodities exchange, arbitrage – to name a few.

[22] Brazil, China, India, Russia, South Africa, Egypt, Ethiopia, Indonesia, Iran, Saudi Arabia, United Arab Emirates.