

India-Russia Energy Cooperation and Geopolitical Challenges

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Abstract:

India-Russia energy cooperation holds a significant position in their bilateral relations, rooted in historical, economic, and geopolitical dynamics. Both nations are actively working to restructure their energy collaboration to overcome ongoing challenges. Their partnership spans conventional and non-conventional energy sectors, showcasing continuous growth. Together, India and Russia have the potential to reshape global geopolitical and economic dynamics. However, the Russia-Ukraine conflict has altered the geopolitical landscape and presented new challenges. Concerns about regional competition have emerged as potential downsides to their energy collaboration after the Russia-Ukraine conflict. This article examines the evolving India-Russia energy partnership and the associated geopolitical challenges.

Keywords: Energy; Cooperation; Geopolitical; Challenge; Conflict; Market; European Union

India, as the third-largest global energy consumer and a key energy importer, has developed a strong energy partnership with Russia, one of the largest global producers and exporters of petroleum and natural gas. With India's growing energy demands, Russia's abundant resources and expertise position it as a critical partner in meeting these needs. Over the past two decades, India-Russia energy cooperation has gained momentum, encompassing oil, gas, nuclear, and renewable energy sectors. This partnership aims to bolster energy security, drive economic growth, and support sustainable development. India and Russia share a long-standing socio-political and economic relationship, characterized by mutual trust and benefits. During the Soviet era, Russia played a significant role in India's energy development, contributing to hydropower plants, coal industries, oil exploration projects, and the establishment of the Oil and Natural Gas Corporation (Gokaran, 2018).

Further, India increased her relations in both conventional and non-conventional resources of energy. Conventional energy resources, such as oil and natural gas, have been pivotal to India-Russia energy cooperation. Since the dissolution of the Soviet Union, both countries have sought to strengthen ties in this area, driven by rising energy demands and a shared focus on

energy security. Russia has become a major supplier of crude oil to India, with Indian companies like ONGC Videsh Limited and Oil India Limited investing in Russian energy assets, including Sakhalin-1 and the Vankor oil field. Collaboration in nuclear energy has also been significant, with Russia supporting projects like the Kudankulam Nuclear Power Plant in Tamil Nadu. Further, Efforts extend to renewable energy sectors such as solar and wind power. Joint energy infrastructure development, including pipelines and storage facilities, demonstrates growing bilateral investment and trade. Asia-Pacific region, emphasizing India's role as a key partner in gas exploration, LNG trade, and transportation. Gazprom, Russia's leading gas company, views India as integral to its Asia-Pacific strategy. India's reliance on Russian crude oil has increased substantially, especially after the Ukraine conflict disrupted global energy markets (Dhar, 2024). Russia has become one of India's primary suppliers of crude oil due to favorable pricing. Companies like ONGC Videsh have collaborated with Russian entities such as Rosneft on projects like the Sakhalin-1 oilfield and Arctic energy initiatives (Pant, 2023). Additionally, India's engagement in the LNG (Liquefied Natural Gas) trade with Russia has grown, with Indian firms entering long-term agreements with Russian counterparts (Kundu, 2022). Russia has been instrumental in advancing India's nuclear energy program. The Kudankulam Nuclear Power Plant in Tamil Nadu is a flagship initiative developed with Russian expertise, and additional reactors are currently being constructed. This collaboration includes technology transfer and skill development (Chandra, 2021).

Further, Non-conventional energy resources, such as solar, wind, biomass, and tidal energy, are considered eco-friendly and sustainable alternatives to conventional sources. India and Russia have initiated collaborative efforts in renewable energy to align with global trends and reduce dependence on fossil fuels. Joint ventures and mutual investments in these sectors highlight their shared commitment to sustainability and diversification. In response to global energy trends, India and Russia are exploring opportunities in green hydrogen, solar power, and other renewable energy sectors. These efforts, while still in early stages, demonstrate their shared intent to expand energy cooperation beyond hydrocarbons (Sibal, 2020). In addition, India has prioritized Russia as key energy partner and enhanced this market rapidly. Scholar such as Madan (2010) predicts that India's energy demand will more than double by 2030, driven by an economic growth rate of 8%. By 2030, India and China will collectively account for 50%

of the global energy demand increase. Both nations aim to increase their bilateral trade to \$100 billion by 2030, with Indian investments in diverse sectors in Russia, including oil, gas, pharmaceuticals, and diamonds. However, there is connectivity issues between two countries. Both the countries are working over it and tried to shift their priorities to overcome of these problems. Scholar like Reztsova (2011) highlights Russia's pivot from European markets to the Projects such as the International North-South Transport Corridor (INSTC) and the Eastern Maritime Corridor, which links Chennai with Vladivostok, aim to enhance energy and trade logistics. These initiatives are expected to improve transportation efficiency, reduce costs, and strengthen bilateral energy ties (Zakharov, 2024).

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Ongoing anomalies between the countries and Sanctions imposed on Russia due to the Ukraine conflict have disrupted energy trade and complicated financial transactions. Restrictions on Russian banks and institutions have made payment mechanisms and logistics difficult. Additionally, India's investments in Russian Arctic energy projects face risks of secondary sanctions (Saran, 2023). The global push for renewable energy presents a challenge for India's reliance on Russian fossil fuels. As India seeks to diversify its energy sources, its ongoing oil imports from Russia have attracted criticism, particularly from Western nations (Bajpai, 2023). Russia's deepening ties with China present strategic challenges for India, especially against the backdrop of border tensions with China. This growing alignment forces India to carefully manage its relationship with Russia while countering China's influence (Mohan, 2023). India's increasing collaboration with the United States and participation in alliances like the Quad (Quadrilateral Security Dialogue) create challenges for its energy and defense partnerships with Russia. Moscow perceives such alliances as contrary to its interests, compelling India to maintain a balanced diplomatic approach (Kumar, 2022). The vast geographical distance between India and Russia, coupled with insufficient connectivity, limits the scope of energy trade. Proposed infrastructure projects like the INSTC and maritime routes require significant investments and long-term commitment to overcome logistical hurdles (Zakarov, 2024). India and Russia are anticipated to expand their partnership in renewable energy and advanced technologies. Collaboration in areas like green hydrogen, solar energy, and wind power could form a sustainable basis for future cooperation (Kundu, 2022). Accelerating the development

of the INSTC and Eastern Maritime Corridor will be crucial for reducing trade costs and improving energy logistics (Zakharov, 2024). India may explore alternative payment methods, such as using national currencies or barter arrangements, to maintain energy trade with Russia amidst sanctions (Saran, 2023). To ensure energy security while maintaining its strategic interests, India must skillfully balance its partnership with Russia alongside its growing relationships with the U.S., Europe, and Middle Eastern nations (Mohan, 2023). India-Russia energy cooperation remains a vital aspect of their strategic partnership but faces obstacles stemming from geopolitical tensions and logistical constraints. Both countries need to focus on diversifying their energy collaboration, enhancing infrastructure, and addressing external pressures to sustain their long-term cooperation. However, scholar like Menon and Rumer (2022) argue that, despite these challenges, the India-Russia partnership will endure. India's reliance on Russia for oil and defense equipment reflects its independent foreign policy, avoiding alignment with Western sanctions. For Russia, India remains a critical market for arms and energy, underscoring the enduring importance of their relationship. India-Russia energy cooperation continues to evolve despite geopolitical and logistical challenges. Russia remains a crucial energy partner for India, exploring deeper ties through mutual investments, new projects, and infrastructure development. To sustain and enhance their partnership, both nations must prioritize improving connectivity, diversifying energy portfolios, and navigating external pressures effectively.

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