



## **America-Eurasia Center The Ukraine Russia Program**

January 25, 2024

### **Indian Interest in Russian Oil During the Russo-Ukrainian War**



*Indian Prime Minister Narendra Modi & Russian President Vladimir Putin shaking hands at an informal summit in Sochi, 2018. Photo Credit: Mikhail Metzel/TASS*

**Tanish Bijur**  
**The America-Eurasia Center**  
**The Ukraine Russia Program**  
<https://www.eurasiacenter.org/>

# Indian Interest in Russian Oil

In November 2023, Indian Minister of External Affairs Dr S. Jaishankar was invited to write an article for The Economist. He firmly believed that India has become “more confident, capable and responsive”, and that India “is more Bharat,” using the Sanskrit word to title the country as opposed to the English name which is indicative of India supposedly being more Indian than ever before. One of the points he brings up to show this is how “India demonstrated during 2023 how to navigate the east-west polarization around Ukraine.” While India may have become more confident, capable, and responsive, it did not navigate the east-west polarization during the Russo-Ukrainian War.

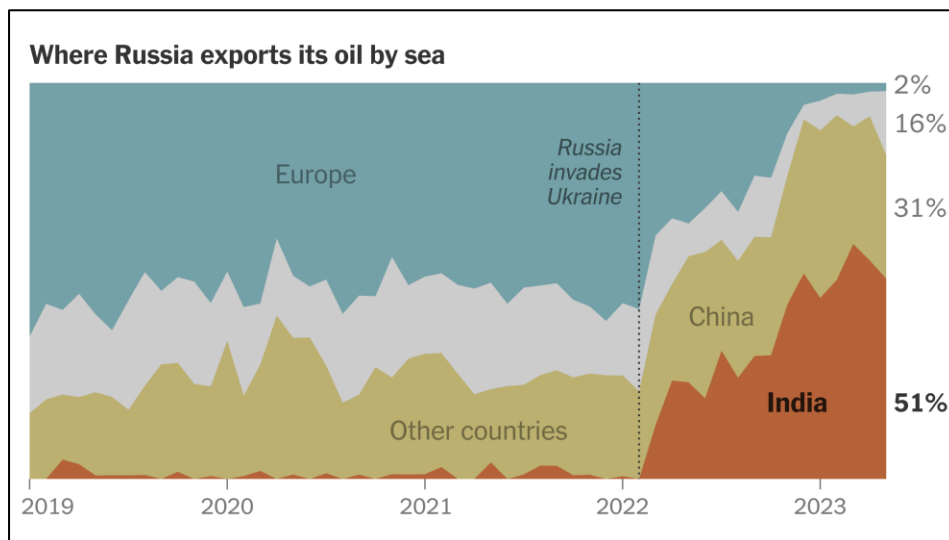
After the war began in February of 2022, the world shunned Russia, with it facing sanctions and global condemnation. While it did push for peace and diplomacy, calling for an end to the war, India neither condemned nor sanctioned Russia and it has abstained from votes on the topic in the United Nations. In the global market, aside from its continual purchases of Russian-made weapons and arms, India emerged as one of the largest buyers of Russian oil, initially purchasing it at lower prices compared to other prominent oil exporters like Saudi Arabia and Iraq. India imports more than 85% of the oil it uses for energy needs and between 2021 and 2022, after the war started, it increased its Russian oil imports 20-fold. Before the war, only 0.2% of its oil imports came from Russia but by January of 2023, it had risen to 28%. Even now, after the Group of 7 (G7) imposed a \$60 per barrel price ceiling on Russian oil exports, India continued to buy it at \$84.20 per barrel, much higher than the G7 price ceiling.

One cannot discuss Russo-Indian relations without examining the long history between the two. During the Cold War, the US pledged support to Pakistan, India’s newly formed rival, and so the Indian corollary was that it must align with the US’s rival, the USSR. However, at the time, then-Prime Minister Jawaharlal Nehru’s intention was never to closely align with either superpower, but many saw that India and the Soviet Union did occasionally align. Nevertheless, they enjoyed cordial relations for much of the Cold War. Even after the death of Joseph Stalin in 1953 which led to an ideological transformation among Soviet leaders, India remained an endearing partner of the USSR, and soon enough, three pillars of the bilateral relationship formed. Firstly, India became USSR’s biggest recipient of arms. Next, the Soviet Union gave substantial technical and financial aid to India. Lastly, with the rise of a US-Pakistan-China trilateral alliance, it was in

the best interests of the Soviet Union and India to become a counterweight with their partnership. To the last point, even Jaishankar admits that a Sino-US rapprochement facilitated by Pakistan led to an Indo-Soviet rapprochement, writing in his book *The India Way: Strategies for an Uncertain World* that, to this day, Russia remains a “privileged partner” of India.

Despite the history and rhetoric from Indian officials of a cordial relationship with Russia, Jaishankar vehemently denies that it is part of any axis, let alone an ally of Russia. His justification for the Russian oil purchases is simple: India will always act in its best interest and follow through on the best possible deal in the market. By a myriad of measures, India is one of the fastest growing economies today and to fuel a rapidly developing country, it requires oil and gas. Unlike some countries, however, Indian geography has little to offer in terms of natural reserves of these resources. As such, it fulfills over 80% of its energy needs through imports which is why it is the third largest oil importer in the world. Now, regardless of whether the Indian government would like to clarify its relationship with Russia, one aspect of it is clear: it has achieved colossal economic benefits from these economic ties.

In October 2023, at a time when Russia had been pulled into a protracted war in Ukraine, it made \$11.3 billion in oil revenue – the most it has made in a single month - not just since the war started but even before. India remains the second largest consumer of Russian fossil fuels, purchasing over \$1 billion in October 2023, meaning that close to a tenth of the revenue Russia received in its best month thus far came from India. However, seeing that India is now spending considerably more on Russian oil imports even after the G7 price cap on oil, there may also be an ulterior motive beyond obtaining the best deal and paying homage to a Cold War-era relationship.



Graphic by New York Times (Data Source: Kpler)

All of this occurs against the backdrop of growing military and security ties between Russia and China, the latter being one of India's foremost adversaries. Through the Quadrilateral Security Dialogue, also known as the Quad, and smaller partnerships like the I2U2, India has likewise been building on its relationship with the US and its allies who have an equal stake in curbing the rise of China. With India sharing a border with China, it requires strong defense against its neighborhood rivals. As such, to counter a newly fortified Sino-Russia partnership, India has developed the same with the US. Parallel to this, India continues buying Russian oil and weapons. It would seem that India is attempting to keep cordial relations with both the US and Russia, using them both conveniently as part of a vector diplomacy approach. Also, India has become one of the biggest buyers of Russian commodities at a time when Russia needs as much financial assistance as possible, allowing India to remain favorable to Russia despite its growing partnership with China. With all of this at play, Russia will now have to think twice before supporting China in its power pursuits within the Indian subcontinent.

Some analysts say that Russia needs India more than India needs Russia however this article reveals the contrary. To chart its non-aligned course on the global stage, counterbalance the rise of its greatest adversary, and simultaneously fund its booming economy, India needs Russia. To fuel its war machine during a protracted conflict, the deadliest Europe has seen in 70 years, against a surprisingly formidable opponent, Russia needs India. This strategic alliance is something that Western powers and Ukraine must understand and neutralize if Ukraine is to survive.

## References

- Frayner, Lauren. "A Year into the Ukraine War, the World's Biggest Democracy Still Won't Condemn Russia." *NPR*, February 20, 2023. <https://www.npr.org/2023/02/20/1156478956/russia-india-relations-oil-modi-putin>.
- Gamio, Lazaro, Leanne Abraham, Ana Swanson, and Alex Travelli. "How India Profits From Its Neutrality in the Ukraine War." *The New York Times*, June 22, 2023, sec. Business. <https://www.nytimes.com/interactive/2023/06/22/business/india-russia-oil.html>.
- Jaishankar, S. "S. Jaishankar on India's Growing Global Role." *The Economist*, November 13, 2023. <https://www.economist.com/the-world-ahead/2023/11/13/s-jaishankar-on-indias-growing-global-role>.
- . *The India Way: Strategies for an Uncertain World*. Noida, Uttar Pradesh, India: HarperCollins Publishers India, 2020.
- Kirby, Jen. "Why India Isn't Denouncing Russia's Ukraine War." *Vox*. Accessed January 25, 2024. <https://www.vox.com/22982698/india-russia-ukraine-war-putin-modi>.
- Levi, Isaac. "October 2023 — Monthly Analysis on Russian Fossil Fuel Exports and Sanctions." Center for Research on Energy and Clean Air, November 23, 2023. <https://energyandcleanair.org/october-2023-monthly-analysis-on-russian-fossil-fuel-exports-and-sanctions/>.
- Menon, Rajan, and Eugene Rumer. "Russia and India: A New Chapter." Carnegie Endowment for International Peace, September 20, 2022. <https://carnegieendowment.org/2022/09/20/russia-and-india-new-chapter-pub-87958>.
- Saberin, Zeenat. "Modi Meets Putin as India Reaffirms Faith in Old Ally." *Al Jazeera*, May 21, 2018. <https://www.aljazeera.com/features/2018/5/21/modi-meets-putin-as-india-walks-us-russia-tightrope>.
- Suri, Manveena. "India's Modi Hails 'old-Time Friend' Russia during Putin Summit." *CNN*, May 22, 2018. <https://www.cnn.com/2018/05/22/asia/modi-putin-russia-india-intl/index.html>.
- Tan, Huileng. "Russia Made More Money from Oil Exports in October than It Did in Any Month before the Ukraine War." *Business Insider*, December 11, 2023. <https://www.businessinsider.com/russia-economy-oil-export-revenue-price-cap-war-dark-fleet-2023-12>.
- Verma, Nidhi. "India Bought Russian Oil at \$84.2/Bbl in October, Highest since December." *Reuters*, December 12, 2023, sec. Commodities. <https://www.reuters.com/markets/commodities/india-bought-russian-oil-842bbl-october-highest-since-december-2023-12-12/>.
- Verma, Nidhi, and Shivam Patel. "India's Russian Oil Imports Seen Rising on Lower Prices - Official." *Reuters*, December 8, 2023, sec. Energy. <https://www.reuters.com/business/energy/indias-russian-oil-imports-seen-rising-lower-prices-official-2023-12-08/>.



**America-Eurasia Center**