

## Chapter 5

# External Drivers for OPK Success: Arms Transfers to India

Russia has sold weapons worth over 10bn dollars to India over the last five years and contracts worth another US\$9 billion dollars are currently being worked on.<sup>1</sup>

Aleksandr Zhukov, March 2006

India's choice of Russian military hardware is determined by a host of factors, such as their easy accessibility, the defence requirements of India's armed forces, the quality of weapons, and pricing considerations. It is no secret that Russia sells similar weaponry at half the price demanded by European countries.<sup>2</sup> For example, a Russian *Kilo*-class diesel-electric submarine currently costs around US\$200 million, whilst the less capable German Type 209 diesel-electric submarine costs around US\$450 million. The Indian Navy operates 10 *Kilo*-class submarines but only four Type 209 submarines. A further factor is the inertia created by India's four decades of heavy dependence on Russian military hardware. India's strategic analysts have argued a case against this reliance, pointing out that India must diversify its sources of weapons procurement because of the threat associated with reliance upon a single supplier. However, these warnings continue to go unheeded by the Indian Government, which retains its preference for Russian equipment. According to Western sources, signed deals and prepared future transactions in defence procurement between Russia and India for the next 8–10 years were estimated to be at least US\$12 billion. This was in 2003. After Vladimir Putin's late 2004 visit to India, the expected sum of the contracts for arms destined for India over the next 15 years skyrocketed to US\$30 billion.<sup>3</sup> By 2004 about 40 per cent of Russian military exports were destined for India. For the next 20 years New Delhi plans to allocate about US\$100 billion for the procurement of military hardware, and the Russians will most likely receive the lion's share of this figure.

An Indo-Russian defence accord, set to expire in 2010, was extended for a further ten years. This was decided at the fifth meeting of the Indo-Russian Inter-Governmental Commission on military-technical cooperation in November 2005.

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1 Aleksandr Zhukov, in 'Russia boosts military and technical cooperation with India', *India Daily*, 16 March 2006, available at <<http://www.indiadaily.com/editorial/7453.asp>>, accessed 28 April 2009.

2 B.M. Jain, 'India and Russia: Reassessing the time tested ties', *Pacific Affairs*, vol. 76, no. 3, Fall 2003, p. 384.

3 Alister Maunk, 'Military Cooperation of Russia and India In 1991–2005', 3 June 2005, available at <<http://www.axisglobe.com/article.asp?article=140>>, accessed 28 April 2009.

Indian Defence Minister Pranab Mukherjee stated at this meeting that Russia would continue to assist Indian shipyards, as it did in April 2005, with the laying down of the 37 500 tonne aircraft carrier (Air-Defence Ship or ADS) at Cochin Shipyard. As an aside, India has no indigenous carrier-based aircraft and so will probably exercise its option to procure another 30 MiG-29K navalised *Fulcrum* aircraft for this new aircraft carrier to complement the 16 it has already ordered for the *Admiral Gorshkov*.

India has also entered into an agreement to lease two Russian *Akula II* nuclear attack submarines to develop the sea leg of its three-tier strategic deterrent. The first boat underwent sea-trials in the Russian Far East and was expected to enter service sometime in 2008. Mukherjee also told a press conference in Moscow that India would join Russia in developing and financing a fifth-generation fighter aircraft project, as well as agreeing to utilise the Russian Glonass navigational satellite system, an alternative to the US-controlled Global Positioning System.<sup>4</sup> India's preference to source strategic systems such as nuclear submarines and satellite systems from Russia is due to the fact that it has few sourcing options for such systems and its perception that Russia is a reliable provider unlikely to impose sanctions for political or human rights indiscretions.

Moscow seems to be more relaxed about offering military technologies to India than to China. An idea of the staggering Russian influence on Indian defence procurement is provided by the fact that about 60 per cent of the Indian Army's military hardware is Russian-made, while 70 per cent of naval systems and 80 per cent of air force hardware is Russian-made or of Russian origin. Overall, 70 per cent of the military hardware in the Indian armed forces comes from Russia.<sup>5</sup> In this light, it is easy to see why India will remain a key market for Russian arms well into the future. Russia has sold over US\$10 billion worth of weapons to India between 2001 and 2006 and contracts worth another US\$9 billion are currently under consideration.<sup>6</sup> This will ensure that India remains a key customer well into the next decade.

Indeed, Russia's presence within India's defence industries is almost omnipresent, with licence-production of Russian designed tanks and aircraft in the form of 1000 T-90 MBTs, 140 Su-30MKI fighters, and 64 MiG-29SMT fighters. Indian warships currently under construction also have a Russian influence due to the presence of Russian advisors and engineers within the Indian shipyards. These vessels range from an aircraft carrier, air-defence destroyers and frigates, to nuclear submarines. When complete, many of these vessels will incorporate Russian designed and developed missile and radar systems. Notable direct sales

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4 Rahul Bedi, 'India, Russia to renew accord for 10 more years', *Jane's Defence Weekly*, 30 November 2005.

5 I. Dimitryev, 'Hello to Arms', *Versiya*, no. 19, 22–28 May 2006, p. 9.

6 Aleksandr Zhukov, in 'Russia: Over \$10 billion worth of weapons exported to India', Press Conference, *Interfax*, 16 March 2006.

over the last few years have included six *Talwar* frigates to compensate for the slow delivery of Indian platforms, as well as *Smerch* multiple launch rocket systems, and *Tunguska* air defence systems to compensate for the problems inherent within India land defence industries.

India's traditional reliance on Russian hardware has meant that revenues continue to flow well after the last piece of hardware has been sold. For example, Russia has been upgrading India's 1960s and 1970s fleet of MiG-21 *Fishbed* and MiG-27 *Flogger D* fighter and ground-attack aircraft over the last five years, which could potentially net Russia US\$800 million. As previously discussed, Indo-Russian relations are not, however, narrowly confined to a 'buyer-seller relationship'. They have gone beyond that stage and show that the two nations trust each other, as evidenced in their joint design and production of weapons such as *BrahMos* ASCM.<sup>7</sup> Table 5.1 is a summary of key Russian arms contracts with India since 1999:

**Table 5.1: Key Russian Arms Contracts with India from 1999**

Contract	Price	Delivery	Notes
Admiral Gorshkov aircraft-carrier equipment package	\$1.6bn	2008	Cost is for overhaul and upgrade, and the delivery of 16 MiG-29Ks.
Construction of three Talwar frigates	\$1bn	2004	The first two, the Talwar and the Trishul, delivered in 2003.
8 Su-30K and 32 Su-30MKI fighters		2004	
6 Il-78 MIDAS air tankers	\$150m	2003	
310 T-90S tanks	\$800m	2003	124 tanks delivered, and 186 licence produced in India.
5 Ka-31RLD helicopters	\$108m	2002	
Upgrade of 5 Il-38 MAY anti-submarine aircraft for the Indian Navy	\$205m	2007	Upgrade involves the installation of Sea Dragon radar system.
40 Mi-17 helicopters	\$170m	2001	
Licensed production of 140 Su-30MKI in India	\$3bn	2012–2017	
Several hundred Iгла MANPADs	\$32m	2001	
1000 Krasnopol-M laser-guided artillery shells	\$35m	2000	
Construction of three Talwar frigates	\$1.1bn	2012	

<sup>7</sup> G. Fernandes in, B.M. Jain, 'India and Russia: Reassessing the time tested ties', *Pacific Affairs*, vol. 76, no. 3, Fall 2003, p. 385.

Contract	Price	Delivery	Notes
36 Smerch multiple launch Rocket Systems, with rockets	\$500m	2007	
Upgrade of 66 MiG-29 Fulcrum	c.\$890m	c.2011	
License production of 1000 T-90S tanks		c.2020	Deliveries over the next 15 years.
Fitting-out and leasing of two Akula II nuclear submarines	c.\$1.8bn	2007–08	First hull currently being readied for sea trials.
24 Tunguska-M1 air-defence systems	\$400m	2007	
140 RD-33 aero-engines	\$250m	2007	120 for license production for the MiG-29 upgrade. Could give Russia advantage in c.\$9bn Indian tender for 126 multi-role fighters.
Mi-17 1V helicopters	c.\$662m	2007–08	

(Sources: *Moscow Defense Brief*, Centre for Analysis and Strategic Technologies, available at <<http://mdb.cast.ru>>, accessed 12 February 2007, *Jane's Defence Weekly*, and <<http://www.mosnews.com/money>>, accessed 12 February 2007)

## Historical Basis

Since the early 1950s, New Delhi and Moscow have built friendly relations on the basis of *realpolitik*. India's nonalignment policy enabled it to accept Soviet support in areas of strategic congruence such as disputes with Pakistan and China, without subscribing to Soviet global policies or proposals for Asian collective security.<sup>8</sup> The most intimate phase in relations between India and the Soviet Union was between 1971 and 1976. This phase was characterised by the 20-year *Treaty of Peace, Friendship, and Cooperation* of August 1971, which committed the parties 'to abstain from providing any assistance to any third party that engages in armed conflict with the other' and 'in the event of either party being subjected to an attack or threat thereof ... to immediately enter into mutual consultations'. This Treaty led the Soviet Union to support the Indian position on Bangladesh, to India's benefit, and acted as a deterrent to Chinese involvement within the dispute.<sup>9</sup> By the late 1970s, the Soviet Union became India's largest trading partner.

Upon the disintegration of the Soviet Union, India was faced with the difficult task of reorienting its external affairs and forging relations with the 15 Soviet

8 Rouben Azizian, 'Russia-India Relations: Stability amidst Strategic Uncertainty', *Special Assessment: Asia's Bilateral Relations*, Asia-Pacific Center for Security Studies, Honolulu, October 2004, p. 3, available at <<http://www.apcss.org/Publications/SAS/AsiaBilateralRelations/Russia-IndiaRelationsAzizian.pdf>>, accessed 28 April 2009.

9 Azizian, 'Russia-India Relations: Stability amidst Strategic Uncertainty', p. 3.

successor states, of which Russia was the most important. Russia's first government made relations with the United States and the West its priority and it expressed diminished interest in Asia, signaling a strong will to distance itself from the legacy of Soviet foreign policy.

Russia's foreign policy, however, soon reverted from the idealism of the early 1990s to traditional *realpolitik*, which prompted urgent diplomatic efforts to repair the damage in relations with India. President Boris Yeltsin's visit to India in January 1993 laid the foundation for the reinvigoration of bilateral relations. Yeltsin expressed strong support for India's position on Kashmir and pledged not to provide arms to Pakistan. Yeltsin signed a defence cooperation accord aimed at ensuring the continued supply of Russian arms and spare parts in order to satisfy the requirements of India's military and to promote the joint production of defense equipment.<sup>10</sup> The Russian Prime Minister at the time, Yevgeny Primakov, visited New Delhi in December 1998, resulting in the formation of seven agreements with the Indian Government. One of the agreements was a long-term military cooperation pact until 2010, and was of particular importance. Commitment to the agreements has since been reaffirmed by both states. Indian Defence Minister Pranab Mukherjee has stated: 'After 2010 we will review the progress and have another 10-year programme. Our defence cooperation with Russia is a continuous process and some projects will overlap the 2010 threshold.'<sup>11</sup>

In March 1999, India and Russia signed a further agreement to train Indian defence personnel in key Russian military academies. These actions set the platform for continued Indo-Russian cooperation throughout the 1990s and into the early twenty-first century. In turn, four more major agreements in the field of defence were signed in New Delhi on 4 October 2000. The agreements were significantly concluded against the background of the visit of President Vladimir Putin and the signing of the *Declaration on Strategic Partnership* between India and Russia.

Of these four agreements signed in October 2000, the first relates to the establishment of the Indo-Russian Inter-governmental Commission on Military Technical Cooperation, signed by then Indian Defence Minister George Fernandes and Russian Deputy Prime Minister Ilya Klebanov. The Commission meets annually and has under it two Working Groups, the first one dealing with military-technical cooperation and the second with defence production in the fields of shipbuilding, aviation and land systems. It exercises coordination and

10 Azizian, 'Russia-India Relations: Stability amidst Strategic Uncertainty', p. 3.

11 Indian Defence Minister Pranab Mukherjee, in Vladimir Radyuhin, 'India, Russia to Renew Defense Programme', *The Hindu*, 18 November 2005, available at <<http://www.hinduonnet.com/2005/11/18/stories/2005111817131400.htm>>, accessed 28 April 2009.

control of bilateral military-technical cooperation, facilitates its development, resolves problems emerging in the course of implementation of military-technical cooperation, and assists in accelerating decision-making.<sup>12</sup>

The important feature of the long-term military-technical cooperation agreement was that it covered new areas of mutual cooperation such as naval and nuclear technologies and anti-ballistic missile systems.<sup>13</sup> It paved the way for enhancing the joint research and development (R&D) capabilities of India and Russia in the production of new weapon systems, leading, in the first instance, to the production of the *BrahMos* ASCM. The successful co-production of *BrahMos* has further propelled New Delhi and Moscow to co-develop a fifth-generation fighter aircraft. In this way, the defence relationship is set to further deepen in the years ahead and subsequently expand the existing ties between Russia and India,<sup>14</sup> most probably in the form of more military joint ventures, continued arms contracts and ongoing Indian military personnel training in Russia. The remaining three agreements were specifically related to military platforms and covered delivery and license production of Su-30MKI aircraft, the refit and delivery of the *Admiral Gorshkov* carrier with supporting MiG-29K aircraft, and the delivery of 310 T-90 MBTs.

As stated by Indo-Russian relations expert Rouben Azizian: 'The January 1993 Treaty of Friendship and Cooperation and the October 2000 Declaration on Strategic Partnership serve as the two guiding documents of the Post-Cold War Russo-Indian partnership.'<sup>15</sup>

These documents state that the partnership between Russia and India is founded on complementary national interests and geopolitical priorities. For example, 'Russia's high standing as a world power' and India's leading role in the 'immediate neighborhood, in Asia and beyond', display the complementary natures of the two states.<sup>16</sup> Moscow continues to consider South Asia as an Indian dominated domain and openly supports India's bid for permanent membership on the United Nations Security Council. Meanwhile, India uses its growing input into the SCO to lend support to Russia's pre-eminent role in the former Soviet states, particularly in Central Asia. This way, Russia and India support each other's sphere of influence and maintain healthy relations with one another.

In 2004 the Russian Federation appointed a new ambassador, Vyacheslav Trubnikov, to India. His credentials were impressive: an ex-director of Russian

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12 'India and Russia sign four defence agreements', 2001, available at <<http://mod.nic.in/samachar/nov15-20/html/ch16.htm>>, accessed 28 April 2009.

13 Jain, 'India and Russia: Reassessing the time tested ties', *Pacific Affairs*, vol. 76, no. 3, Fall 2003, p. 382.

14 'India and Russia sign four defence agreements'

15 Azizian, 'Russia-India Relations: Stability amidst Strategic Uncertainty', p. 3.

16 Azizian, 'Russia-India Relations: Stability amidst Strategic Uncertainty', p. 4.

special services, a former Deputy Minister of Foreign Affairs, colleague and confidant of Yevgeny Primakov, and one of the leading experts on Hindustan. Trubnikov's appointment as Russian ambassador to India was a sign of the importance that Moscow devoted to relations with New Delhi.<sup>17</sup>

Military sales form the keystone of the Indo-Russia relationship. From 1990–96, India's arms purchases from Russia totaled US\$3.5 billion. During this period, Russia committed itself to supplying India with 50 Su-30 multifunctional fighters and agreed that an Indian enterprise could produce a modified version of the plane under licence. The modified Su-30 became the Su-30MKI—a very capable platform boasting Western avionics, thrust-vectoring engines, and canards to assist in dog-fighting capabilities. By the end of 1999, the strength of Indo-Russian military cooperation had returned to its Cold War level, with all three branches of the Indian military involved in major procurement programs with Russia. Of paramount concern for Indian naval planners was the requirement for a new ADS to replace the INS *Vikrant*—one of two former British light aircraft carriers owned by India that was decommissioned in 1997. The Indian Navy, with almost 85 per cent of its vessels of Soviet-Russian origin, was quick to rejuvenate the sagging Indo-Russian bond. To fill the gap in capability between the decommissioning of the *Vikrant* and the commissioning of the ADS, India acquired the 44 500 tonne *Admiral Gorshkov* aircraft carrier from Russia, which is to be renamed the INS *Vikramaditya* and commissioned in 2010.<sup>18</sup> In conjunction with the delivery of the three *Talwar* frigates between 2001 and 2004 and the subsequent contract signed in 2006 for three more, it is evident that India lacks the construction capacity and ability to meet the construction timelines necessary to replace ageing Soviet-supplied ships. Therefore, with the delivery of more Russian built vessels, the Indo-Russian naval bond will remain for several more decades.<sup>19</sup>

While India maintains a vast pool of engineering and scientific knowledge, its defence industry habitually struggles in its attempts to coordinate the various research elements involved in a project's development. This shortcoming in project management is exacerbated by the absence of market-based efficiency since India's Defence Research and Development Organisation provides the primary R&D for all of India's indigenous military projects. Technical and financial considerations mean that very few countries are able to develop and field completely indigenous weapon systems. So, while India is still forced to rely on external support for many of its indigenous projects, it continues to simultaneously promote the idea of self-reliance. The tension resulting from

17 Maunk, 'Military Cooperation of Russia and India In 1991–2005'.

18 Jerome M. Conley, *Indo-Russian Military and Nuclear Cooperation*, Lexington Books, Lanham, MD, 2001, p. 69.

19 Conley, *Indo-Russian Military and Nuclear Cooperation*, p. 70.

heavy reliance on external support and the failures of project management is highlighted by one of India's most publicised and criticised indigenous projects: the *Arjun* MBT,<sup>20</sup> which has been in development for over 25 years, and continues to be plagued with mechanical faults. In response to Pakistan's procurement of the T-80UD MBT from the Ukraine, and its inability to field the *Arjun* MBT, India turned yet again to Russia for an interim capability. Russia offered the T-90S MBT, and 310 were delivered by 2004, with a further 690 to be licence-produced from 2007.<sup>21</sup> The Indian Government has called for the remaining Indian T-72 MBT fleet to be upgraded, and as the preferred supplier, Russia looks set to gain more Indian business at the expense of the unfortunate Indian *Arjun* indigenous tank program. The far more capable T-90S cost the Indians US\$2.4 million each, and was ready when required, whilst the *Arjun* cost US\$5.3 million each.<sup>22</sup> India remains unable to rapidly progress in the development of its indigenous military production. As one retired Indian army officer stated: 'No country, however wealthy, can afford to produce three different tanks simultaneously.'<sup>23</sup>

The *Arjun* tanks may be shelved permanently due to these issues, and a contract for yet another 330 T-90S kits was signed in October 2006 for US\$600 million,<sup>24</sup> suggesting that the Indian Army could be moving towards an exclusive T-72/T-90S MBT fleet. Furthermore, at the seventh meeting of the Indo-Russian Inter-Governmental Commission on Military-Technical Cooperation, it was agreed to co-develop a next generation MBT based on Russia's highly secretive T-95. This will ensure that India maintains its MBT edge over its rivals well into the twenty-first century.

The previously discussed Indo-Russian reaffirmation of their commitment to continued military cooperation in October 2000 occurred despite the apprehension of some Indian policy-makers about the modernisation of the Indian military and the ongoing heavy reliance on Russia to usher in this modernisation. Russia's interest in maintaining its crucial arms market presence in India led it to present India with a unique lease agreement for two *Akula II* nuclear attack submarines and four Tupolev Tu-22M *Backfire* strategic bombers, of which only the submarine lease has been officially agreed upon. Despite Indian reticence to accept the *Backfire* lease, the Indian Air Force continues to fly a predominantly Russian aircraft fleet. The large number of MiG and Sukhoi aircraft makes continued Indo-Russian cooperation in this field highly likely.

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20 Conley, *Indo-Russian Military and Nuclear Cooperation*, p. 66.

21 'Army to acquire nearly 1000 additional T90 tanks by 2020', 4 October 2006, available at <<http://www.india-defence.com/reports/2577>>, accessed 28 April 2009.

22 Conley, *Indo-Russian Military and Nuclear Cooperation*, p. 72.

23 Conley, *Indo-Russian Military and Nuclear Cooperation*, p. 72.

24 'India Buys 330 Russian Tanks', *MosNews*, 27 October 2006, available at <<http://www.defenceindia.com/23-oct-2k6/news15.html>>, accessed 28 April 2009.

## International Policy Considerations

Indian international policy advisors reiterate India's need to realise full cooperative potential with Russia and to develop relations to the fullest extent. They advocate that India is an almost perfect military-industrial partner for Russia.<sup>25</sup> Compared to China, the Indo-Russian relationship is practically void of military-political complications and Russia's extensive history of joint projects with India holds it in good stead for future cooperation. Speaking in Russia during a high profile visit in December 2005 that focused on an intellectual property rights agreement Indian Prime Minister Manmohan Singh stated that:

Our perspective ... is to move towards collaborative projects involving design, development and production of the next generation military products. India and Russia have identified the medium-range transport aircraft and the fifth-generation fighter aircraft as two such projects.<sup>26</sup>

The agreement regarding intellectual property rights has opened the doors to large-scale cooperation between their respective armed forces and defence industries. During the 2005 meeting, Putin and Singh affirmed their commitment to continue to foster defence cooperation by describing it as 'a vital pillar' of Indo-Russian strategic partnership and another manifestation of deep mutual trust and commonality of interests between the two states.<sup>27</sup> It would seem, therefore, that the concerns aired by some Indian defence officials regarding the reliance of the armed forces on Russian platforms are unfounded, as the two states appear to be moving down similar strategic paths. The reliance is seemingly reciprocal, as opposed to one-sided, as Russia requires the Indian arms market as a customer as much as India requires Russian military equipment as a supplier.

India was placed under a US arms embargo from 1998, following Indian nuclear tests. The lifting of this embargo in 2001 saw the potential for US competition within the Indian arms market. Russia, therefore, sought to secure as many agreements with India as possible: hence the 10-year deals. In particular, Russia has endeavoured to streamline the acquisition process for parts, with the creation of Rosoboronservice, a Rosoboronexport subsidiary that is based in India with a mandate to repair Russian-sourced military equipment. Russian arms manufacturers also hope to wield the lower costs of their products as a marketing tool against the more expensive US weapons. Finally, Russia has

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25 Maunk, 'Military Cooperation of Russia and India In 1991–2005'.

26 Indian Prime Minister Mammohan Singh, in 'India, Russia to Develop New Generation Weapons Together—Indian PM', *MosNews*, 6 December 2005, available at <<http://engforum.pravda.ru/archive/index.php/t-152220.html>>, accessed 28 April 2009.

27 'Indian Russia leaders see military, technical ties as 'vital pillar'', New Delhi PTI News Agency, 7 December 2005.

offered to export highly sophisticated technology to India, including non-lethal microwave-beam weapons, and to sell advanced air-defence systems that can counteract the proposed US missile-defence shield.<sup>28</sup>

From a military perspective, the Russian relationship with India is one that the United States cannot hope to match. Washington found itself in a quandary during its embargo of India following the latter's 1998 nuclear tests. The predicament was that the Indo-Russian arms connection could only be severed by the United States through counteroffers of third-party arms (because of the US arms embargo on India) or by the slow emergence of Indian military self-sufficiency. Even with the lifting of the US embargo, India remains heavily reliant upon Russian sourced weapon systems and its indigenous production will continue to be far from providing self-sufficiency over the next decade at least. For the foreseeable future, it is Russia, not the United States, which will hold the premier source of Indian arms status—a role it has held since the 1960s. It seems that the United States may have missed the opportunity to forge an Indo-American relationship as strong and interdependent as the Indo-Russian relationship.

## Future Prospects

*The Indian market [for arms] will remain capacious enough for Russia at least as long as we live.*<sup>29</sup>

Russian Defence Minister Sergei Ivanov's statement is a strong indication of where the prospects for Indo-Russian arms transfers are headed into the future. In the near term, India's Chief of Air Force, Shashindra Pal Tyagi, announced India's intention to buy 80 Mi-17 utility helicopters from Russia, with a contract signed in October 2006. The deal was estimated at US\$662 million.<sup>30</sup> However, by far the biggest request for tender in the history of the Indian armed forces is the much anticipated requirement for 126 multi-role combat aircraft, estimated to cost between US\$7 and US\$11 billion. The Indian Government should make a decision on the choice of aircraft in 2009, and the highly maneuverable and significantly upgraded MiG-29 variant, the MiG-35 *Fulcrum*, is tipped to be one of the favourites. Supporting its chances is the fact that the Indian Air Force already has 66 in its inventory and the Indian Navy will be receiving the navalised variant for the carrier operations. The biggest boost for MiG, however,

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28 Tom Lansford, 'US-Russian Rivalry in the Arms Trade of South Asia', *Security Dialogue*, vol. 33, no. 2, June 2002, p. 135.

29 Sergei Ivanov in, 'Russian-Indian commission to address promising projects in military-technical cooperation', Press Release, *Interfax*, 14 November 2005.

30 Alexandra Gritskova and Konstantin Lantratov, 'Russian Mi-17 to land in India', *Kommersant*, 11 July 2006, p. 10.

came in September 2006, when India signed a contract to licence-produce the MiG power plant—the RD-33 engine. As one of the stipulations for the fighter contract is licence-production in India, the fact that it will already be producing the power plants could tip the scales in favour of the MiG tender.

In the longer term, India has indicated a preference for MiG as the producer of its joint fifth-generation fighter. This is an interesting development, as the Russian Government backed the Sukhoi's PAK-FA fifth-generation fighter. However Indian defence officials have stated that this aircraft is too heavy for their requirements: hence the MiG preference. Defence Minister Pranab Mukherjee publicly acknowledged that India was keen to take part in the development and financing of a MiG fifth-generation fighter with Russia during his November 2005 visit to Moscow.<sup>31</sup> Half of the financing will be provided by India, in return for joint production rights and potentially technology transfer. MiG's booming sales through very large orders from India, Yemen and Algeria in the last year would suggest that it may have enough funds to finance the remaining half of the project even without Russian governmental assistance. This would suggest that, in the long-term, Russia will have two fifth-generation fighters (medium and heavy) at its disposal—an unaffordable luxury prior to India's decision to help fund the MiG project. The PAK-FA and MiG projects will likely replace the Su-27/30 and MiG-29/35 families respectively, once they reach initial operating capability.

Furthermore, the comprehensive agreement for the creation of the medium transport aircraft (MTA) occurred in January 2007. The MTA would be designed, developed and manufactured jointly and would fulfill airlift requirements for both the Russian and Indian Air Forces. The aircraft is designed to replace Russia and India's An-12 *Cub*, An-24 *Coke* and An-32 *Curl* medium transports. Russia recently reneged on its obligations to a joint project with the Ukraine for a similar transport aircraft. This action is an indication of the importance that Russia is placing on the MTA, now the favoured future transport aircraft for Russian requirements and due to make its maiden flight in 2012.<sup>32</sup> In terms of land systems, India is interested in acquiring the potent S-300 *Grumble/Gargoyle* theatre air defence unit to complement the short and medium range systems already purchased from Russia. There is also talk of a contract for the upgrade of India's T-72 fleet of MBTs to complement the licensed production of the T-90S MBT.

31 'Mukherjee invites RAC MiG to present concept of fifth-gen plane', 2005, available at <<http://www.outlookindia.com>>, accessed 12 December 2006.

32 'Russia, India may sign military transport plane deal in August', RIA Novosti, 1 August 2007, available at <<http://www.globalsecurity.org/wmd/library/news/india/2007/india-070801-rianovosti01.htm>>, accessed 28 April 2009.

As highlighted by the 2005 meetings in Moscow, India will continue to procure traditional weapon systems from Russia, such as tanks, heavy artillery and aircraft, and will collaborate in further joint ventures for at least the next decade. Until India is able to secure a reliable indigenous production base for its military needs, and unless other suppliers of major weapon systems are willing to offer India licensing rights as well as end items, India's reliance upon Russia as a weaponry provider will persist.<sup>33</sup> Future Indo-Russian ties are likely to meet with greater success, especially in the strategic defence field, as the two states currently have no direct conflict of interest. Their defence ties are not restricted to the mere buyer-seller relationship but are, more significantly, expanding and deepening in terms of co-production of state-of-the-art weaponry. Their approaches to vital strategic issues such as the multipolar world structure, counter-terrorism and the development of nuclear technology cooperation will serve to further solidify their ties.<sup>34</sup>

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33 Conley, *Indo-Russian Military and Nuclear Cooperation*, p. 74.

34 Jain, 'India and Russia: Reassessing the time tested ties', *Pacific Affairs*, vol. 76, no. 3, Fall 2003, p. 396.