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India and Russia

Revisiting the Defence Relations

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An Overview

There have been rumblings within India's defence establishment on Russia's inadequacies in meeting India's defence equipment procurement needs. The disenchantments stem from several factors. Deficiencies in materials, staggering cost escalation and unbearably delayed delivery schedules, are issues that are causing anguish. These are matters of quality, costs and time; all quite material and relevant for operational needs of militaries.

The expression is most strident about the delay by six years in the refurbishment of the Soviet built aircraft carrier The Gorshkov and now priced at double the costs projected at the contractual stage. Similarly, construction and delivery of three Talwar class "stealth" frigates, ordered at a total cost of nearly one and a half billion rupees at a shipyard in Kaliningrad, is hit by delays. Reasons other than simple production problems are being whispered; about Russian attitudes, the experience and expertise of the Russian technocrats and other similar concerns. There are hints that there is more to it than what meets the eye and that resources are being diverted elsewhere. Enormous delays in the Mig-21 upgradation and "major weaknesses in performance and reliability" of engines and systems is being identified as yet another area of Russian mal performance.

It has been reported that India has suspended contract payments to Rosoboronexport for the nonperformance of Indian Navy's modified IL-38SD aircrafts' Sea Dragon Targeting and tracking system. The whole project drew severe criticisms from the India's audit and accounting watchdogs on several issues including the assessments of refurbishment and the delays by the Russian contractors. The contract was signed in 2001 with an outlay of $ 150 million for five aircraft. The first two aircraft came after a delay of more than two years. The acrimony is out in the open when at the highest level in Illyushin, it has been said that nothing is proposed to be done to meet the allegedly continuously changing requirements by the Indian Navy.

The latest issue to hit the media headlines is the refusal by Indian officials to take the delivery of the Kilo- class submarine INS Sindhuvijay due to material deficiencies. Sources have ascribed the reasons to the failure of Klub-S cruise missiles during trials.

The Relationship

Obviously it will only be prudent therefore, to take a well considered view of the Indo- Russian military relationship through all its strands and discourses. In principle, it was an alliance of political empathy and shared mutual interests which had numerous linkages. We cannot but acknowledge that the Indo-Soviet strategic equation was the most potent segment of the overall relationship and continues to be one now with Russia having taken on the mantle. The 1971 Indo- Soviet Treaty of Friendship has duly been accepted by the Putin regime. Neither can one escape the truth, however grudgingly in

certain quarters, that the relationship saw India through difficult times. Therefore, the often voiced view those things need not be the same with truncated Russia as they used to be with Soviet Union. That India must do whatever is necessary in its own national interests in these changed circumstances. The issue merits a closer analysis.

The intense spirit of defence cooperation was the most influential ingredient of the relationship. It was between two nations and it was difficult to term it as a pure commercial venture. A broad illustrative survey would be very useful considering the fact that Soviet Russia has been India's biggest supplier of defence equipment since the 1960s.The gift of the IL-14 aircraft to India in the year 1958 to transport Indian VIPs is seen as a milestone in the relationship.

The relationship with the Indian Army commenced immediately after the Chinese debacle of 1962 and the first order for supplies of military equipment were placed in 1967.This process continues till today with India placing orders in November 2007 for nearly 400 T-90 tanks with Russia. These were preceded by substantial procurement and upgrades of various tanks and military vehicles. There had been a formidable range of anti aircraft and missiles systems like the Z-23, Igla, and Katushya rockets which have been received over the years. The Russian Krasnopol has provided specially designed laser guided precision artillery shells for use on the Swedish made Bofors gun.

The Indian Navy started interacting with the Soviets in mid 1960's and as a sequel acquired submarines, anti submarine corvettes, submarine rescue vessels and missile boats during 1969-71. Now with the Russian regime, the process of orders for acquisitions continue with a host of orders; fast attack patrol craft, Krivak class frigates, several variants of ship launched missile systems and torpedoes, over and above the refurbished Gorshkov along with on board aircraft and ancillaries and the Kilo class submarines earlier referred to. The Indian government has also finalized an agreement to lease two nuclear submarines for a period of three years.

With the Indian Air Force opting for the Mig-21 Interceptors aircraft in 1962 a new chapter in the defence procurement for the air force opened. In 1968, India's Hindustan Aeronautics Limited (HAL) factories started producing the airframes and engines along with the components at separate facilities under their aegis. This set into motion a supply chain from the Soviets and then with Russia with which the IAF went on to induct combat aircraft of Mig series 23, 25, 27and 29 and of Su series 7 and the latest 30MKI. There were several upgradations as well.

Similarly, transport aircraft ANs 12 and 32 and the ILs-76 augmented the Indian military transport aircraft fleet. The heavy lift IL-76, progressively took on the roles for mid air refueling and will emerge as the AWACS (Airborne Warning and Control Systems) platform for Israel's Phalcon Radar in the very near future. Numerous variants of the Mi series of military transport and attack helicopters were also inducted. There were a prolific chain of Air Defence systems consisting of low to high level radars and from shoulder fired Igla MANPADS (Manportable Air Defence Systems) to high firing Dvina and Pechora SAMS (Surface to Air Missiles). Outside the erstwhile Warsaw pact countries these were the biggest inductions and perhaps much higher than in these countries.

Analysts have recorded that in the midst of a strong political overture from the Soviet regime the Indian leadership as far back as Indira Gandhi's first Prime Ministerial assignment did endeavour to procure weapons from countries other than the Soviet Union, but could not find suitable alternatives. Although, the primary reason for the excruciating isolation seem to lie in the geo politics of the cold war but there were very strong reasons of finding the suitable type of funding to keep the nation free from political pressures.

Under these constraints, the Soviets had supplied the military merchandise at very attractive repayment options including rupee payments and at concessionary terms of 2.5% interest. " In total from 1960 to 1990, USSR supplied India with almost $ 35 billion worth of equipment and did not demand immediate payments for the majority of these deliveries" Thus when the USSR collapsed, New Delhi's debt to Moscow was estimated at $12 up to $16 billion. It was much later in 1993, under an agreement reached between the two countries a debt payment programme was chalked out. The situation in the year 2007 was that a residual $ 3 billion debt with Russia was proposed to be settled by "Undertaking a series of aviation ventures … in the forthcoming aero space and defence ventures".

The Russian Problem

At this stage it is necessary to consider some crucial problems which the Russian arms industry had to undergo and which affected the Indian supplies. The Russian industry witnessed a sharp decline in the 90s due to domestic economic crisis as a sequel to the disintegration of the USSR. Russia had inherited a gargantuan defence industrial complex after the disintegration of the Soviet Union. The entity comprised nearly 2000 enterprises, more than 900 institutes and centres including design organizations. In the post Soviet era, the complex went through a debilitating attrition of the facilities. Highly experienced scientists and technicians moved out and migrated to other countries in search of livelihood. Most importantly, Moscow gradually severed its military technical relationship with republics which came out of the Soviet fold and now have graduated to the NATO umbrella. It's actions were governed by political and security considerations and not by commercial and technological interests.

Ukraine's example stands out. Su-27 Multi-role fighters, produced for China in the early nineties for example, were a product of a joint effort of 44 enterprises spread through Ukraine. The participation by Ukrainian units dwindled to 14 factories only for the assembly of Su-30 MKK. And for the current production of Su-30 MKI for India, just two plants in Ukraine are operating to produce the aircraft under license. Izvestia (June 1, 2006) goes on to quote a Director of the Centre for Army, Conversion and Disarmament Studies thus " Russia has been making its own components in the last few years and preferred them to Ukraine's even when they cost more and were possibly technically inferior… Russia would master production of some units and mechanisms in two to three years and assemble the most sophisticated ones in eight to ten years." Many defence production factories in Eastern Europe have had to dissociate with the Russian complex when the parent countries chose to ally with NATO. There are prospects that they may have to shut down for good.

The new Iraqi Air Force has bought eight brand new Mi-17 medium transport helicopters from Poland. These aircraft of

Soviet origins are manufactured in Poland, perhaps under licence from Russia. Of some relevance, is the knowledge that this deal and the ones to follow had chosen to buy brand new machines from Poland as against a much larger number of same aircraft overhauled at a Russian facility. There is a fair assumption that Poland as an active partner in the US led coalition was offered the deal as a sop for it's support and as far as the Russians were not directly connected. The Iraqi's quite simply attributed the selection to "because it is simple, capable and has been operated by Iraq in the past".

The shock of transition having been overcome by the end of 1990's a rapid economic growth set it's roots in the Russian economy. Therefore, since the year 2000, the Russian regime identified the defence industry as one of the key sectors to be promoted and this became a major policy goal for the government. At about the same time Russia did not take kindly to NATO incursion into its strategic backyard and chose to bring around structural and equipment optimization to deal with the altered threat perceptions. The Russian actions clearly showed a two pronged approach; to develop the arms industry as a global business whilst at the same time to use it to meet the needs of it's military machine.

Russia's major sales blitz for military hardware to Venezuela is one such example. The latter country's deepening estrangement with the USA spurred the Russian initiative. Russia has already delivered nearly half of the 15 Mi-17 helicopters and close to 100,000 AK-103 assault rifles under a $ 54 million contract. The Venezuelan regime has placed purchase orders for Su-27 and Su-30MK fighters and Mi-28 attack helicopters.

Russian regime signed a $ 1.2 billion arms deal with Indonesia as part of an aid package. This financial aid package is to be repaid over a 15 year period and with the support of which Indonesia proposes to purchase transport and assault helicopters, submarines, amphibious tanks and weapons for its Sukhoi fighters. The deal seemingly is a follow up to the purchase of five Sukhoi fighter aircraft ordered by the Indonesian government at an air show for $ 335 million, financed by banks. In 2003 they had bought four Sukhoi fighters for $192 million. Over and above, the Russian government has signed a contract with the Indonesian regime for the development of a spaceport at an Island off the coast of Irian Jaya for helicopter borne launch facilities for space rockets. According to Indonesian authorities, the weapons procurement relationship with Russia is less complex, as against procurements from the USA and other Western Countries where there are uncertainties of supplies due to licensing and other technology control regimes.

The Su-34 programme is an ambitious promotional venture. Its induction in the Russian air force is seen as the most potent sales promotion prospect for foreign markets. Russia proposes to target several countries of the erstwhile Warsaw Pact and others namely, Algeria, Angola, Azerbaijan, Belarus, Iran, Kazakhstan, Libya, Syria, Ukraine and Uzbekistan.

Ironically, the J-10 multi-role fighter aircraft supplied by China to Pakistan is powered by the Russian Saturn/Lyulka AL-31FN turbofan engine. Authorities in Beijing have assured Pakistan of no difficulties in this regard.

According to Russian media reports in June 2006, at the highest level in the Russian government it was announced that the Russian navy would receive as many as five strategic submarines and a dozen vessels during the weaponisation programme culminating in 2015. This is truly an ambitious rearmament and refurbishment programme. It envisages an expenditure of nearly $ 190 billion up to 2015. Among other equipment, there are plans to produce Su-34 fighter bombers (originally designated Su-27IB), Yak trainers, Mi-8 utility helicopters, Mi-28 Havoc helicopters and theatre level ballistic missiles. Some of them definitely, would be of the exportable variety. Highest priority is being accorded to the strategic triad of submarine launched missiles, airborne systems, ICBMs and early warning radars. Upgradation of the national satellite assisted positioning system was to receive a major chunk of funding.

The structural changes initiated in the management of prominent industrial conglomerates in Russia with a strong export potential were bound to have an impact of a lasting nature. These steps would also put a host of defence industries hitherto free from rigid state control back under the government. In Russia the practice of the state controlling the arms businesses is not new. But in the years ensuing the break up of the federation, the industries were mostly on their own, perhaps in the spirit of free enterprise. In fact, the regimes had encouraged the units to aim at profitability and self sufficiency through their own efforts. Some of them were acquired by private entrepreneurs and foreign investments had made inroads.

There was policy bewilderment in managing the assets of the state. According to a Russian Defence Analyst, the defence industrial units were engaged in an internecine war and unhealthy practices to steal "contracts from rivals" within Russia itself. Some proactive steps within the system to control the procedures were needed in the larger interests of quality and time management. The objective however, seemed much larger. The major aim was to exploit Russia's vast industrial base built over the years to manage and control the country's economy. The Russian's considered this as Strategic industry. The immense wealth of data and technological know how accrued as a result of long years of research were proposed to be tapped for economic and financial benefits. "Kremlin's ambition was to regain control over strategic and nuclear economy sectors including aviation, shipbuilding, metals, machine building and arms production". Rosoboronexport, Russia's arms export agency was identified as the key player to spear head the campaign and enforce control.

The Issues with India

Both, the interregnum in the Russian industry and the restructuring programme have contributed to Indian difficulties in equal measure. Can the gap of nearly ten years in a high technology industry and the exodus of the technical expertise be filled to sustain the kind of drive launched by Russian Industry? This was the crucial question which the Indian policy planners must have been faced with. The most overwhelming issue to dominate the Indian thought was whether is it truly necessary to de link any further from the Russian supply machine, especially in view of India's internal lack of capacity to provide for it's weapon needs. Under existing circumstances, it still seemed the best option especially so when some alternative sources in Israel, France and other nations have already been identified and are operational.

The defence procurement leverage is propped up by the Indian government with an eye on International collaboration. It is quite willing to consider foreign direct investment higher than 25% in specific cases. Two opposing arguments face us with this revelation. Firstly, does this policy hold in the joint development programmes with Russia? And secondly, will our relationship come under strain when the Russians are made to compete with the others and descend to the business sales path? The short listing process to develop the engine for the LCA for example, has a peculiar ring to it. France's Safran and Russia's NPO Saturn were initially short listed. In subsequent deliberations by the selection committee Safran emerged as the superior machine on technical considerations. The NPO Saturn nevertheless was given another opportunity.

It would be appropriate to rate joint Indo-Russian development ventures, with a modicum of circumspection. The objectives of joint development programme could be many. There are advantages in pooling of resources, technological talent and infrastructure. The developed systems can cater to the needs of not only the individual military machines but to feed the commercial demands at a global level, especially if the endeavour is between nations of India's and Russia's stature. The relationship has to have a sense of parity between the parties failing which, fissures would inevitable. The spirit of mutuality of benefits is paramount. In this context, the evolution of the Brahmos, a supersonic cruise missile and a potent beyond visual range weapon has drawn praise. It's performance on air borne platforms is yet to be evaluated. Although, both Russia and India see formidable commercial gains in the product, the likelihood is that Russia is unlikely to give up its commercial advantages.

Several irritants however, have already surfaced. There were echoes of resentment within the Russian military industrial establishment of a substantially developed product having been gifted away to India. The Indian DRDO's (Defence Research and Development Organisation) team is only credited with having provided finishing touches to the completed product. The Russian sales teams however, have already introduced a variant of the same projectile as their own product, during equipment exhibition and displays in South East Asia. The tenor of the partnership remains imbalanced and there are possibilities of Indian contribution being relegated to a secondary position.

India is embarking in the joint development of a Medium Transport Aircraft (MTA) with Russia. India's HAL is planned to team up with Russia's Irkut Corporation and Illyushin Design bureau to produce the aircraft for both Indian and Russian forces. Both countries have pledged a sum of $ 300 million each to kick start the process. The prototype is to roll out by the year 2013 and if media reports are to be believed, the aircraft is to compete with the Lockheed Martin C-130.The MTA is being developed to make the Indian military more mobile and flexible and not as a replacement of the current fleet. There is clearly no indication as to the stage at which the two country's are joining hands.

This is not the first occasion when the two countries jointly pursued development of a transport aircraft. The project to develop Saras light transport aircraft was launched in the year 1986 as a joint venture between India's National Aeronautical Laboratory (NAL) and Soviet Russia's Ilyushin aircraft factory.

The 14 seat twin turboprop aircraft was visualized as a replacement for the Dornier aircraft being flown by the Indian air Force and the Navy. The programme has suffered numerous delays and eventually Ilyushin withdrew from the project for lack of funds. The programme had run into difficulties due to objections of the US government for using American avionics and propellers for the engines. Some progress has been seen since then with prototypes having flown in 2004. A certification is foreseen by the end of the year 2009 after final trial flights in October 2008. But the problems for the project would be far from over if they are no business partners.

The media report of October 2007 that the Indian Government's cabinet committee on security has concurred with the proposal of India and Russia to jointly develop a 5th generation multi role combat aircraft evokes a mixed response. Specially, in the backdrop of the reports that "India was encouraged by the Russian offer to involve itself right from the start of the project" and that "it would not have been the case with the US led project". This assessment may not be true in it's entirety. Evidently, India is joining midway in the Russian effort. Although, the extent of the progress is not very clear. The US government does not own aircraft manufacturing factories.

The plans to develop such an aircraft had first made news way back in 2001 during the Moscow Air Show presented at the Fifth International and Aviation Space Salon organized by Rosoboronexport. It was during the show that Russian government's programme to develop this aircraft for the Russian Air Force was made public. The prototype was to fly by 2006 and aircraft for delivery were to be ready by 2010. It has already been showcased in an air show in China in 2006.The expenditures to develop the aircraft and the engine was assessed at $ 1.5 billion and $ 600 million respectively. The costs of the Indo-Russian project on the other hand are pegged at a few billion dollars. It is claimed that this development contract between Hindustan Aeronautics Ltd of India and Sukhoi Company of Russia envisages funding, engineering and intellectual property rights in a 50-50 proportion. The joint work on the project is to be modelled on the lines of Brahmos development.

Strictly structured regimes

Several lessons have been learnt by India during our relationship with the Russians. Whilst mutuality is the core of cooperative spirit at a government to government level, at a working level the programmes must be implemented under a strictly structured regime duly covered by protection of legal provisions and even exit policies. Historically, such business practices have stood the test of time even in the most telling circumstances and have shown the way. The relationship with Russia goes well beyond the supplier syndrome and soundly based contract would only be able to see through the passage.

Indian plans to operarationalise the air base in Dushanbe, Tajikistan is a joint effort between Russia, India and the host country, Tajikistan. It has been reported that India has restored the runway, taxi tracks, aprons and is building living accommodation for defence personnel. There is no denying that it is a strategic outpost from an Indian point of view and would be quite central to Indian energy supplies and a visible window in the segment enclosing Afghanistan, Central Asia and China.

There are equally strategic projects on the anvil including shipbuilding, outer

space, nuclear power plants and titanium mining in which reciprocity and mutual interests would form the edifice of the relationship.

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