

India-Russia trade and financial flows

Russia's share in Indian trade has increased in FY2023 following the western sanctions

December 2023



Russia's share in Indian imports of petroleum products and fertilisers has increased in FY2023 because of the western sanctions on Russia.

For Russia, Indian trade is not significant, apart from imports of some agri and textile products.

ICRA has analysed the trade, financial flows and bilateral tie-ups between India and Russia. Russia's share in Indian trade rose in FY2023 because of the western sanctions on Russia. This was led by imports of petroleum products and fertilisers into India and electrical and electronics exports from India. However, for Russia, Indian trade is not significant (2% for imports and 2% for exports), apart from imports of some agri and textile products from India.

In terms of financial flows, Russia contributes marginally in the overall pie of FDI equity inflows, FPI and remittances to India. Few pharma and banking entities from India have presence in Russia, which may be impacted due to the ongoing war-like situation. However, the Russian share of revenue is not significant for these entities.



Merchandise trade

- Russia's share in the total Indian merchandise imports and exports stood at 7% and 1%, respectively, in FY2023. The share of Russia in total imports into India has increased significantly from a low 1% on average during FY2019-FY2022 to 7% in FY2023. India has import dependency on Russia for oil, fertilisers, chemicals and newsprint; of this, imports of petroleum products and fertilisers increased in FY2023 amidst discounted prices following western sanctions on Russia.
- Similarly, exports of electrical and electronic products from India increased in FY2023 as Russia experienced shortages of these products because of the western sanctions.
- On the other hand, India's share stands at a mere 2% in Russia's total imports and exports. However, Indian trade is significant for Russia for some agri and textile products.

Russia contributes marginally in the overall pie of FDI equity inflows, the FPI and remittances to India.

However, there are some major pharma and banking entities present in Russia. Nevertheless, the share of revenue from Russia is not significant for these entities.



Services trade

- Russia's share in bilateral services trade is a mere 0.3-0.4% during CY2017 to CY2021. It has remained stable during this period with the trade balance in Russia's favour.



FDI, FPI and remittances

- Russia is the 27th largest country for Foreign Direct Investment (FDI) inflows into India, contributing ~0.20% to the total pie.
- Russia's share in the FPI is marginal as only seven entities from Russia had invested in India as on Oct 2023.
- Russia accounts for ~0.03% of remittances to India and ~0.03% of India's migrant stock



Bilateral agreements and Memorandum of Understanding (MoU)

- There have been agreements and MoUs between the two countries to improve collaboration on infrastructure, Defence and investments.



Corporate presence

- Russian manufacturers are present in oil, power and nuclear sector in India helping with heavy equipment and technologies. Moreover, many Indian pharma, banking and gas sector entities have presence in Russia. However, Russian share of revenue is not significant for these entities.



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