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REFLECTIONS ON POLITICAL ECONOMY OF INDO-SOVIET RELATIONS

Co-operation between India and the Soviet Union has developed to an extent of friendship rarely observed in interstate relationship elsewhere in the contemporary world. It has withstood the test of nearly four decades of ups and downs to generate substantive coincidence of mutual interests which has enabled the two countries to view the world in similar—although not always identical—perspectives on issues of both national and extra-national significance. As an inextricable component of this relationship Indo-Soviet economic cooperation initiated since the 1950s has greatly accelerated—a development which has drawn relatively less attention of scholars compared to political and strategic aspects. Meanwhile, as it will be argued in what follows, the deep and persistent ties on the economic front has been used, besides their enormous economic gains, in great measure to reap extra-economic benefits.

An attempt is made here to assess the success and failure of the Soviet Union in reaping political and diplomatic gains out of its economic ties with India. Although it is difficult to gauge such gains and losses with precision, the paper deals with this vital issue of Indo-Soviet relations through (I) highlighting the dimensions and dynamics of Indo-Soviet economic co-operation and (II) evaluating the political economy of the same from the point of view of the underlying rules of the game.

I

Trade and economic relations between India and the Soviet Union did exist even before the independence of India, although in a very loose and unstructured form. The two countries presumably realized that their politico-strategic relationship would be much more enduring and beneficial if it were built upon a sound premise of close economic interaction. They went, therefore, at the early stage of their ties to develop mutual trade and co-operation which undoubtedly contributed to the strengthening of politico-strategic links between them. To be sure, India has been the most valued Soviet partner in Asia in the 1950s, not merely because of the former's impressive size and influence in Asian and Third World affairs but also because of the vastness of the Indian economy and the potentials of mutual gains out of close trade and economic relations.

From the politico-strategic point of view, initially the main Soviet concern in India was to adopt measures to secure India's neutrality in the context of US-sponsored campaign against communism. This Soviet design converged with India's because of the explicit US tilt towards the latter's arch rival, Pakistan, which by mid-fifties had already become closely allied and heavily dependent upon the West in general and the US in particular. Beside the underlying politico-strategic considerations, the Indo-Soviet relations, which flowered in the fifties grew out of economic motivations which in turn contributed to the strengthening of the bond itself.

The institutionalised chapter of Indo-Soviet economic relations was opened by a five year trade agreement signed between the two countries in December 1953 which was followed by concerting escalation of interaction in subsequent years. Ever since Nehru's visit to Moscow in June 1955 and Khrushchev's to New Delhi in November the same year, the two countries had exchanged government delegations of different types at different levels and signed agreements, protocols and contracts at a rate rarely experienced in inter-state relations elsewhere and surely more often than between the Soviet Union and any other Third World state. Long term trade agreements

the most outstanding feature of Indo-Soviet trade relations¹ have been the vehicle of the enormous growth of mutual trade. From a paltry sum of Rs 17 million in 1953, the volume of Indo-Soviet trade reached Rs 35 billion in 1983—a 2000-fold increase over a period of less than three decades.² It goes without saying that the quantitative magnitude of Indo-Soviet trade and economic relations is enormous. Suffice it to mention here that India is the largest of Soviet Union's trade partners among the developing countries while the USSR is India's largest trading partner. This is important, particularly because the two countries have different social, political and economic systems.

India's export to the Soviet Union was valued at Rs 188 million and her import therefrom was Rs 174 million in 1983.³ These are roughly 21% and 23% of India's total export and import respectively.⁴ Indo-Soviet trade is conducted around rouble-rupee exchange barter basis i.e., without the involvement of convertible currency in which both the partners are in chronic shortage. Since all payments are made through mutual deliveries of goods, the procedure has an inherent element of promotion of trade turnover, both the sides trying to match increasing import by continuing efforts for expanded and diversified exports.

Trade between nations by its very concept generates mutual benefit to the partners. Indo-Soviet trade, nevertheless stands as a unique example of mutually beneficial interaction especially in relation to gains achieved by India, basically the weaker partner. The commodity composition of Indo-Soviet trade and its dynamism keeping pace with the changing needs associated with stages of growth have made it

1. At present the sixth Indo-Soviet trade agreement (1981-85) is operative.
2. According to incomplete data quoted by *New Times* No. 53 (Moscow, December 1983) p.23.
3. M. Kiselev. O. Drozdov, "USSR-India: Trade and Cooperation", *Foreign Trade* No.8, (Moscow 1982) p. 12.
4. Authors' calculation on the basis of *Asian Recorder* (Vol. XXIX, 1983) p. 17361

a "good example of mutually beneficial international division of labour".⁵ Over the years the goods structure of Indo-Soviet trade has undergone quite substantive change. At the early stage the share of machinery and equipment in Indian import was very high often reaching 75% of total export⁶ to this country, while that of finished products in Indian export to the USSR was obviously very low at a rate of roughly 25% of total Indian exports⁷ to the USSR.

This reflects India's efforts for early industrialization which found crucial and active Soviet support since the beginning. Later on, as India could build up the fundamental infrastructure for her industrial growth there has been a substantive shift in the pattern of Indo-Soviet trade resulting in substantial reduction in import of machinery and equipment. Thus, by 1970, the share of finished and semi-finished products in total export of India to the Soviet Union climbed to 50%⁸ and in 1982 it exceeded 60%.⁹ On the other hand, currently about 80% of India's imports from the Soviet Union is in the cru-

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cial area of crude oil and petroleum products, which is estimated to be saving India Rs. 10 billion in foreign exchange annually.¹⁰ Soviet deliveries cover more than 60% of Kerosene and over 40% of diesel

5. Nikolai Patalichev, "Development of USSR Foreign Trade and Future Expansion of Soviet-Indian Trade Relations", *Foreign Trade* No. 10, (Moscow 1981) p. 10.
6. M. Kiselev, O.Drozov, *op. cit.* p. 9.
7. Jyotirmoy Banarjee, *India in Soviet Global Strategy*, (Minerva Associates, Calcutta, 1977,) p. 132.
8. *Ibid*
9. *Asian Recorder*, (Vol. XXVIII, 1982) p. 16421
10. M. Kiselev, O.Drozov, *op.cit.* p.8.

fuel, about 55% of asbestos and more than 20% of newsprint of total import requirements.¹¹

On its part, the Soviet Union which is the largest purchaser of Indian goods, accounting for the import of 17% of total Indian export,¹² buys in India such goods which are either not produced in that country (for example jute and jute products, coffee, black pepper, cashew nuts, etc.) or the home production of which is not enough to satisfy the domestic demand (e.g., textile, tea, tobacco readymade garments, etc.). Many of the items imported from India by the Soviet Union are of great importance to the Soviet economy. For instance, the products of Soviet light industry are far from meeting Soviet domestic demands in quantity as well as quality. Products of light industry and agriculture are the two major components of Soviet imports from India and in both of them the prospect of improvement in domestic supply remain far fetched because of continued Soviet preference on heavy industry and incessant burden of its defense expenditure. Other items of Soviet purchase from India include industrial consumer goods (knitwear, carpets, etc.), Indian machinery and equipment, electronic instrument and components, machine tools, truck loaders etc., many of which are produced at enterprises built with Soviet assistance.

The spectacular growth of trade between the two countries have although been accompanied by intense economic cooperation which have not only enriched over the years the profile of Soviet contribution to India's economic growth but also helped the two economies take more of a mutually complementary nature rather than competitive. The first thing about Indo-Soviet economic cooperation is the mounting Soviet aid to India which is by far the largest of Soviet economic assistance programme in the Third World. Initiated by the famous Bhilai project of 1955, the aid programme has involved itself mainly in specific projects and the country's five year plans and has covered

11. O.N. Mehrotra, "Mrs Gandhi's Visit to the Soviet Union", *Strategic Analysis*, (New Delhi, Vol. VI. No. 7, October 1982) p. 397,

12. *ibid*

almost every important areas of development including steel (Bhilai, Bokaro, etc.) power (Neyveli, Korba, Obra, Patratu, etc.), Machine tools (Ranchi, Durgapur, Hardwear etc.) and oil (Barauni, Koyali, etc.).

Soviet economic assistance to India includes more than 80 basically public sector projects, more than 50 of which were already in operation in 1982.¹³ These projects covering areas ranging from ferrous and non-ferrous metals, oil exploration, coal, machine building geology, drugs and pharmaceuticals to power, irrigation and food processing have been making substantial contribution to development of India in both industrial and non-industrial sectors. Estimates of contribution of Indo-Soviet projects to Indian economy vary. According to some estimates they produce 35% of steel, extract 60% and refine 35% of oil, produce 30% of petroleum products, 20% of power and 40% of coal.¹⁴ A substantial share of production in metallurgy, mining and power engineering equipment also comes out of Indo-Soviet projects. Soviet aided projects account for 24 percent of total public sector investment in industry and mining.¹⁵ In sum, if any external factor is to be attributed with credit for contributing towards India's transition to one of the ten largest industrial producers of the world, it is beyond any doubt the Indo-Soviet co-operation.

The first military agreement between the two countries came nearly seven years after the first trade agreement. It is not unlikely that the Soviets offered arms to India already in the 1950s,¹⁶ but no agreement was reported until October, 1960 when the two sides for the first time formally agreed upon establishing ties involving armaments. This is important because by that time economic interaction had already created mutual confidence, and dependence on the economic front might have greatly contributed towards expanding co-operation in the military

13. *Ibid*

14. *Ibid*, p. 396

15. *Ibid*

16. For instance during the visit of Soviet Defense Minister Zhukov in January 1957 and during that to Moscow by an Indian Military delegation in July the same year,

arena. As already mentioned, Soviet objectives in India at that stage had been basically to decrease New Delhi's dependence on the West, specially on the US and to increase its obligations to the USSR. Defence co-operation soon became an integral part of instrument, besides trade, economic aid and cooperation, used to accomplish this end. Indo-Soviet military co-operation gained in strength over the years and it continues to grow steadily. Soviet Union has undisputably been the largest arms supplier to India and the momentum of Soviet arms transfer to India, which accounts for some 80% of military equipment received by India since 1965,¹⁷ was maintained through a major arms agreement concluded during the Indian Defence Minister's visit to Moscow in June 1983 and by the latest arms deal accorded during Soviet Defence Minister's visit to New Delhi in early 1984. These accords have added the latest major boost to India's military modernisation programme. "Soviet assistance in advancing India's defence capability covers not only supply of military hardware but also co-operation in building up India's defence production capability"¹⁸ thanks largely to which, "India manufactures roughly 85% of its arms including its own infantry, field gun, artillery, tanks and even some planes and rockets."¹⁹ Other related areas of Soviet assistance to India are nuclear energy and space. Soviet assistance has contributed to commissioning of atomic power plant (the second Ranapratap Sagar Atomic Power Plant - RAPP2), launching of Indian satellites into space and finally flight of an Indian cosmonaut to the space.

Looking at the quantitative and qualitative dimensions of Indo-Soviet relations, it can be well asserted that the two countries are involved in a co-operation not merely in the traditional sense of trade promotion and increased aid. From a tiny 5-year agreement on trade promotion in 1953, India and Soviet Union have opened new vistas of comprehensive and advanced co-operation on the basis of an institutional framework to co-ordinate mutual relations leading to new per-

17. *Strategic Survey*, 1983-84, (IISS, London, 1984), p. 90

18. O.N. Mehrotra, *op.cit.* p.397

19. *The New York Times*, March 16, 1982

spectives on bilateral ties. They have become partners not only in their own countries but also in third countries. All these are leading to new form of international division of labour for the common good which is based primarily upon careful study of the needs of the economies of the two countries.

The benefits reaped by India out of her relations with the Soviet Union have been enormous and well-known. To be fair, there is hardly any major area of Indian economy which has not experienced in one way or other the positive impact of these relationships. "The Indo-Soviet economic co-operation could indeed be a model of economics that ought to exist between sovereign independent states in an increasingly interdependent world."²⁰ This is important, because despite the most conspicuous lack of comfort, India's economic relations with the West, more specifically with the US is of no mean significance to the Indian economy. The US is one of the largest trading partners of India and remains the largest single source of her external economic assistance.²¹ What then makes the real value of Indo-Soviet economic relations substantively more important in relative terms than India's economic interaction with the US? The reasons are hardly difficult to explore. Comparing the most common of the basic elements of the two Superpowers' external economic relations, one can easily find that in accordance with their respective ideological commitments the US always favours the private sector while the Soviet Union prefers the public sector in extending economic aid and co-operation. And accordingly it was the Soviet policy which from the very early years of India's economic history found convergence with the policy

20. Former Chief Economic Adviser to the Government of India, Manmohan Singh asserted during a seminar on "Non-alignment, Self-Reliance and Indo-Soviet Cooperation", held in Delhi in January 1972. Quoted in Sadhan Mukherjee, *India's Economic Relations with the USA and the USSR*, (Sterling Publishers, New Delhi, 1978), pp. 316-7.

21. Of the \$ 35.1 bn external economic aid received by India during 1947-80 from all sources, \$ 11.7 bn came from the US which is more than 33% of total aid receipts. Source: *US Department of State Bulletin* (September 1982), p. 57.

priorities of Indian planners for economic development. US economic assistance to India, although accounts for the largest part of bilateral external resources received so far in New Delhi, has failed to exert any long term politico-economic impact. Most of the economic assistance flowing from Washington consists mainly of food aid and agricultural commodities, public health, education and short term projects of non-integrative and incomprehensive character. Aid and co-operation of this type has immediate consumption use rather than long-term impact value. In contrast, Soviet aid, though much less in total volume compared with that from the US, because of its emphasis on a few but vital and strategic (from the point of view of development) projects have substantial impact value both economically and socio-politically. Soviet preference for helping India establish the infrastructure of heavy industry has been the most obvious advantage of Soviet economic assistance over that from the US. Soviet definite commitment in advance regarding the nature and volume of assistance as contrast with chronic fluctuations and dilly-dallying around US aid practice both in commitment and disbursement has made the former distinctively popular in New Delhi. As for trade, the most important advantage of Indo-Soviet trade is that it is based on bilateral trade agreements. Because of the basically self-balancing "Rouble-Rupee Account" maintained in bilateral trade, promotion of the same is not constrained by the parties' shortage of foreign exchange. The absence of tariff wall from Indo-Soviet trade in conjunction with relatively stable and planned nature of Soviet import demand also contributed to systematic growth of two countries' trade with each other.

II

So far so good. The distinctive feature of Indo-Soviet co-operation is that Moscow could convince New Delhi that Soviet efforts in India are "directed precisely to those sectors which will make India highly developed industrially so that she is both politically and economically strong, secured and self-reliant and self-respecting. If India today is one of the top ten industrially advanced states in the

world, the credit for this unique achievement largely goes to the Soviet Union".²² It would be too naive, however, to presume that whatever benefit has accrued to India from her relations with the Soviet Union has been generated simply out of Soviet concern for India's economic development. Economic assistance from donor's point of view is an instrument of diplomacy used to pursue specific external policy objectives. This is true whether the donor is in Washington or in Moscow or elsewhere. There are obvious variations in objectives themselves and in the nature of use of economic aid (or co-operation) as an instrument. Thus, while Washington uses aid often overtly to "produce the kind of political and economic environment in the world in which the United States can best pursue its own social goals.....",²³ the Soviet Union helps the countries of the Third World with the objective of lessening "the dependence of young states on the *imperialist monopolies* (and of furthering) the consolidation of the *common anti-imperialist front*"²⁴ (emphasis added). Lenin wrote even before the October Revolution, "We shall exert every effort to foster *association and merger* with Monolians, Indians, Egyptians. We believe it is our duty and in our interest to do this.....we will help them pass to the use of machinery to the lightening of labour, to democracy, to *socialism*"²⁵ (emphasis added). Thus, if the US is blamed for its aid being of the tied nature compelling the recipient country to adopt measures to foster the growth of the private sector to accelerate the process of capitalist development or for that matter influencing the aid-receiving country to become its camp follower, Soviet economic

22. K.P.S. Menon, *The Rise and Growth of Indo-Soviet Relations*, *Amrita Bazar*. August 9, 1981.

23. H.B. Channery, *Objectives and Criteria for Foreign Assurances in G. Renis, The United States and the Developing Economies* (New York 1964) p.81, as quoted in Betsy Hartman and James Boyce, *Needless Hunger, Voices from a Bangladeshi Village*, (IFDP, London 1979), p. 53.

24. L.I. Brezhnev, quoted in Sadhan Mukherjee *op.cit.* above. p.182.

25. Lenin, *Collected Works*, Vol.23, p.27. For an appraisal of Soviet perspectives on Indian leaders during late forties, see E. Zhukov, "Situation in India", published in R. K. Jain, *Soviet-South Asian Relations 1947-1978*, (Radiant, India, 1978), pp. 182-190.

assistance which operates in a different set of economic laws and political norms, may in the same manner be accused of trying to strengthen the public sector of the recipient economy for a world-wide consolidation of forces against capitalism to fulfill the 'historic task of socialism'. A brief retrospective analysis of Soviet foreign policy objectives in the Third World in general is called for to make the point home. During the years immediately following the World War II, the

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Soviet Union found itself virtually in isolation outside the areas of direct communist rule. While Soviet influence was limited primarily to East Europe and China, the US was enjoying the wave of expansion of its influence not only through political and economic linkage throughout the world but also by expanding its military bases from Europe through Middle East to Asia. Soviet leadership at that stage was yet to consolidate its perspectives on the Third World countries. Stalin viewed the nationalist governments as collaborators of western imperialists. Under the influence of such outlook India's efforts to pursue an independent foreign policy and not to join the politics of power blocs did not receive proper Soviet treatment. The differences of opinion between India on the hand and the US and the UK on the other were assessed as mere domestic wrangles within the camp of the bourgeoisie. But as subsequent events unfolded irreconcilability of respective interests of the US and the Third World countries the Soviet Union soon went for a re-evaluation of the potential role of newly-liberated countries in international politics and of the entire policy of the Soviet Union towards these countries. Thus, the post-Stalin Soviet leadership witnessed a resurrection of Lenin's theory of 'natural ally' which implied that the socialist countries and the national liberation struggle of the colonial, semi-colonial and newly liberated

nations are tied to each other in a great 'historical struggle against imperialism.' Soon the Soviets launched a drive for improvement of their relations with the countries of the Third World.

Initially, the Soviets had to satisfy themselves with exclusively defensive objectives, which included neutralizing the influence and advantage enjoyed by the West; disprofiting the American sponsored anti-Soviet military alliances by causing effective minimisation of Third World participation in them; establishing friendly bilateral relations on both political and economic footing; encouraging and supporting national liberation and anti-imperialist struggles and independent foreign policy pursuits of newly liberated states. The underlying motive behind these early targets of Soviet involvement was its confrontation with the West, more specifically the US rather than any concern for the problems faced by these countries in their nation building pursuits. Thus, the ideological barrier between Indian nationalism and Soviet communism was broken effectively not by any changes occurring within India but by the perceived potential of India in sharing Soviet perspectives on exigencies of international politics in the region. More specifically, acceleration of Soviet involvement in India "followed upon the conclusion of 1954 US-Pakistan defence agreement and the agreement on Tibet concluded the same year between Chou En-Lai and Nehru, which proclaimed that Sino-Indian relations would be governed by the five principles of peaceful co-existence."²⁶

In February, 1955 the Soviets concluded their dramatic aid agreement with India for financing the giant Bhilai project which virtually marked the opening of new Soviet diplomacy of Post-Stalin era. During their visit to New Delhi in November 1955, which followed Nehru's celebrated visit to Moscow, Khrushchev and Bulganin carried the message of Lenin's theory of 'natural ally' and bestowed lavish praise on Indian independence movement and on its great leader Mahatma Gandhi who not so long ago was denounced by the Kremlin

26. Robert H. Donaldson, "Soviet Policy in South Asia" in W. Raymond Duncan, *Soviet Policy in the Third World*, (Pergamon 1980), p. 214.

as a benighted reactionary.²⁷ The 'national-bourgeoisie' government of India which was formerly criticised as an agent of the imperialists, soon became a progressive and peace-loving friend of the Soviet communists. It is not difficult thus to explore a direct relationship between the increase of Moscow's rivalry with Washington and Peking and the growth of warming relations between the former and New Delhi. The Soviets "did not sculpt their India policy solely in response to their central cold war relationship with the United States. They picked up India as an autonomous actor in Asia, as a reluctant comrade in the struggle against imperialism, as an actual and potential counterweight to China ... Moscow's tactical line therefore combined bipolar confrontation as well as world-wide anti-imperialist mobilization. Khrushchev was also shrewd enough to anticipate even in the mid-fifties the conflict with China that broke out five or six years later. He gave India

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a slot not only in the anti-imperialist struggle but also in the coming containment of China. A convergence of Soviet and Indian strategic interest lent stability to the Indo-Soviet friendship."²⁸ To be specific, in the backdrop of her competition with Washington and Beijing for preponderance in the region, the Soviet Union has considered India as an important ally in its efforts to limit the presence and reduce the influence of its two great adversaries in the whole of South Asian Indian Ocean area. Another major objective of Soviet activity in India has been to use this relationship in extending its influence elsewhere in the Third World. "To the extent that New Delhi supports Soviet initiatives and orients its own development along 'non-capitalist path' it can serve

27. *Ibid* p.215

28. Bhabani Sengupta, "India and the Super Powers" in M.S. Rajan, Shivaji Ganguli eds. *Great Power Relations, World Order and the Third World*, (Vikas, New Delhi 1981), pp. 136-7.

as a showcase of the benefits that friendly ties with the USSR can produce for nations of the Third World."²⁹ Moreover because of her influence in the whole of the developing world as one of the most accountable leaders of the non-aligned movement and the Third World, India's friendship with the USSR holds from the latter's perspectives immense potential for 'consolidating the world wide forces of anti-imperialism' to bring the Third World closer to the Soviet wavelength of internationalism.

How far the Soviets have been successful in achieving the above objectives or in other words, how effective in the light of the above were Soviet involvements in India in political and diplomatic terms is difficult to gauge precisely because of the amount of secrecy maintained in bilateral diplomatic negotiations. A close analysis of facts would however reveal that the balance is close to 'zero-sum.' The Soviets did not make India non-aligned, it already was so before its friendship with Moscow. Nor was it at Soviet pursuit that India has maintained her anti-colonial and anti-imperialist policy. India's non-alignment originated more from immediate and long term compulsion of national interests. "As the two Great Powers and their respective allies and clients were locked in the glacial combat of the cold war, for India the principal foreign policy task was how to get friendly with both without jumping on either's bandwagon."³⁰ Non-alignment was not designed to hurt or promote the interest of Washington or Moscow. But it was misunderstood in both the capitals—in Washington because it was viewed from the narrow perspective of bipolar system and in Moscow because it was perceived in the rigid framework of 'natural ally' theory, thus leading to enthusiastic overestimation. Thus, Soviet Union's massive aid and trade programme, which has no doubt constituted a vital element of India's development efforts and achievements and has made the Indian economy dependent on Moscow to certain extent, has been accompanied by continued Soviet diplomatic and military umbrella and tireless propaganda efforts which demonstrate Moscow's persistent campaign for increased influence over New Delhi.

29. Robert H. Donaldson *op. cit.* above. p. 213.

30. Bhabani Sengupta, *op.cit.* above. p.132

India did side with the Soviet Union in different international forums on a considerable number of issues to be rewarded by gains not only in economic but also in matching diplomatic and political terms. It requires hardly a detailed mention that the Soviet umbrella has been most effectively exploited by India in her relations with both China and Pakistan. Over the years, on all issues of conflict between India and her two arche rivals the Soviets moved decisively in influencing the course of events in favour of India which greatly emboldened New Delhi and contributed towards establishing her long-cherished subcontinental hegemony. Although Soviet moves were no less dictated by Moscow's concern for containment of Chinese influence, they converged symbiotically with the interests of India. The widely debated Indo-Soviet treaty of 1971 should also be viewed in the context of the parties' shared concern vis-a-vis China. The two countries started negotiations on the treaty nearly two years earlier in the context of deepening Sino-Indian rivalry and India's interest over the issue gained momentum in the context of Islamabad-Beijing-Washington triangle over the independence struggle of Bangladesh. But the decisive element over the issue was Kissinger's clandestine trip to Peking on 9 July 1971 a journey which was facilitated by Pakistan exactly a month before the treaty was signed. The dramatic shift in Sino-US relations raised serious concern in India about not only US role in the region but also about the motives of China vis-a-vis the subcontinent. Thus the convergence of Soviet and Indian interests found an institutionalised shape through the signing of the treaty in August 9, 1971.

An examination of post-treaty Indo-Soviet relations exposes that if the Soviet intention through the treaty was to gain an influence and upper hand over New Delhi, they have failed on a number of occasions. India remained as firmly committed to non-alignment and as critical of "superpower hegemony" as ever. Much has been said and written doubting the functional genuineness of India's non-alignment. The sharpest of that criticism had focused on Mrs. Gandhi's relaxed, even understanding, attitude towards the Soviet military involvement in Afghanistan and on her government's recognition of

the Heng Samrin regime in Kampuchea. While India continues to benefit economically and militarily from her relationship with Moscow, a major aspect of her diplomatic strategy in response to Afghanistan crisis had been to distance herself politically from the Soviet Union.³¹ Although New Delhi's initial reaction to Soviet military presence in Afghanistan was ambivalent and India did not even vote in the UN with the majority to press for Soviet withdrawal, it was soon revealed that India remained fiercely independent on the issue and strongly resistant to Moscow's pressure. Despite continued efforts Moscow has in fact failed so far to evoke in New Delhi any visible sign of shared perspectives on the issue. This positively underscores a rather discouraging achievement of Moscow's political influence upon New Delhi over the years.

India did sign the Friendship and Cooperation Treaty but it has successfully resisted Soviet pursuit for naval cooperation in the Indian Ocean and to the despair of the Soviet Union has only reluctantly endorsed the Brezhnev proposal for "Collective Security in Asia." This latter also provides one of the examples of India's firm resistance to Soviet political pressures in exchange for assistance and cooperation. "Indian military delegations to Moscow in 1972, 1973 and 1974 came back to New Delhi almost empty-handed. These missions were also refused deliveries of more advanced equipment necessary to modernize Indian armed forces. Among the conditions said to have been imposed for such deliveries were India's accession to the Soviet-sponsored Asian Collective Security System and Soviet use of Indian naval bases."³² Moreover, India has never hosted Soviet military advisers for its armed forces nor has any base facility been granted by India to the Soviet Union.

Amidst rumours that it may join the Comecon (the Soviet trade and economic cooperation bloc), India in pursuit of self-sufficiency has greatly increased the momentum of its efforts to diversify the directions of not only her trade and economic relations

31. *Strategic Survey*, 1983-84, (IISS, London, 1984), p. 90.

32. Zafar Shah, *India and the Superpowers*, (UPL, Dhaka 1983), p. 164.

but also the sources of military supplies. This has been reflected by India's decision to purchase British *Sea King* Helicopters, *Sea Eagle* anti-submarine missiles and *Sea Harriers*, West German Type 1500 submarines, Franco-German *Milan* anti-tank missiles and French *Mirage* 2000 fighters during last couple of years. The Hindustan Aeronautics Ltd. is assembling Soviet Migs and Anglo-French Jaguars under the same roof. These underscore India's commitment not only to reduce its dependence on the Soviet Union but also for "diversification of arms supply wherever India stands to gain economically and technologically."³³ This can be linked with the row over India's rejection of Soviet offer for expansion of collaboration in nuclear energy. The offer first made in 1979 was not welcome in New Delhi on the ground that India had already evolved a design of nuclear power plants specifically suited to Indian conditions in which it has achieved considerable degree of self-reliance and that the acceptance of

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Soviet offer would introduce an external factor in Indian nuclear planning which had already generated frustrating experience in connection with the supply of nuclear fuel for the Tarapur plant. This must have been hardly palatable to Moscow specially in the context of a 1982 agreement of New Delhi with Washington over the long-standing dispute over nuclear fuel supply for Tarapur—an agreement which involved France and Germany to meet Indian requirements. Soviet designs of using its firm and lasting partnership to turn India increasingly left-leaning have never worked either. Washington's reluctance to provide assistance to India's public sector enterprises did in fact provide Moscow with the advantage of a monopoly position as

33. *Strategic Survey*, 1983-84, *op.cit.*, above.

India's donor to a number of its key sectors like heavy industry, oil exploration and refinery. But such advantage had evidently fallen short of enabling Moscow persuade New Delhi of the advantage of following the Soviet strategy of economic development. This has been clearly impossible in so far as the Indian national bourgeoisie continues to dominate the economic scenario and monopolize the political power. If India has turned more to the Soviet Union for its trade and economic assistance, it has been more because of confusing and bewildering incoherence in the US policy towards the country rather than because of India's love for Soviet desire for interrupting capitalist development in India and putting the country on the rails of non-capitalist development. To quote Morarji Desai, "if we buy more from the Soviet Union, it is the fault of the Western countries for not selling to us³⁴.

The Soviets apparently seem to have been successful in achieving what is widely regarded as its main foreign policy objective in India: reducing US influence in India economically and keeping the latter outside the orbit of US influence politically. Considering the relative gains of Moscow and New Delhi over the years, however, it appears that this has been the result more of a successful Indian diplomacy than of Moscow's trade and aid politics in India. India enjoys a distinct relationship in contrast with any other Third World country with the Superpowers because of its political, diplomatic and strategic status. It has always been an important actor in international political theatre because of her influence on global opinion through her role in the Third World and in the non-aligned movement. Because of this influence neither of the Superpowers could ever be comfortable with complete political and strategic alignment of India with the opposite bloc. A pragmatic realisation of this advantageous position has helped India to be successful in keeping itself relatively more immune than any other Third World state from political and diplomatic pressures of aid and trade relations with stronger partner.

34. *The US News and World Report*, 19 June, 1979.

On balance the Soviets may have needed India's diplomatic and political umbrella as badly as, if not more, New Delhi needed Moscow's support. It is indeed hard to weigh between the importance of Indo-Soviet relations from the individual perspective of the two partners involved. It can be well asserted however that Moscow needed New Delhi's support in its efforts over the years to gain assertion not only in the region but also elsewhere for which Soviet Union has invested so heavily in India in terms of its massive trade and aid programme. Whatever Moscow has achieved is perhaps because of an interaction between on the one hand an incomprehensive and incoherent policy of the US toward India emerging to a great extent from Washington's malperception of New Delhi's non-alignment and on the other hand successive Indian government's firm commitment to keep New Delhi immune from the influence of either of the Superpowers. In other words, Soviets gained more from Washington's reluctance to "treat India seriously" than from political and diplomatic opportunities provided by Soviet trade and aid politics.

III

The magnitude and dimensions of Indo-Soviet economic ties are gigantic and their importance for the parties, especially for India has been enormous. If the Soviet objective behind its massive programme of economic cooperation and assistance has been to contribute to India's industrialisation and economic development, these have achieved remarkable success. India owes for its economic growth greatly to Moscow. This is but one of the two sides of the coin. It would be too naive to overlook the importance of ideology factor in Soviet Union's relations with India. Moscow's economic co-operation programme in India as elsewhere in the Third World is an integral component of Soviet foreign policy which carries an in-built element of constant struggle against capitalism for strengthening the Soviet-led world socialist system. India ranks high among the most valued partners of Soviet economic co-operation and largest recipients of economic assistance from Moscow. This is mainly because New Delhi occupies a

position of specific political and diplomatic significance from Moscow's perspectives, especially, in the context of the latter's bipolar ideological view of the world and its persistent strive for containment of China. Thus, Moscow's aid and co-operation programme in India has been governed on the one hand by Soviet Union's interest for reducing US influence on New Delhi and strengthening India to make it capable of containing China and on the other hand by the desire to ensure that India's process of economic development converges with the designs of Soviet Third World policy. Moscow's aim has therefore been, to assist those elements of the Indian economy which would strengthen the public sector, and which is expected to form the core of 'natural ally' of the Soviet Union. The Indian public sector enterprises have indeed grown from strength to strength over the years, but they have never become strong enough to bring in any substantive dent in the monopolized political power of Indian national bourgeoisie.

In the field of political and diplomatic influence India has successfully dealt with US pressures obliging them to exert little or no major effect. On the other hand, New Delhi has also managed with Soviet pressures for diplomatic and political influence successfully enough to keep itself outside the orbit of Soviet influence politically and diplomatically.

Foreign policy moves and diplomatic overtures are difficult subjects to analyse. The real stance on these have to be viewed from what governments tend to do within the framework of a composite mix of factors determining them. Hence, although Soviet Union's *disinterested cultural assistance* seems to have failed in its effort to foster *association and merger* with India, it may be fallacious to assert that Moscow failed to procure anything from New Delhi in exchange for its 'deep-rooted' and 'permanent' friendship. This is because perception of success or failure vary from subject to subject. And thus, although beholder may find it otherwise, in Soviet eyes it is likely to be projected, at least for the purpose of demonstration of Moscow's image in the outside world as no less considerable a success.