

Geoeconomics of Sanctions: India's Strategic Engagement with Russia Under Western Sanction Regimes

Rakesh Kumar

Asst. Professor, Dept. of Geography, Murarka College, Sultanganj, TMBU, Bhagalpur

Abstract

India is adapting its strategic engagement with other countries as a result of the imposition of western sanctions on Russia due to the 2022 Russian invasion of Ukraine. In this paper, we analyze the expanding relationship between India and Russia during this time through the lens of the three areas of energy trade, defense cooperation and multilateral frameworks. We also show that India has utilized the ability to purchase low-cost Russian crude oil and the creation of joint ventures as a means of reducing domestic economic pressures for India, while assisting Russia in its attempts to circumvent western sanctions. Ultimately, our findings indicate that such relationships have increased India's autonomous decision-making capabilities; challenged the effectiveness of western sanctions; and contributed to the development of a multi-polar global economic structure. However, secondary sanctions by the west and potential disruptions to supply chains continue to be risks to India's foreign policy, which can lead to geoeconomic trade-offs. Our research indicates that India's actions are an example of continued resilient bilateralism in a time when the world is being governed by economics.

Keywords: Geoeconomics, Western Sanctions, Indo-Russian Engagement, Energy Trade, Defense Cooperation, Strategic Autonomy, Ukraine Conflict, Multipolar Order

Introduction

The U.S. and E.U. sanctions that were put into place after the conflict between Russia and Ukraine are an example of Geopolitical Coercion to isolate Russia from both an Economic and Political Perspective (Bergeijk & Herik, 2023). These sanctions have caused India to make decisions that will impact their long-standing relationship with Russia due to the possible implications of the sanctions from the west (Fomin & Kryuchkova, 2025). Therefore, India is having to develop a strategic approach to their Foreign Policy that takes into consideration the best way to protect their National Interests, and to do so amid multiple international pressures - an approach that represents an extensive knowledge of Indian Politics and History (Fomin & Kryuchkova, 2025). In fact, this strategic planning is demonstrated specifically in India's reaction to the extreme sanctions placed by the West on Russia, where India continues to maintain the economic ties to Russia, primarily through increasing their energy purchases without breaking the sanctions (Unnikrishnan & Kapoor, 2023; Fomin & Kryuchkova, 2025). Ultimately, the decision by India has stabilized its economy domestically, primarily through a reduction in oil import costs, and provided financial assistance to Russia's budget (Bhagwat & Rogachev, 2025). Additionally, India's strategy reinforces its commitment to multi-alignment, which means that India does not commit itself to one block

or power group in the world, and instead maintains a balance of relationships among different powers - a strategy that is reinforced by Russia's historical reliability as a partner for defense and energy (Kapoor, 2023a, 2023b). In addition, India has greatly increased its imports from Russia, mainly in the energy and fertilizers sectors, resulting in a 430 percent increase in imports compared to average monthly imports over the previous five years (Kulik, 2023). This paper analyzes the Geoeconomics of Sanctions, through the lens of India's Strategic Engagement with Russia, to understand how India uses the sanctions as leverage to obtain Energy Security, Military Capabilities and Economic Diversification. Based on Trade Data and Policy Analysis, this research supports the argument that India's actions strengthen India's position and weaken the effectiveness of the sanctions, promoting alternative Global Economic Networks. This study adds to the body of research examining how Non-Western Countries use Sanction Regimes as a means to gain strategic advantages in a Multipolar World.

Background: Western Sanctions and Their Geoeconomic Framework

India has become a primary player in the dynamics of a geoeconomic system of interdependence which sanctions are meant to disrupt. Prior to the war, India imported virtually no Russian crude oil. By 2023, however, India was importing approximately 40 percent of its oil from Russia. The shift to a larger percentage of crude oil imports from Russia is reflective of an emerging broader trend in which sanctioned states pivot toward non-Western partners in order to create alternative and largely independent economic systems to those dominated by the West. As part of this emerging geoeconomic system, countries use trade asymmetries to resist the effects of coercive sanctions and to assume a balancing role vis-a-vis sanctioned states. As such, this strategic posturing of India serves to illustrate India's adherence to the policy of multi-alignment. Multi-alignment allows India to continue to develop its historical defense and energy relationships with Russia while simultaneously developing its relationship with the United States and other Western nations. Due to India's multi-alignment policy, India has been able to significantly increase its interactions with Russia, especially in terms of trade, without diminishing its level of cooperation with the United States and other Western nations (Fomin & Kryuchkova, 2025). As a result of this new orientation of India, there has been a significant restructuring of global oil trading patterns. Specifically, India has redirected a large share of Russia's oil exports to India estimated at 38.6% by 2023 (Tavadyan & Tavadyan, 2025), and has done so at a lower cost than what would be expected for comparable oil volumes if they were being exported to countries subject to the same or similar sanctions (Tavadyan & Tavadyan, 2025). This difference in price represents anomalies that have developed due to India's ability to purchase crude oil at discount rates from Russia; these anomalies have provided stability to India's domestic economy and have provided additional revenue to India's refining sector, which has experienced an increase in exports to the European Union (Bhagwat & Rogachev, 2025).

India's Energy Engagement: Oil Trade as a Sanction Bypass

India's geoeconomic strategy rests upon increased imports of Russian petroleum, and the discounted supply of petroleum in the midst of increasing global instability. Through rerouting Russian crude through Indian refineries and then exporting refined product to Europe, India has effectively circumvented the G-7 imposed price cap, while also maintaining stable domestic petroleum prices. This trade, estimated to be worth billions of dollars annually, has strengthened India-Russia economic relationships and has made Russia India's leading supplier of petroleum (Kulik, 2023). The economic nature of India's involvement in the Russian petroleum trade provides an indirect method for generating revenue for Russia while

providing a means for enhancing India's energy security without violating internationally accepted norms. Geoeconomically speaking, India's reliance upon Russian petroleum generates revenue for Russia by utilizing sanction loopholes, while simultaneously providing India with energy security. Additionally, joint ventures in the development of Arctic energy resources provide additional mechanisms for deepening the relationship between India and Russia, and for establishing India as a player in Russia's resource-based economy. Nonetheless, India's strategy invites additional scrutiny from the West as secondary sanctions are being called into consideration. These measures highlight the potential conflict between India's desire for independence in its foreign policy and the pressure placed upon India to comply with global norms.

Nonetheless, India's recent actions illustrate a continued commitment to the principles of multi-alignment, a principle that has been fundamental to India's foreign policy since the inception of India's foreign policy (Kapoor, 2023). As a result, India is able to pursue its national interest of acquiring discounted oil supplies in order to control the rate of inflation in India, while simultaneously pursuing opportunities for cooperation with Western countries without violating international sanctions (Ogden, 2023; Unnikrishnan & Kapoor, 2023). Nevertheless, India's ability to maintain this balance will continue to be challenged by the interactions between the various entities involved in shaping India's foreign policy including government agencies, think tanks, the diaspora and the media (Bhagwat & Rogachev, 2025). In addition to these challenges, India's expanded refining capabilities and its strategic geographical location have created a platform for India to become a major supplier of refined petroleum to the European Union through taking advantage of both market fluctuations and sanction loopholes (Kumar, 2025).

Defense and Technological Cooperation Amid Restrictions

India's relations with Russia are solidified in spite of disruptions to supply chain through sanctions, including the co-production of military hardware such as the BrahMos missile. Prior to war, more than 60 percent of India's weaponry was purchased from Russia; currently, New Delhi is accelerating domestic weapons production under "Make in India" to bypass export control regulations (Bhagwat & Rogachev, 2025). In addition, geoeconomic cooperation between India and Russia includes technology transfer and joint development, which creates alternative sources for India to avoid reliance upon Western-controlled technology while preserving strategic parity in South Asia. By leveraging India as a defense market, Russia is able to offset losses caused by Europe's sanctions-based isolationism and create a mutually dependent relationship between the two countries, thereby undermining the sanctions' objectives of isolating Russia. Furthermore, emerging collaborative efforts in the areas of nuclear energy and space technology demonstrate how sanctions unintentionally support the creation of non-Western innovation centers (Kashin, 2023). However, the sanctions-induced delays in receiving replacement parts for India's Russian-made weapons will continue to create operational risk for the Indian military, resulting in an increase in purchasing parts from Western companies. While the purchase of spares from Western suppliers is essential for India's long-term goal of achieving strategic independence, there are short-term challenges associated with ensuring interoperability and integrating these spares into the existing systems utilizing Russian-made parts (Kapoor, 2023). Overall, India's actions represent the complexity of its ongoing struggle to meet its immediate operational needs while working towards achieving its long-term objective of strategic independence through various alternatives that reduce its dependency on one supplier.

Multilateral Frameworks and Economic Diversification

India has expanded its diplomatic engagement into multiple multilateral forums including BRICS and SCO, which both provide India an opportunity to work with Russia to develop alternative payment systems and to reduce reliance upon the U.S. dollar through "de-dollarization" of the global economy (Iqbal & Rahman, 2023). The development of rupee-ruble trade mechanisms by India and Russia will continue to mitigate the negative impacts of financial sanctions and enable smooth bilateral trade to be conducted between the two countries (Goeconomic, 2023). In terms of geoeconomics, this cooperation represents an important step toward creating a multipolar financial system that is less dependent upon the U.S. dollar, thereby increasing its resistance to future coercive actions by the West. In addition, India's participation in various Eurasian connectivity projects, including the International North-South Transport Corridor (INTSC), are designed to link Russian natural resource production to Indian markets, while avoiding the use of sanctioned routes and transit points (Sharma, 2021). In addition to securing their respective national economic interests, India's diversified approach to international relations has positioned India as a potential bridge between sanctioned and non-sanctioned economies, and therefore, between the West and other nations that have been subject to sanctions or restrictive economic policies. However, there are risks associated with India's dual diplomatic engagement, namely, India's need to maintain balance in its ties with Western partners, such as the Quad, in order to avoid becoming isolated from its traditional allies (Fomin & Kryuchkova, 2025).

Challenges and Geoeconomic Implications

India's relationship with Russia is mutually beneficial; however, it comes with obstacles. Specifically, secondary sanctions may be directed toward Indian companies doing business with Russia. Additionally, a long-term commitment to purchasing low cost crude oil from Russia is questionable. Energy markets globally are adapting to new geopolitical conditions and emerging alternative supply chains. Also, there is a risk to India's strategic autonomy due to the possibility of western countries restricting the transfer of advanced technologies to India, especially in the areas of defense and high-tech manufacturing which have historically relied heavily on Russia (Kaushiki et al., 2024). The geoeconomics aspects include an increase in the levels of globalization fragmentation where sanctions encourage the development of parallel trade blocs. For India, this will mean that it will need to navigate the costs of inflation associated with its dependency on energy sources, and the diplomatic consequences of engaging with the west. However, the strategy has increased India's negotiating leverage, allowing India to gain concessions from both Russia and the west. The broader implications of this type of continued engagement with Russia is that the effectiveness of future sanctions may be diminished, increasing the likelihood of other nations in the Global South pursuing a similar path of strategic independence. Therefore, policymakers must balance these opportunities against longer term objectives, such as the transition to a non-fossil fuel economy by increasing investment in renewable energy.

Conclusion

The Russian-Indian strategic partnership during Western sanctions exemplifies an autonomous and resilient geoeconomic strategy. In leveraging energy; defense; and multilateral cooperation, India has both endured the impact of disruption of global commerce as well as transformed the use of sanctions from unipolar coercion into a more multipolar framework. The approach demonstrates the limits of coercive unilateral economic tools in today's globalized world and the need for inclusive approaches to economic

governance. Future research should include case studies of other developing countries to examine how sustainable are these types of strategies amidst the changing context of the international system.

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