



INDO-SOVIET ECONOMIC RELATIONS

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ABSTRACT :

In the present essay Indo-Soviet economic relations during the period 1971-85, within the context of political relations have been examined. Aid and trade relations are analysed. The impact of such relationship on India's economic development is studied. After India's Independence the process of developing India's economic relations with Soviet Union however until 1953, remained at low level. With the signing of a comprehensive trade treaty in 1953. Economic relations developed rapidly. So that at present Soviet Union was one of the largest trading partners of India. Similarly, since the first Agreement to extend credit to Bhilai Steel Plant in 1955, Soviet Union had played a major role in India's industrial development. In India's International economic relations, Soviet Union occupied an important place. However, the relative importance of the economy of the one to the other his highly unequal. Soviet Union was one of the developed countries. India is one of the developing countries. The nature of the two economics was also different. Soviet Union had a Socialist Economy. On the other hand Indian economy is a mixed economy with State owned public sector and also a predominant private sector? The two countries also differed in the political systems they have adopted. While India is a Parliamentary democracy, Soviet Union had the rule of Communist Party representing the interests of the working class. Thus the two countries have different socio-economic and political systems and are at different levels of development.



KEYWORDS : *Indo-Soviet economic relations , developing countries , socio-economic and political systems.*

INDO-SOVIET AID RELATIONSHIP

Since India's Independence, India's development plans are oriented towards one primary objective, namely self-reliance. The development strategy adopted to achieve this goal has emphasized the development of Industrial Sector. In the II Five year Plan it was stated that; "Rapid Industrialisation is to be rapid enough the country must aim at developing basic industries and industries which make machines to make machines needed for further development"¹. Such industries require heavy investment and have long gestation periods. Private enterprise, whose principal motive is to make quick profits, was reluctant, to undertake building such industries. Moreover, "the adoption of the socialistic pattern of society as the National objective... requires that all industries of basic and strategic importance or in the nature of public utility services should be in the public sector. Other industries which are essential and require investment on a scale which only the state, in present circumstances could provide have also to be in the public sector"². In this regard India approached many countries of the west like USA, France, West Germany and Britain for aid. But these countries were unwilling to assist in developing public sector projects. In this situation Soviet Union was

approached for assistance. Soviet Union readily agreed to assist India in developing public sector industries. Soviet aid programme in India started with the signing of an agreement on 2 February, 1955 for the establishment of the Bhilai Steel Plant. Since then Soviet Union provided credit for the purchase of machinery and equipment for many projects and also technological assistance which includes the training of Indians to run these projects. Upto the end of 1969-70 (financial year) USSR provided India with eight loans amounting to Rs. 10211.08 millions for building a large number of projects³. These loans were given mainly for establishing and development of iron and steel industry, heavy engineering and machinery developing of petroleum industry, mining and power industry which are mainly in public sector. In the pharmaceutical industry which was dominated by private sector, Indian Government has expanded its activities with the assistance from USSR. However, it is important to note here that the growth of India's economic relations with the Soviet Union have not reduced her relations with USA. Relations in terms of aid actually increased during this period.

Growth in economic relations was accompanied by healthy development of political relations between India and Soviet Union. In 1955, there was an exchange of official visits by top leaders of the two countries. Prime Minister Nehru visited Soviet Union in 1955 (7-23 June). In return, N.A. Bulganin and N.S. Khrushchev visited India in the same year (18 November-13 December). During his visit to Soviet Union, Nehru stressed two aspects. First, while India wanted friendship and cooperation with the Soviet Union, it cannot compromise on its approach to world affairs and also on international developments. Secondly, India wants to achieve its objectives both within the country and outside only through peaceful means⁴. He praised the efforts of the Soviet leaders in easing the East-West tensions. In their turn Soviet Leaders explained that Indo-Soviet relations were based on the identity of views on the issue of war and peace⁵. India's stand on Suez Canal crisis further strengthened the relations between these two countries.

US global policy of encircling and Soviet Union under the impact of cold war and the development of Sino-Soviet conflict in the late fifties increased the Geo-political interests of the Soviet Union in India. India came to occupy an important place in the Soviet Union's foreign policy in Asia.

Thus during the Sino-Indian war of 1962 Soviet Union remained neutral. Change of leadership in both the counters in 1964 has not hindered the growth of these relations. On the Kashmir issue Soviet Union supported India in U.N.O. on a number of occasions. During the Indo-Pak war in 1965 on Kashmir issue Soviet Union adopted a neutral stance and played a crucial role in the maintenance of peace in the sub continent⁶. The positive role of the Soviet Union during and after the war resulted in Tashkent Agreement. During Czechoslovakia crisis India supported the Soviet Union by not criticizing the latter in the U.N.⁷ Indian reaction to the Sino-Soviet Border clashes was more sympathetic towards Soviet Union. These events brought these two countries further closer. At the same time USA began to develop relations with China. Pakistan played a crucial role in this direction. Thus a Sino-UK-Pak axis has developed, threatening the security interests of both India and USSR. With the development of Bangladesh crisis, the prospect of China intervening on behalf of Pakistan in the event of a war between India and Pakistan had considerably increased. Moreover US informed India through Indian Ambassador that the latter should not expect its help if China intervenes on behalf of Pakistan. In this situation Soviet Union was the only source of support against the looming threat⁹. In the face of these events India and the Soviet Union signed the Treaty of Peace, Friendship and cooperation in August, 1971. During the war US and China openly supported Pakistan. Soviet Union strongly supported India through her diplomatic channels in UNO and various other measures. India came out victorious from war with a lot of 'good will for the Soviet Union and her support'¹⁰.

Indo-Soviet Economic Co-operation since 1971

The Treaty of Peace, Friendship and cooperation signed in 1971, created conducive conditions for further development of economic relations between India and Soviet Union. Article VI of the Treaty states that India and Soviet Union 'attach great importance to economic, scientific and technical' cooperation. It further states that they will strengthen and expand cooperation in these areas and also in the field of trade 'on the basis of the principles of equality, mutual benefit and most favoured nation

treatment¹¹. To promote the bilateral ties and intergovernmental commission for economic, scientific and technical cooperation was setup in 1972¹². In justification it was said that the implementation of Soviet aided projects need close coordination and speedy remedial action for faults¹³. Thus the purpose of the Commission was to deal with present and future problems regarding cooperation. Apart from this the other tasks of the commission were: to work out and introduce new lines and improve the performance of the entire range of Indo-Soviet economic and trade relations¹⁴.

During the Visit of Soviet Minister for foreign economic relations, Sa Skachkov, an industrial protocol for expanded cooperation between India and Soviet Union was signed¹⁵. The Protocol covered the fields of production, trade and science and technology. It was agreed in the Protocol, to expand the capacities of Bhilai and Bokaro Steel Plants from the existing capacities of 2.5 million tonnes and 1.7 million tonnes to 7 million tonnes and 10 million tonnes respectively with Soviet assistance¹⁶. Regarding the finance for the proposed programme, DP Dhar who signed the Protocol on behalf of India said that a considerable part of the previous Soviet credits was still lying unutilized which implies India may utilize this amount for the proposed programme. The unutilized amount at the end of 1972-73 (financial year) was Rs. 328.99 crores¹⁷. However, it is important to note here that Soviet Union has not extended any credit since 1966.

It was argued that Soviet Union's contribution to India's development could be greater in the field of trade and not aid, and the slow utilization of the previous credits indicates the technical mismatch of the kind of aid India needed and what the Soviet Union accustomed to providing¹⁸. Major part of the aid was used for completion of expansion of the plants already contracted. As a consequence India no longer needed aid to increase the number of such projects immediately, since the crisis of under-utilized capacity in these industries had increased¹⁹. Therefore there was a need for changing the aid patterns. Soviet Union responded to this situation by introducing new methods in its economic assistance to India. It has started placing large orders for disposing of the products of the industries facing the crisis of under-utilized capacity²⁰.

There was a severe shortage of food grains in India in 1973-74. Soviet Union immediately responded to the situation by offering two million tonnes of food grains on loan basis to India even before India made any formal request to that effect²¹. The offer was conveyed to the Prime Minister Mrs. Indira Gandhi, personally by Leonid Breznev, General Secretary of CPSU through a letter. He wrote "taking into account India's food difficulties caused by the unfavorable weather conditions and being guided by the aspirations to develop friendly Soviet Indian relations, the Soviet Government is willing to supply the India two million tons of food grains... on a loan basis. The dispatch of the food grains can be started immediately if the offer is acceptable to the Government of India²². India accepted the offer and appreciated the friendly gesture of the Breznev and his Government. The loan amount of Rs. 202.36 crores was to be repaid over a period of five years commencing two years after full delivery²³. This was the first credit provided by Soviet Union after 1966 to India.

On November 26, 1973 Breznev arrived in New Delhi on a five day visit, he held several rounds of talks with Indian leaders. In his address to the Indian Parliament, Breznev laid stress on both the political and economic aspects of the idea of collective security in Asia. He observed that a 'broad, active, constructive and comprehensive discussion of the idea would help trace a common approach acceptable to all states²⁴. Further, he added that, given lasting peace, the Asian countries would be able for the first time, to concentrate on solving the economic and social problems they faced²⁵. However, the phrase 'Asian Collective Security' was not found in the final declaration. Because of India's apprehension that the idea was simply an anti-Chinese scheme. And also India wanted to keep open the option of better relations with China²⁶.

However, the most important result of Breznev's visit was the economic agreement for a period of 15 years, for further development of economic cooperation and trade between the two countries. The agreement envisaged cooperation between the two countries in supplying equipment and service for setting up plants and projects in third countries.

The agreement provided for cooperation in the following fields²⁸.

- a) Expansion of Bhilai and Bokaro Steel Mills to an annual capacity of 7 and 10 million tonnes respectively;
- b) Construction of the six million tones Mathura Oil refinery;
- c) Development of copper mining complexes in Malanjkhand in Madhya Pradesh; and
- d) Construction of Calcutta underground Railway.

However, the significant aspect of the agreement was that, under Articles 3 of the agreement the Soviet Union agreed to transfer technology of space atomic energy and electronics. Such transfer, in the case of Soviet Union indicates a high degree of political understanding²⁹. Besides this agreement, various other agreements were also signed. Like cooperation between State Planning Commission of the Soviet Union and Indian Planning Commission, consular convention and a Protocol to the 15 years economic cooperation agreement³⁰. However, given the nature and depth of the Indo-Soviet economic ties, these agreements were not necessary. But there were atleast three reasons for formalising the existing relations³¹. Firstly, Soviet Union wanted to mark Breznev visit by new symbols of friendship and cooperation. Secondly, the long term perspective was an assurance to India, that soviet interests in economic cooperation would not get diluted due to the increasing trade prospects for Soviet Union as a result of the Détente with US. Finally, the expansion of Indo-Soviet trade required specific investments, for more output. Thus the year 1973 ended with highly satisfactory note and high hopes for the future in Indo-Soviet economic relations.

The nuclear explosion of India in 1974 at Pokhran was not condemned by Soviet Union like USA. Soviet Union accepted the validity of Indian argument on the need to develop nuclear technology for peaceful purpose. Soviet Official news agency said, 'the results of this explosion may be used in mining, earth moving and power generating purposes³².

During his visit to Soviet Union in June, 1974, the then Indian Finance Minister made a request to the Soviet Union for some fresh credits, and a rescheduling of India's debt repayments. However, Soviet Union did not subscribe positively to any of these requests³³. During the discussions of the Indo-Soviet Joint Commission held in Moscow in September 1974, Soviet Union agreed to provide technical assistance for the expansion of Bhilai and Bokaro steel plants and the necessary equipments for the new coal field at Singrauli. However, Soviet Union made it clear that it was not in a position to supply any significant quantities of fertilizers and crude oil to India³⁴. It is important to note here that in 1973 crude oil prices were doubled and to meet its requirements India had to spend a large share of the foreign exchange holdings to import crude oil. As Indo-Soviet trade was governed by rupee payment agreement, supply of crude oil from Soviet Union would have facilitated India to spend its meager foreign exchange reserves on other key industrial imports.

A protocol was signed on the conclusion of the commission meeting. The Indian side agreed to update the schedule of construction and erection for expansion of Bhilai and Bokaro Steel Plants to four million tonnes each year³⁵. For the fulfillment of the expansion programme, Soviet Union agreed to deliver in 1975 about 12,000 tons of equipment for Bhilai plant and 300 tons of equipment to Bokaro Steel Plant³⁶.

The Soviet Union also agreed to hand over between March and December, 1975 the design, drawing and working documentation for the Bhilai Steel Plant and the Ranchi Heavy Machine Building Plant. Along with the expansion of scientific and technical exchange, there was a considerable increase in the role of joint investigations to solve scientific and technical problems³⁷.

Soviet Union's response to the declaration of emergency in 1975 was highly supportive. Soviet Union Ambassador to India stated that, 'the course of the Government of India aimed at the speediest solution of internal socio-economic tasks received complete understanding and appreciation in the Soviet Union'³⁸. India and Soviet Union continued to develop close relations particularly in the field of science and technology. The first Indian Satellite, 'ARYABHATTA' was launched into space on a Soviet intercosmos rocket from a Soviet space station in April, 1975. India also received special equipment for the earth resources satellite project from the Soviet Union³⁹.

Soviet Union and India signed a protocol on scientific and technical cooperation in the fields of agriculture and animal science on January 12, 1976⁴⁰. Under the Protocol, Scientific research institutions of the two countries would cooperate in research. The protocol envisaged cooperation in research and utilization of world plant resources for breeding farm crops under different climatic conditions; development of high yielding varieties of rice; research activities in fiber science and technology with special reference to cotton, grapes and production technology⁴¹. In June, 1976 Prime Minister Mrs. Indira Gandhi visited Soviet Union. One of the major purposes of her visit was to seek future Soviet support for India in the form of new levels of economic cooperation⁴². In the joint declaration issued at the conclusion of the Mrs. Gandhi's visit the two sides noted with satisfaction of the pace of development of economic cooperation, but added that it was essential to explore new areas and modes of cooperation. Further, the declaration noted that 'the two sides will seek to expand production cooperation in the fields of non-ferrous metallurgy, textile industry, electronics, agricultural production... and cooperation in assisting economic development in third countries'⁴³. There were no new agreements that would expand Indo-Soviet economic cooperation during Indian Prime Minister's visit. However, in August 1976, India and Soviet Union signed a Protocol which envisaged collaboration in third country projects⁴⁴. The agreement was envisaged to help India in utilizing the under-utilised capacities of the public sector industries.

In the general elections held in March, 1977, Janata Party came to power in India. It was expected that with the change in Government, there will be a change in Indo-Soviet relations. The New York Times wrote that, 'all indications from the Victorious alliance...Are that a friendly attitude can be expected towards the United States, with a noticeable cooling of feelings for the Soviet Union'⁴⁵. Confirming this view, Prime Minister Morarji Desai said that 'Indo-Soviet Friendship must not come in the way of our friendship with any other State'⁴⁶. This statement might have caused some alarm in Moscow. Because Soviet Union needed India's friendship as much as India needed its friendship, for a number of reasons. First, while the Sino-Soviet hostility continued, USA was successful in establishing friendly links with China. Secondly, India was the most important power in Asia for the containment of China. Lastly, Soviet Union was worried about the massive arms transfers by USA to Iran. Also US presence in the Persian Gulf could be balanced if Soviet Union's relations with India are normal⁴⁷. Soviet Union, therefore sent its foreign minister Gromyko to see that the relations between the two countries were maintained at the previous level. In the Joint Communiqué issued towards the end of the Gromyko's visit, the two countries reaffirmed their faith in the spirit of the 1971 treaty and expressed their determination to further strengthen the cooperation between them⁴⁸. The two sides signed an agreement⁴⁹ on economic and technical cooperation which provided for Rs. 208.32 crores Soviet credit to India. It was a general purpose credit carrying an interest rate of 2.5 percent per annum and was repayable over a period of 20 years with a grace period of 3 years. It is important to note here that this was the first credit extended by Soviet Union since 1966, and it was made only after the change in the ruling party in India. The same was denied when India made a request for the same in 1974⁵⁰. Obviously the extension of the credit was an effort made by the Soviet Union to win over the new Government. India and Soviet Union also signed another agreement on cooperation for the establishment of tropo-scatter link between Tashkent and Srinagar to improve telecommunications between the two countries⁵¹. On September 8, 1977, India and Soviet Union signed a Protocol to strengthen the collaboration between the two countries in the field of ferrous metallurgy and allied technology. Under the terms of protocol Soviet Union agreed to assist India in the development of steel industry and in improving steel production in both quantity and quality. The Protocol assumed special significance because of the controversy over Soviet participation in the expansion of the Bokaro Steel Plant⁵². Earlier the Janata Government had decided to exclude the construction of cold rolling complex in the Bokaro Steel Plant from the ambit of Indo-Soviet collaboration. Which meant that supplies of equipment and technical services worth Rs. 100 crores will not be provided by the Soviet Union as envisaged in earlier agreements⁵³.

Morarji Desai visited Soviet Union in October, 1977. In the joint declaration issued at the conclusion of the visit, both the sides appreciated the fact that the friendship was continuing without

change and did not depend on who is ruling in either country⁵⁴. The declaration also envisaged the establishment of groups of experts to study and define prospects of cooperation in such branches as Iron and Steel and Non-ferrous Metallurgy, Oil and Coal industries, agriculture, irrigation, as well as cooperation in assistance to their countries in economic development⁵⁵.

The year 1978 started with US President Carter's visit to India. Despite the differences on a number of international issues like Middle East, de-militarization of Indian Ocean etc., and the controversy over the supply of nuclear fuel to Tarapur atomic power station, there was visible warmth in the Indo-US relations. The Indo-US Joint Commission took a number of steps to intensify economic cooperation between the two countries. Similarly Sino-Indian relations were also improving. In February, 1978, a Chinese trade delegation visited India for the first time since the 1962 Border War. It was followed by a political delegation from the Chinese people's Association for friendship with foreign countries⁵⁶. Though the process of normalization of relations was started in 1976 by restoring Ambassadorial level relations, the visit of the political delegation was significant. The meeting between its leader Wang Pin-Nan and Desai was the first high level political contact between the two countries since the war.

However, these developments have not affected the Indo-Soviet relations. In fact there was an accelerated pace in the Soviet Union's involvement in India's economic development. During the fourth session of the Indo-Soviet Joint Commission, Major New Agreements were reached. The important agreements were on steel, non-ferrous metals, oil exploration and technology⁵⁷. Soviet Union agreed to supply modern technology to Bhilai Steel Plant which would raise its present capacity of four million tonnes to five million tonnes with a nominal additional investment. Moreover, India was free to use this technology at any other plant in the public or private sector. Besides, Soviet Union agreed to provide technology, equipment, construction materials and other necessary items for a proposed aluminum plant to be set up in return for the aluminum produced by the plant.

India's Foreign Affairs Minister Vajpayee visited Soviet Union in September, 1978. The major objective of his visit was to appraise the Soviet Union of the developments in Sino-Indian relations⁵⁸. However, there was no reference to this issue in the Joint Communiqué. During the talks Soviet Union branded China as aggressive and posing a threat to peace⁵⁹. The Soviet foreign minister Gromyko renewed the Soviet call for Joint efforts on the part of the Asian countries to ensure stability in the region. Clearly Soviet Union was asking India to endorse the Asian collective security doctrine. But without success, Vajpayee avoided identifying himself with Soviet Union's explicit anti-Chinese remarks. This, only means that increase in Indo-Soviet economic cooperation was unable to influence the divergence of opinion between India and Soviet Union.

In the wake of Chinese attack on Vietnam, Soviet Prime Minister Alexey Kosygin visited India in March, 1979. At the political level Kosygin's visit was intended to enlist India's support against China. In his address to Indian Parliament Kosygin said, 'It would be unpardonable if an opportunity was missed for cooperation in the struggle against aggression, for establishing the principle of peaceful coexistence'. Further, he added his 'country will provide active support to any initiative India's parliament might take'⁶⁰. However, Indian Prime Minister did not identify himself with the Kosygin's view. In the joint communiqué, the two sides demanded, 'An immediate, unconditional and total withdrawal of Chinese troops from the territory of Vietnam'⁶¹. This was the India's principled position on the issue from the beginning and as such did not amount to identity of views. However, the success of Kosygin's visit lay in the economic aspect. The most important result of the visit was the signing of long term agreement on cooperation in economic, trade, technical and scientific fields, for a period of 10 to 15 years. The agreement covered proposals like Vizag Steel Plant, Ramgarh Washery, etc.⁶². A Protocol for the supply of six lakh tonnes of crude oil in exchange for Indian rice was also signed. The supply of crude will be in addition to 1977 trade plan which provided for 1.5 million tonnes of crude oil each year. Prime Minister Desai visited Soviet Union in June, 1979. However, the visit was more of political nature and did not result in any tangible results in the economic relations between the two countries. In the midterm elections to the Lok Sabha Congress (I) as returned to power in New Delhi. This was an important event,

as far as Indo-Soviet relations were concerned. Because Soviet Union always found a trusted friend in Mrs. Gandhi.

Soon after assuming power, Mrs. Gandhi directed India's representative to UNO, to abstain from voting on the issue of Soviet invasion of Afghanistan in the UN General Assembly. Referring to the Soviet assurance of withdrawal in the event of Afghanistan's request, India's representative said, 'we have no reason to doubt such assurances, particularly from a friendly country like the Soviet Union, with whom we have many close ties'⁶³. However, by the end of January, 1980, there was some change in the India's stand. Foreign minister Narasimha Rao said, 'we are deeply concerned and vitally interested in the security, independence, sovereignty and territorial integrity of this traditionally friendly neighbour (Afghanistan) of ours'⁶⁴. During the visit of Soviet foreign minister Gromyko in February, 1980, Narasimha Rao told him of India's inability to support Soviet activities⁶⁵. Because, both USA and USSR were using Afghanistan as an excuse to escalate the arms race and to increase their pressures on non-aligned states⁶⁶. However, in the economic front, both the sides were willing to cooperate and further develop the relations. In a protocol signed on May 13 1980, both the sides agreed to cooperate in the field of drugs and pharmaceuticals⁶⁷. Soviet Union agreed to give India the latest technology for the production of a number of drugs. Soviet president Breznev visited India in December 1980. A major issue discussed during his talks with Indian Prime Minister was 'Afghanistan'. Soviet intention was to change India's attitude at the best or atleast maintain the earlier position at the worst⁶⁸. However there was no change in India's position. Breznev's visit resulted in Rs.486 crores of loans to India. The loan was to be used for the development of steel projects and aluminum plant, energy, mining and metallurgy⁶⁹.

In November, 1981, Soviet Union and India, signed a contract for technical collaboration and deputation of steel experts for the Vizag Steel Plant. The contract was signed by the Steel Authority of India and Taj Promexport, Moscow⁷⁰. According to the contract, the total value of contracts, Rs. 153 crores 'would' be financed under the credit granted to India by Soviet Government under the Indo-Soviet agreement on economic and technical cooperation ((1980) and about Rs. 43 crores would be financed by USSR under the trade agreement on deferred payment terms. The Vizag Steel Plant, which was the third steel plant being set up with the assistance from Soviet Union, was the first cost based steel plant in India. Soviet Union had agreed to incorporate its latest technology in Vizag with performance guarantee⁷¹. Thus despite some political difference, continuing Indo-Soviet cooperation in the economic field gives substantive proof to the strength of the bilateral ties between India and Soviet Union. The year 1982-83 witnessed Mrs. Gandhi's visit to Soviet Union in September 1982. The result of Indira Gandhi's visit was encouraging. Soviet Union accommodated India on the issue of political settlement of the Afghan issue on regional basis⁷². In an effort to further expand Indo-Soviet economic cooperation, USSR offered 1000 MW Nuclear Power Plant and an 800 to 1000 MW thermal power plant to India⁷³. However, it could be said that Mrs. Gandhi's visit remained as only a good will visit. There were no concrete steps taken up by the two sides to increase economic cooperation.

The outlook for the further growth in Indo-Soviet economic relations in 1983-84 appeared to be bright. A number of official and unofficial delegations visited New Delhi and Moscow in the year to identify areas for further economic cooperation between the two countries. In a Protocol signed in February, 1984 the two countries agreed to intensify cooperation in the areas of exploratory drilling, training of Indian technicians⁷⁴. India was also interested in the transfer of Soviet technology in the production of readymade mica capacitors with buy-back arrangements. However, no agreement was signed to that effect.

In the field of coal mining, India has prepared a programme for large scale development. The coal production was expected to reach 400 million tonnes in the year 2000⁷⁵. However, such an increase in the coal output needed development of new coal mines and modern technology. A high level Indian delegation visited Soviet Union in June, 1984 to explore the possibilities of cooperation. Soviet Union agreed to help India in its coal industry's development⁷⁶. The assassination of Mrs. Gandhi in October, 1984 was received in Soviet Union with utmost grief. Soviet Prime Minister, who attended the funeral,

expressed the hope that the leadership of Rajiv Gandhi would contribute to the further strengthening of Indo-Soviet relations.

Unperturbed by the assassination of Mrs. Gandhi in October, 1984 and the accompanied change in leadership, India and Soviet Union signed a Protocol on cooperation in the development of coal industry in November, 1984⁷⁷. Apart from coal industry the Protocol also envisaged soviet assistance for setting up of an organization for planning Engineering and Construction of washeries. The two countries also agreed on 9 February, 1985 on cooperation in medical science and public health. Soviet Union extended cooperation in liver cell transfusion therapy, monitoring the health aspect of the environment etc. Thus India and Soviet Union continued to develop the economic relations between them even after Mrs. Gandhi's death, who as a great friend and a leading architect of unbreakable friendship between the Indian and Soviet peoples⁷⁸.

To conclude from the above discussion it is clear that Soviet aid to India though small in proportion of total foreign aid received by India during the period 1971-85 had been helpful. It had been used in the Industries and areas which were very important in the overall growth of the economy. Soviet aid had facilitated a noticeable development in these areas.

FOOT NOTES

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77. Ibid.
78. Red Star, 19 Nov. 1984, cited in S.P. Singh, Op.cit., p.248.