

INDIA-ARMENIA STRATEGIC PARTNERSHIP: NAVIGATING GEOPOLITICAL CHALLENGES AND EMERGING COLLABORATIVE OPPORTUNITIES

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India and Armenia share a history which dates back to a thousand years. Two Indian princes laid the foundation for the Indian settlement in Armenia, while an Armenian diplomat and merchant, Thomas Cana, put foot on the Malabar coast in 780. With time, Armenian cities like Dvin, Artashat and Metsbin become prominent centres for exchanges with India.¹ The cooperation further excelled during the reign of Emperor Akbar, who allowed numerous Armenians to settle in Agra. While these ties were prevalent, the modern nation states pushed both India and Armenia on different trajectories.

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1. "Madras, Calcutta were the cradle of Armenian Intellectual Activities", *International Affairs Review*, May 28, 2019, <https://internationalaffairsreview.com/2019/05/28/india-was-the-cradle-of-armenian-intellectual-activities/>. Accessed on February 19, 2025.

However, it was their aspiration for stability and sovereignty amidst the regional tensions that brought them back on the same plane centuries later. This commonality has worked as a catalyst to foster deeper engagement. Much like India sandwiched between two hawkish neighbours, Pakistan and China, Armenia too faces a similar challenge with Azerbaijan and Turkey. These overlapping concerns have paved the way for cooperation between the two countries in the realm of defence, geopolitics, energy, and trade.

Modern diplomatic engagement between the two nations kindled in 1992 following Armenia's independence from the USSR. The initial interaction was largely limited, and gained momentum 2010 onwards, as both nations realised the strategic potential of developing their ties. The most promising outcome of this journey has been defence cooperation.

DEFENCE COOPERATION: A PILLAR OF STRATEGIC ENGAGEMENT

Defence has emerged as a key factor in developing the ties between Armenia and India. Since 2020, India has exported weapons to Armenia, including radar systems, anti-tank weapons, rocket launchers and artillery.² Later, in November 2022, Kalyani Strategic Systems, which is a part of Bharat Forge, a Multinational Corporation (MNC) in India, signed a contract worth \$155 million to provide artillery to Armenia.³

Another important exchange in the lineup is the \$250 million Pinaka deal. India's military and diplomatic communities are very interested in the US\$ 250 million Pinaka contract with Armenia. The Pinaka rocket launcher system, which highlights India's technological prowess, is the main element of the arrangement, aside

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2. Vijay Mohan, "India exports Akash missile system to Armenia in Rs 6,000 crore deal", *The Tribune*, November 25, 2024, <https://www.tribuneindia.com/news/india/india-exports-akash-missile-system-to-armenia-in-rs-6000-crore-deal/>. Accessed on February 19, 2025.
 3. "Kalyani Strategic Systems Wins Contract To Export Artillery Guns", *Outlook*, November 9, 2022, <https://www.outlookbusiness.com/news/kalyani-strategic-systems-wins-contract-to-export-artillery-guns-news-236034>. Accessed on February 19, 2025.

from its significant financial component.⁴ This indigenously designed weapon, which was developed solely by the Defence Research and Development Organisation (DRDO) under the jurisdiction of the Indian Ministry of Defence, demonstrates India's independence in terms of its defensive capabilities.

Only a specific type of India's sophisticated missile arsenal can be launched by the particular Pinaka version under consideration for this sale, which can launch a salvo of 12 rockets in 44 seconds. Notably, there are additional advanced domestic missile systems that offer exciting prospects for upcoming arms deals with Armenia, like the modified Pinaka model that can launch rockets simultaneously.

In response to common worries about the changing geopolitical situation, these subsequent arms purchases indicate a growing convergence in the strategic stances of both countries. This alliance encompasses regional and global venues in addition to their respective sovereign borders. Given Pakistan's growing military and political ties to Azerbaijan, a neighbouring nation that is adamantly opposed to Armenia, India's increased commitment to aiding Armenia gains further significance.

A strong partnership aimed at boosting combined strategic capabilities and addressing regional security concerns has been fostered by India and Armenia with military training, intelligence sharing, and reconnaissance activities, in addition to arms deals. This enhanced collaboration shows a shared commitment to strengthening defences and promoting a better comprehension of one another's military capabilities and strategies. These deals provide an effective alternative to Armenia, and allow it to move beyond its traditional suppliers like Russia which has been facing issues due to the war with Ukraine. Moreover, India's defence equipment is cost-effective and technologically reliable.

For the Indian part of the exchange, it is a win-win situation. As India aims to become *atmanirbhar* (self-reliant) in defence, and promote export of indigenous weapons, Armenia proves to be a

4. Vishal Thapar, "India To Export Pinaka Rocket System To Armenia In \$250 M Deal", *Business World*, September 29, 2022, <https://www.businessworld.in/article/india-to-export-pinaka-rocket-system-to-armenia-in-250-m-deal--448568>. Accessed on February 19, 2025.

valuable partner. In addition, it helps India realise its goal of multi-alignment and engagement with the strategically vital states in the region of South Caucasus that connects West Asia, Central Asia, and Europe.

ECONOMIC ENGAGEMENT AND STRATEGIC CONNECTIVITY

An economic imbalance is evident in the current state of Indo-Armenian relations, which calls for more varied trade exchanges. According to data from India's Trade Portal, a small number of important trade and import industries account for most of India's economic relations with Armenia. The current bilateral trade between the two states is modest, estimated around \$180 million in 2022. The majority of India's exports are pharmaceuticals, whereas the majority of its imports from Armenia comprises precious metals and stones. This import dependence on Armenia for valuable resources raises the possibility of supply disruptions. There remains immense scope for diversification.⁵

India's competitive advantage in automobiles, manufacturing, and pharmaceuticals opens new export growth prospects. India might attempt expanding the trade in vital but comparatively unexplored industries, including electrical machinery, organic chemicals, plastic products, rubber, iron and steel, textiles, and gems and jewellery in order to reduce risks and increase trade partnerships.

To diversify the country's export base and boost economic competitiveness, Armenia can strategically gain by concentrating on industries, including machinery, pharmaceuticals, valuable stones and metals, and mineral items wherein India has a substantial import share. Indian and Armenian businesses operating in these industries must strategically promote and cooperate in order to strengthen economic ties.

Major corporations in both nations currently show little commitment to financial investments. There are no major Indian companies doing business in Armenia at the moment, and vice versa. A stronger and more lasting bilateral relationship is hampered by the absence of private sector involvement, even when governmental

5. "India-Armenia Trade", *OECD World*, <https://oec.world/en/profile/bilateral-country/ind/partner/arm>. Accessed on February 20, 2025.

alignment serves as a catalyst to promote economic connections.⁶ Most private enterprises that are willing to conduct business bilaterally do not yet meet the requirements for qualified status, even in the presence of a bilateral double taxation avoidance agreement.

Armenia's Exclusive Economic Zones (EEZs), primarily "Alliance" and "Meridian" in Yerevan⁷, and the double taxation avoidance agreement can be strategically utilised by Indian businesses to facilitate streamlined trade expansion and advantageous access to the European Union (EU) market through Armenia. With favourable rules and possible trade agreements, Armenia's EEZs comprise crucial entry points for Indian companies, offering close access to the EU markets and well-established economic ties. Likewise, India's rapid technological progress aligns with Armenia's aspiration to emerge as a regional technical hub. This opens opportunities for collaborations in cyber security, e-governance, and software development which can further deepen the economic ties.

The most promising area of cooperation lies in connectivity, provided by the strategic location of Armenia, as it makes it a vital link for two major trade corridors, including the International North South Transport Corridor (INSTC) and Middle Corridor. The INSTC corridor connects India to Europe via Russia and Iran.⁸ Including Armenia along this route would allow India to bypass both Pakistan and Turkey with which it has uneasy relations. Crossroads of Peace is an initiative undertaken by Armenia in this direction. To actualise these opportunities, India could prove to be a partner. It can invest in various infrastructure projects in Armenia, along with providing logistics, and labour facilities.

The only prominent challenge in connectivity remains the instability in the region. The ongoing conflict between Armenia and

6. Nvard Chalikyan, et.al. "The Geopolitical Aspects of the India-Armenia Partnership", *Observer Research Foundation*, December 09, 2024, <https://www.orfonline.org/research/the-geopolitical-aspects-of-the-india-armenia-partnership>. Accessed on February 20, 2025.

7. "Free Economic Zones", *am.business*, 2025. <https://www.am.business/zones>

8. Nivedita Das Kundu, "International North-South Transport Corridor: Enhancing India's Regional Connectivity", *Valdai Discussion Club*, January 24, 2024, <https://valdaiclub.com/a/highlights/international-north-south-transport-corridor/>. Accessed on February 20, 2025.

Azerbaijan has led to instability caused by Azerbaijan's demands, including the return of villages, amendment in the Armenian Constitution to remove any references to the region of Nagorno-Karabakh, return of displaced Azerbaijanis, formal recognition of Nagorno-Karabakh as a part of Azerbaijan along with formally dissolving the Organisation for Security and Cooperation in Europe (OSCE) Minsk Group which has mediated in these talks, and has called for the withdrawal of all the third-party forces.⁹ These demands are not acceptable to Armenia, and they have continued to create instability along with strained relations with Turkey. Furthermore, Armenia's infrastructure capacity is also limited and requires substantial investment, and upgradation. India could support this through targeted development assistance.

NAGORNO-KARABAKH AND THE AFTERMATH

India has continued to maintain its neutrality in the Nagorno-Karabakh conflict, and has been vocal about its peaceful resolution. It has also supported the efforts of the OSCE Minsk Group.¹⁰ India denounced Azerbaijan's offensive military activities and sold weapons to Armenia. This is no coincidence as Indian interests are directly threatened by Azerbaijan's long-standing ties to Pakistan.¹¹ However, following the Nagorno Karabakh War in 2020, which ended with a ceasefire mediated by Russia, with Azerbaijan instigating an attack to grab the land in and around Nagorno-Karabakh, the relations with India suffered to some extent due to India's non-alignment policy.

Major powers like the US and France have become more aware of the post-war dynamics that are developing in Nagorno-Karabakh. France has emphasised its endorsement for the International Court

9. Hoory Minoyan, "Azerbaijan continues to demand changes to Armenia's Constitution", *The Armenian Weekly*, December 11, 2024, <https://armenianweekly.com/2024/12/11/azerbaijan-continues-to-demand-changes-to-armenias-constitution/>. Accessed on February 20, 2025.

10. Shubhajit Roy, "Nagorno-Karabakh conflict: History, India's response", *The Indian Express*, October 7, 2023, <https://indianexpress.com/article/explained/nagorno-karabakh-conflict-history-indias-response-8970391/>. Accessed on February 20, 2025.

11. "India responds to Azerbaijan condemnation of New Delhi supplying arms to Armenia", *News.am*, April 26, 2024, <https://news.am/eng/news/820092.html>. Accessed on February 20, 2025.

of Justice's binding ruling on Nagorno-Karabakh.¹² The President of Azerbaijan, Ilham Aliyev, has responded by accusing France of arming Armenia and creating the circumstances for a new regional conflict, claiming that France's backing of separatist movements in the South Caucasus undermines the area.¹³ Basically, both direct as well as indirect foreign actions are having a big impact on the regional dynamics and making things more complicated in Nagorno-Karabakh and the larger South Caucasus.

Given these conditions, India's decisions about active participation or neutrality in the post-war reconstruction of Nagorno-Karabakh, as well as the ongoing military excesses by one or both of the belligerent parties, will have a significant impact on India's relations with Armenia and Azerbaijan and the situation in the South Caucasus region as a whole. India must negotiate the complexities of this changing geopolitical environment while striking a careful balance among strategic considerations, historical ties, and non-alignment ideals.

GEOPOLITICAL ALIGNMENT: SHARED CHALLENGES AND ASPIRATIONS

The path forward is to turn the India-Armenia partnership into a long-lasting strategic relationship, overcoming the current reality of lopsided economic linkages and the issues associated with sectoral specialisation. The nations must strengthen their political ties and work towards more equitable and integrated economic cooperation in order to achieve this.

An important part is played by ongoing projects like the INSTC. However, in order to promote significant economic growth, both countries must look into private sector cooperation and open up business prospects in cutting-edge industries, including fintech,

12. "France reiterates its unwavering support for order of International Court of Justice regarding Nagorno Karabakh", *ARKA News Agency*, November 20, 2023, https://arka.am/en/news/politics/france_reiterates_its_unwavering_support_for_order_of_international_court_of_justice_regarding_nagor/?sphrase_id=2312738. Accessed on February 20, 2025.

13. "Azerbaijan accuses France of stoking 'new wars' in Caucasus", *Euractiv*, November 21, 2023, <https://www.euractiv.com/section/azerbaijan/news/azerbaijan-accuses-france-of-stoking-new-wars-in-caucasus/>. Accessed on February 20, 2025.

digital payments, advanced technology, and renewable energy. These industries are growing in popularity in both nations and have high investment potential; as a result, collaborations between the two sides will be very beneficial to both.

In the light of the changing global environment, both nations should think about launching inter-disciplinary research, education, and cultural exchange partnerships. These programmes could lead to collaborative efforts in research, technology, and, perhaps, the space industry, as well as foster a deeper understanding amongst the two countries. Furthermore, it is essential that nations that are allies of both, such as the US, UK, and EU, help India and Armenia to work together more. Given Armenia's efforts to broaden its ties, the multi-stakeholder diplomatic partnerships can aid in stabilising the South Caucasus crisis. India and Armenia possess all the necessary components to turn the relationship into a long-term strategic partnership that will benefit both countries through consistent political alignment, equitable economic cooperation, and multi-stakeholder participation.

In addition, the common challenge emerging from regional rivals, namely Pakistan and Turkey, further makes the way for comprehensive relations. Turkey's growing regional influence, and its open support for Pakistan's claim on Kashmir is a cause of concern for India. Whereas, Armenia continues to face hostilities from Azerbaijan backed by Turkey.

By strengthening their partnership, both India and Armenia can counter-balance these odds and their adversarial influence. For instance, India can support Armenia in various multilateral forums which would provide diplomatic leverage, while Armenia's strategic location could provide greater access and strategic edge to India.

ROADMAP FOR FOSTERING A STABLE AND SUCCESSFUL PARTNERSHIP

While both countries face challenges at their ends, there is scope for immense growth and stability in their partnership. Successful bilateral ties would yield dividends that will facilitate both countries

in achieving their strategic goals. This would require a series of actions on many fronts, including by all the stakeholders.

Diversifying trade is a crucial aspect for building this partnership. This includes bilateral commerce beyond the existing industries by exploring broadening of opportunities in organic chemicals, machinery, textiles, gems, and precious stones, which constituted a significant portion of their \$150 million trade in 2023.

Promoting dialogue at all levels, consistent engagement and consultations among educational institutions, new enterprises, think-tanks, and developmental organisations will be productive. Partnership initiatives involve the Enterprise Incubator Foundation (Armenia) collaborating with Startup India, as well as prominent think-tanks such as the Applied Policy Research Institute (APRI) Forum in Armenia and NITI Aayog in India. APRI has also collaborated with several Indian think-tanks, including the Centre for Land Warfare Studies (CLAWS), Observer Research Foundation (ORF), and Usanas.

Likewise, these actions would encourage spaces for more multi-stakeholder diplomatic dialogues, and foster collaboration with significant third-party nations such as the United States, the United Kingdom, and the European Union. Their diplomatic backing can significantly enhance the India-Armenia partnership and manage the South Caucasus region.

Moreover, private sector participation in bilateral commerce can be encouraged by using the double taxation avoidance agreement and facilitating trade legislation. Key industries of emphasis include fintech, cutting-edge technology, and energy from renewable sources, in which both governments have made substantial investments in recent years.

Armenia's strategic position should be harnessed. India and the international organisations in which India plays a significant role, such as the South Asian Association for Regional Cooperation (SAARC), must leverage Armenia's geographical position as a conduit between Asia and Europe. This may strengthen connectivity projects, helping sectors such as transportation, energy, and telecommunications.

Other initiatives could include student exchange programmes and collaborative research projects. Agreements between Armenia's premier universities, including the Yerevan State University (YSU) and Armenian State University of Economics (ASUE), and their Indian counterparts, such as the Indian Institutes of Technology (IITs) and Indian Institutes of Management (IIMs), could foster enhanced innovative collaborations.

Fostering collaboration in Research and Development (R&D), utilising the strong intellectual frameworks for collaborative initiatives in advantageous sectors such as information technology, medications, biotechnology, and clean energy, which have experienced a significant increase in combined investment from India and Armenia over the last few years as opposed to a decade prior, will strengthen the partnership.

Other areas could include: leveraging technological synergies; and harnessing the capabilities of Armenia's burgeoning tech economy with India's existing Information and Communications Technology (ICT) sector. Collaborative efforts in burgeoning fields such as artificial intelligence, the Internet of Things (IoT), and blockchain technology may generate potential for reciprocal advantages.

Enhancing defence cooperation is an important aspect. The strategic partnership can be fortified by amplifying collaboration and promoting technological advancement in the defence sector; also promoting the transfer of advanced technology and intelligence information, and establishing a solid framework for collaborative military exercises and research projects. This strengthened relationship, highlighted by insights from multiple defence reports and evaluations, can significantly contribute to bolstering the national security of both nations, while also considering the acts of adversarial countries.

Addressing geopolitical challenges, managing geopolitical issues, such as the Nagorno-Karabakh conflict, through elevated political cooperation and strict compliance with the decisions of the International Court of Justice, along with other international entities, will go a long way in cultivating mutual trust and considerably enhance the development of a durable strategic partnership. Lastly, the Indian diaspora in Armenia is growing; although the number

is not huge, it is still significant. Indians are also associating and collaborating with major businesses. This is an area of collaboration which is often overlooked, but has immense potential.

CONCLUSION

India and Armenia are well suited to modify their historical ties into a strategic partnership that takes into account the contemporary challenges that both nations face. This evolution has been characterised by converging interests at the geopolitical, economic, and security levels, with immense potential for further deepening.

India's increasing presence on the global stage, with its agenda of being the '*vishwamitra*' (global friend) is an important aspect, as India looks forward to establish ties with states that it has not been in touch with for long, and improving its relations with long standing friends. Armenia, apart from being a friendly nation, also holds great geopolitical and strategic importance for India. As India aims to develop its economy, it would require better markets and connectivity outside the purview of its troubled neighbourhood. Armenia fits the bill and offers opportunities for cooperation at multiple levels.

India can fill in the gaps for Armenia in sectors like technology, cyber security, infrastructure, medical support, and defence equipment. This would prove to be a win-win situation for both nations, and will further pave the way for their development. India's engagement with Armenia will also work as a gateway to Europe, and strengthen India's aspiration to move beyond the set trajectory. It would allow it to have secure bilateral, and multilateral alignments with nations.

Moreover, as the Indian diaspora grows around the world, including in Armenia, it provides an impetus to tap into human resources, and leverage its soft power currency. India, with its traditional cultural ties, and contemporary defence engagement, can take this relationship further. It can facilitate establishment of yoga centres, collaboration of academic institutions and think-tanks, sponsor collaborative technological projects at the students level, and encourage tourism.

In addition, the adversarial and regional challenges shared by India and Armenia provide another aspect for creating space for

cooperation and security alignment. Both states can benefit from each other to a great extent, provided they exploit the opportunity at hand to the fullest, and develop mechanisms that bring together stakeholders from all walks of life, and work towards dedicated targets.