



## ECONOMIC DIPLOMACY OF INDIA WITH CENTRAL ASIAN COUNTRIES: CONDITION AND PERSPECTIVES OF DEVELOPMENT

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***Annotation:** Relationships of India with Central Asian countries date back to ancient times and, in most parts, their history is intersected with each other. Their collaboration started with The Silk Road and reached its highest level during the Mughal Empire. After acquiring independency and the collapse of Soviet Union Central Asian countries started their integration with India from scratch. In this article, economic relations of India with Central Asian Countries, struggles that they are currently experiencing, as well as, future perspectives of this economic collaboration are studied and some suggestions have been made.*

***Key words:** trade, investment, SCO, The Connect Central Asia Policy, econometric model.*

***Аннотация:** Отношения Индии со странами Центральной Азии берут свое начало с глубокой древности и в большинстве случаев их история пересекается друг с другом. Их сотрудничество началось с Великой Шелковой пути и достигло своего наивысшего уровня во времена Империи Великих Моголов. После обретения независимости и распада Советского Союза страны Центральной Азии начали интеграцию с Индией с нуля. В этой статье изучаются экономические отношения Индии со странами Центральной Азии, проблемы, которые они испытывают в настоящее время, а также будущие перспективы этого экономического сотрудничества и сделаны некоторые предложения.*

***Ключевые слова:** торговля, инвестиция, ШОС, Политика «Соединим Центральную Азию», эконометрик модель*

### **Entrance.**

Location of Central Asian countries holds great importance because it is in the middle of three great civilizations – the Islamic, the Christian, the Buddhist and it is also one of the most convenient routes of transit[1]. Both India and Central Asia are rich in natural resources, so their cooperation can be beneficial for both of them because they have interesting things to offer each other. The Silk Road connected the subcontinent with the steppes and the mountains of Eurasia and allowed not only transport of goods and trade, but ideas, philosophy, and religion[2].

Modern history of economic ties of India with Central Asian countries starts from 1990s, the period when all five countries gained their independency and were open to collaborate with other foreign countries. When they were in Soviet Union, they did not have a chance to cooperate with other foreign countries, because Soviet Union led closed politics and did not let its members to have connection with outside world. After fall of USSR countries in Central Asia were free to



decide their international politics and all of them chose to be open for cooperation. However, Russian influence on Central Asia exists in these days as well.

## **Main body.**

Soon after the formation of the Central Asia states, former Indian Prime Minister P.V. Narasimha Rao visited four out of the five republics – Uzbekistan and Kazakhstan in 1993, followed by Turkmenistan and Kyrgyzstan in 1995. In addition to agreements signed focusing on expanding Indian trade, investments and development assistance to the region, this visit also emphasized the shared secular values and drew attention to common threats – religious fundamentalism, ethnic chauvinism, terrorism, narcotics-funded violence and crime[3]. In 2015 Prime Minister of India Narendra Modi visited all five countries of Central Asia and launched the ‘Connect Central Asia’ policy to develop relationships with all states. This policy covers key elements of India-Central Asia cooperation in fields, such as politics, economy, healthcare, Information Technology, education and national security. The Connect Central Asia Policy is based on - 4Cs: Commerce, Connectivity, Consular and Community.

There are reasons of India’s interest to Central Asian states:

1. Central Asia gives an access to Europe and Asia;
2. Now Central Asia is rapidly developing region and big open market extensive potential for trade, investment;
3. The region is richly endowed with commodities such as crude oil, natural gas, cotton, gold, copper, aluminum, and iron;
4. The economic development of Central Asia has sparked a construction boom and development of sectors like IT, pharmaceuticals and tourism. India has expertise in these sectors and deeper cooperation will give a fresh impetus to trade relations with these countries;
5. India-Central Asia link will be re-energized due to India's participation in multilateral fora like Eurasian Economic Union, Heart of Asia Conference and Shanghai Cooperation Organisation (India recently became a permanent member of SCO)[4].

In recent years, bilateral trade between India and Central Asia has been in the range of US\$2–3 billion per year, with Kazakhstan accounting for most of it.

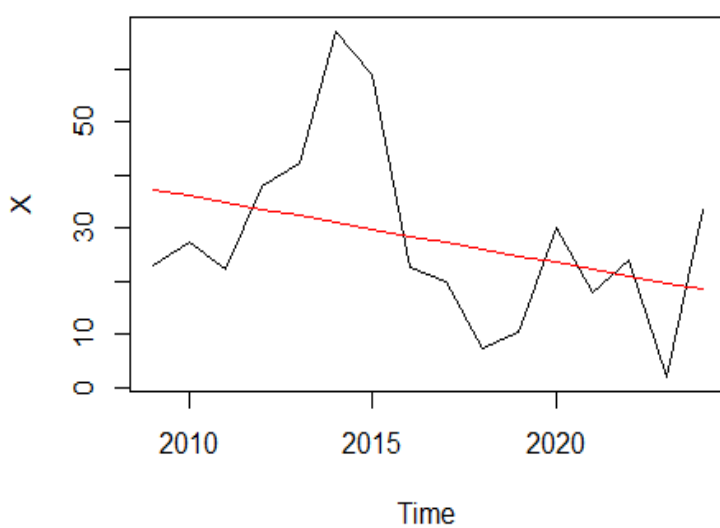
Development cooperation and capacity building remain an important part of Indian engagement in the region. In recent years, it has [established](#) the India–Central Asia Development Group and India–Central Asia Business Council. It also



launched a US\$1 billion line of credit for development projects in infrastructure, IT, energy and agriculture in 2020 and is [setting up](#) an India–Central Asia Centre in Delhi[5].

On 27 January 2022, with the initiative Prime Minister of Narendra Modi India-Central Asia Summit was held in virtual format and Presidents of the Republic of Kazakhstan, Kyrgyz Republic, Republic of Tajikistan, Turkmenistan and Republic of Uzbekistan participated in it. This summit took India-Central Asia relations into new high level because during the virtual meeting leaders discussed all aspects of mutual cooperation. In a historic decision, the Leaders agreed to institutionalize the Summit mechanism by deciding to hold it every 2 years. They also agreed on regular meetings of Foreign Ministers, Trade Ministers, Culture Ministers and Secretaries of the Security Council to prepare the groundwork for the Summit meetings. An India-Central Asia Secretariat in New Delhi would be set up to support the new mechanism[6].

While analyzing economic relations between countries, we should use econometric models to get better understanding. In this article, the cost of exports of Uzbekistan to India from 2009 to 2023 was studied and predictions for upcoming 3 years were made.

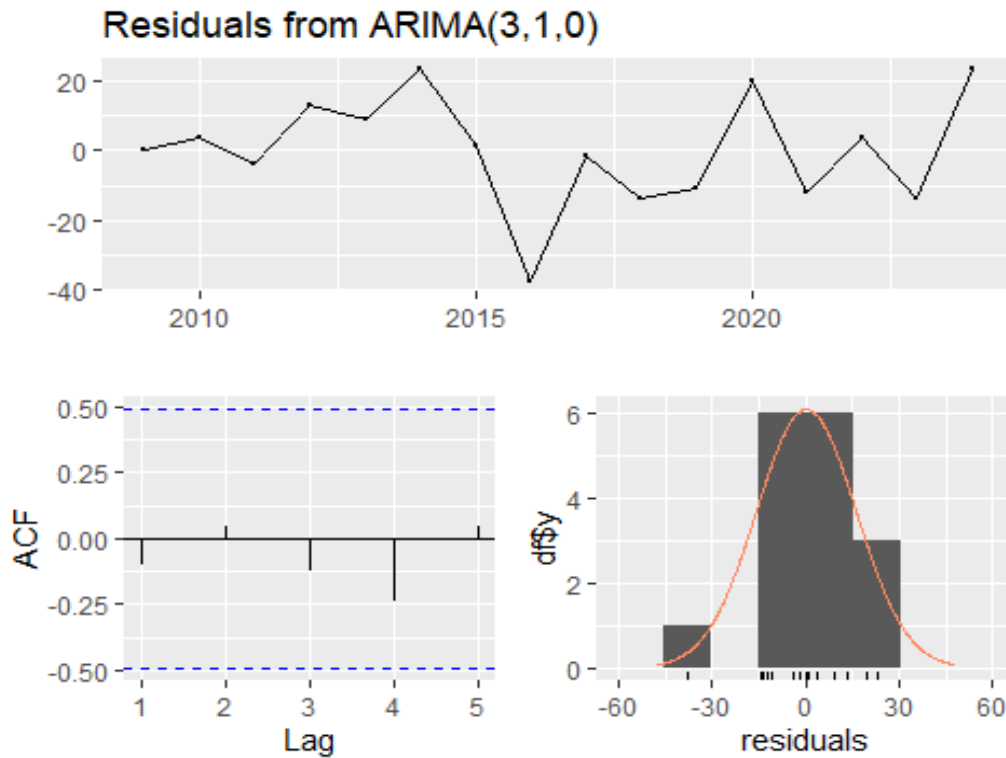


1-graphic.

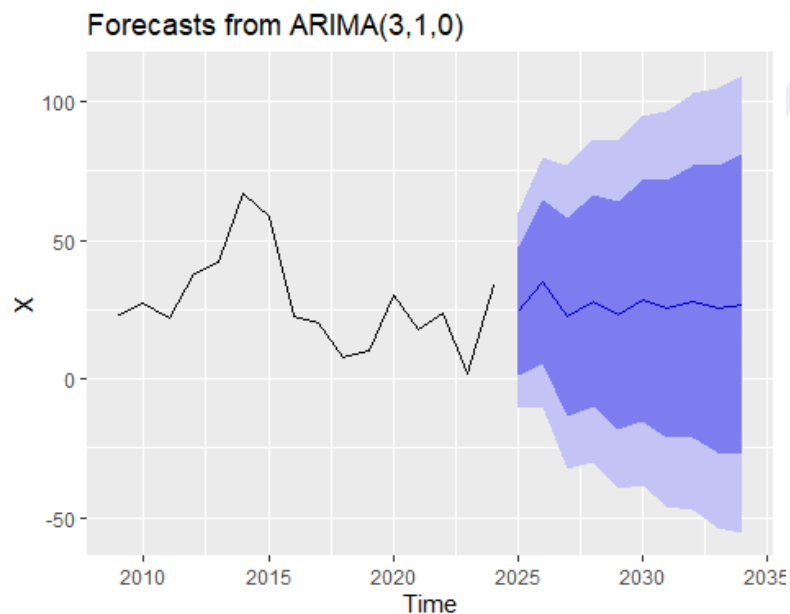
Year	Value (mln. dollars)
2009	23,1
2010	27,2
2011	22,2
2012	37,8
2013	42,2
2014	67
2015	58,7
2016	22,7
2017	19,9
2018	7,5
2019	10,4
2020	30
2021	18
2022	24,2
2023	33,6



The trend showing the changes in export value of Uzbekistan to India  
In the graph, the trend from 2009 to 2023 was shown, where ups and downs can be clearly seen. The trend reached its peak in 2014, showing 67 million dollars.



2-graphic. Using ARIMA model for predictions



3-graphic. Prediction with ARIMA model

ARIMA model was used for forecasting changes in export value of Uzbekistan to India. According to ARIMA model, there will be an increase in cost



of export in 2025 which will be 23 million dollars. However, after this year there will be a gradual decrease in forthcoming years: 18 and 15 million dollars in 2026 and 2027 years respectively.

### **Conclusion.**

Geography has placed Central Asia at the nexus of crucial political and economic transformations for centuries. With the actualization of the BRI, India's Connect Central Asia policy, and the EU's new Central Asia strategy, the 21st century could possibly be the most decisive period for the region. Stemming from its historic cultural and economic bonds, India is now well placed to take a more active role in the development of the region. India's growing global visibility and key contributions to multilateral forums – like the SCO – have catapulted India from an observer into a critical stakeholder in the region. As India looks beyond its borders, Central Asia provides India with the right platform to leverage its political, economic and cultural connections to play a leading role in Eurasia..

### **Literature:**

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