India-Uzbekistan Relations: Economic Perspectives

Gitesh Kumar

Ph. D. Research Scholar, Department- International Relations, University-Central University of Jharkhand, Ratu-Lohardaga Road Brambe Ranchi - 835 205 Jharkhand (India)

ABSTRACT

India-Uzbekistan relations are the most important cooperation at the world map in the 21st century. Both countries have stride for improving their bilateral relations in the area of emerging multilateral world. For India, Central Asian region is having the great importance in terms of trade and commercial perspective. For Uzbekistan, India is very important country by having financial and cultural links and also providing access to the South Asia in Indian Ocean, East Asian countries. Uzbekistan is also important country to India in the context of natural resources which is vibrant connection for an emerging economic engagement. On the other hand, being ‘hot spot’ in international politics, Central Asia has attracted the major powers. These powers are engaged in fierce competition over natural resources in the region. The competition is popularly known as the ‘New Great Game’. India is one of them as the major player in this new great game in the region. On the other side, Uzbekistan is very important country in terms of its population and natural resource profile and its location in the region. The bilateral relations between India and Uzbekistan are serving very important role for maintaining peace and security in the region and at the international level as well. Both countries are serving national interest to each other. At last, the both countries’ relations are play catalyst role in promoting development in the respective country and largely in the region. Thus, the paper try to explore an assessment and overall development of trade and commercial ties between India and Uzbekistan in the Post-cold war period.

1. Introduction

India and Uzbekistan have historical relations since Ancient time through Silk Route, which connect with close commercial and cultural relations from 8th century to 19th century. The Silk Road was one of the most important route for the trade and commerce from Uzbekistan to India and vice versa. The Silk Road was covering about 7000 miles distance that was connecting with China, Kazakhstan, Kyrgyzstan, Uzbekistan, Iran (formerly, Persia), and then Europe (Francois, 23). It was a way to export and import goods in the vast areas between India and Uzbekistan. The Silk Route was not only a single route for trade and commerce, but also served as a link to the cultural exchange between the both countries (Pandey, 3). In the 11th century, a great scientist and an encyclopaedist Abu Rehan al-Beruni (973-1048) travelled from Kath (Uzbekistan) to India. He learnt Sanskrit and wrote a popular book, namely ‘TariikhKitab-al-Hind’ (History of India) (Attri, 177). This is one of the most authentic book on Indian subcontinent regarding society and geographical features and geo-cultural affinity. The book describes festivals, alchemy, customs, laws and metrology, philosophical-religious and lifestyle of the Indian people and environment of India.

During the medieval period, the relations between India and Uzbekistan had become close and significant relations. When Zahir-ud-din Muhammad Babar (1483-1530) came to India from Fergana valley of Uzbekistan in the year 1505. He had founded the Mughal dynasty in India and wrote a famous autobiography, which was known Islamic literature, namely ‘Babar-Nama’ (In Turkish language) (Levi, 36). This book described the whole journey of his life and a vibrant extraordinary overview of Uzbekistan, Afghanistan, Pakistan and India in the 16th century. The whole life of Babar in Indian subcontinent has remained a base for close historical relations between both countries.

The Indian poet Ghalib (1797-1869) migrated from Samarkand city of Uzbekistan. He wrote a book, namely ‘Dabir-ul-Mulk, Najm-ud-Daula’ (Roy, 68). He described the Mughal Empire and defeat of the Indian revolution against British. He was great poet of Mughal era of Urdu language. Thus, India and Uzbekistan made the close relationships in the culture as well as spiritual areas. India’s first Prime Minister, Jawaharlal Nehru visited Tashkent and Samarkand in June 1955. He visited again Tashkent on 6-12 September 1961. These visits made a collaboration relations between India and Uzbekistan. On the other hand, Tashkent was the location of a historic meeting in January 1966 between Indian Prime Minister LalBhahdurShastri and Pakistan President Muhammad Ayub Khan. When General Secretary of Soviet Union, Leonid Brezhnev as the mediator called both leaders for solving the Kashmir issue (Gulshan, 29). On 10 January 1966, both leaders agreed an agreement which is known as ‘Tashkent Declaration’. After one day of Tashkent Declaration, on 11 January 1966, LalBhahdurShastri died from the heart attack at Tashkent (Khan, 5).

Indo-Uzbek cooperation reached in many areas such as economic and commercial, cultural, education and technical training in diverse disciplines, information technology, science, agriculture, civil aviation, etc. India and Uzbekistan have signed various agreement to promote cooperation in these fields (Dwivedi, 3). The economic relations between India and Uzbekistan are mainly in the field of natural resources.
allocation, distribution and consumption, capital and investment, banking, construction, trade and so on. These are basic elements of the economic relations between two countries. It is more important cooperation between India and Uzbekistan in the Post-Cold War period. In this period, the world structure of the economy has been dealing with the integrated process of the economy among the countries (Stobdan, 13). In other words, world structure of the economic perspective has been more expanding as integrate economy in the world. Every country has been creating towards economic interdependence with countries and also regional grouping.

Furthermore, it needs in the commercial and trade through a mutual interest and cooperative relationship. In the period of Post-Cold War, its new perspective on international structure has added in a new partnership with the economic system rather than 20th century. The new partnership of economic has two aspects, firstly, free trade agreement in bilateral as well as multilateral cooperation among the states, secondly is that it is most important in the context of connecting geography through the pipeline. The pipeline is a new model or strategy in the Post-Cold War period to enhancing the trade and commercial purpose among the states (Blank, 23).

The economic and trade relations between India and Uzbekistan provide a platform or framework for bilateral cooperation in the international politics. It is very dynamic and vibrant connection from the commercial and trade point of view. India and Uzbekistan have relations in the field of foreign direct investment, financial assistance, joint ventures, trade, and joint commission and so on. Therefore, India and Uzbekistan have high potential in economic partnership and collaboration to become complimentary to each other (Stobdan, 13). According to the Institute of Economic Growth’s study (2013) that it has vast and huge potential in trade between India and Uzbekistan (Agrawal & Seema, 14). It is possible to develop a pattern with Uzbekistan like Kazakhstan. On the other hand, that is very significant approach in the context of investment through the public and private companies of India in Uzbekistan. This is vibrant opportunity for India in Uzbekistan. The economic interaction between India and Uzbekistan analyses in the bilateral and multilateral cooperation. In this short overview, some questions find out about relations between India and Uzbekistan, for example, what is nature of relations between both countries. Is both countries relations ongoing according the changing the Asian and world perspective? Why relations are not progress in the bilateral as well as multilateral relations. And these type of question are most important to understand in the context of economic relations between India and Uzbekistan.

2. Major Areas of Collaboration or Cooperation

New Delhi and Tashkent have done several agreement and Memorandum of Understanding (MoU) in different areas such as foreign direct investment, financial assistance, trade, joint venture, joint commission, cooperation in the field of agriculture, trade exhibition, and so on. These areas are important in foreign policy to promote bilateral relations. However, India tried to build strong relations with Uzbekistan in the Central Asian region, particularly in the trade and investment fields in the period of Post-Cold War era. Thus, some area of cooperation has following.

3. Indian Technical and Economic Cooperation Program and Uzbekistan

While, Uzbekistan joined India’s Technical and Economic Cooperation program since 1993. Uzbekistan is the first country in the Central Asian region which took the membership after independence in the ITEC program. This program has been working in the several areas like journalism, management, English language, mass communication, small business and medium business, information technology, study aboard, etc. For example, Indian think tank Institute for Defence Studies and Analyses (IDSA) offered ten scholarships annually for students of Uzbekistan. And other institute named, Indian Council for Cultural Relations (ICCR) offered 30 scholarships annually for the student of Uzbekistan (Attri, 118). In the year of 2002-03, 104 candidates participated, in the year of 2003-04, 109 candidates participated, in 2004-05, 100 candidates participated in the ITEC program’s training by External Ministry of Affairs of India.

Thus, it has become the most important the activities of program regarding export and import of technology as well as commercial point of view. Because of India’s technology, it is beneficial for the progress of economy and social development, particularly in Uzbekistan. In the period of Post-Cold War era, the development of India’s technology has been building high quality with the United States of America and western countries. And another aspect is more significant regarding human development in the area of technology as well as scientific development. Uzbekistan has also signed several agreements with India for technology, scientific and economic collaboration under the ITEC program (Sachdeva, 133). From technology perspective, India has more developed country rather than Central Asian countries especially, Uzbekistan. Therefore, India and Uzbekistan can work together the systemic way for the development of technology and economic relationships through this program. In recently, when Prime Minister of India visited at Tashkent on 6 July 2015 then several candidates participate in ITEC program during Valediction function at National Institute of Labour Economics Research and Development (NILERD). On the other hand, a program organized as a Golden Jubilee celebration by trainers of ITEC at Tashkent. Several students of Uzbekistan are studying in different Indian Institutes or University (Krassilchtchikov 339). Furthermore, India and Uzbekistan can increase the relation in the area of technology and economic sphere. India has expanded it’s already computerization in the Uzbekistan since 1993. It means that Indian technology has been successful in the progress of society of the Uzbekistan.

4. India’s Connect Central Asia Policy: From Economic Perspective

While economic relation is core area which represent entire any foreign policy of country at the international platform. However, the trade and commercial is closely linked with geopolitics as well as economic engagement between India and Uzbekistan which play an important role to engage with the
strongly bilateral cooperation\(^1\). Therefore, the first India and Central Asia Dialogue announced on June 12-13, 2012 by Indian Minister of State for External Affairs, Mr. E. Ahmed in Bishkek, (capital of Kyrgyzstan). The main objective was to start a regular annual dialogue forum among academics, scholar, government official as well as business representatives from India and each country of Central Asia. Also, Mr. Ahmed remarks, \(^2\) India is now looking closely at the region through the framework of its ‘Connect Central Asia’ policy, which is based on pro-active political, economic and people-to-people engagement with Central Asian Countries, both individually and collectively\(^3\). The ‘connect Central Asia’ policy is a broad-based approach, which includes political, economic and cultural connections between India and the Central Asia (Roy, 14). Thus, this policy is like to say that a game changer in times to come for Uzbekistan. The dy

Central Asia (Roy, 14). Thus, this policy is like to say that a

Bilateral Trade between India and Uzbekistan
The development of trade turnover connected with the growth of exchange the goods between India and Uzbekistan. India started the trade with Uzbekistan since 1991. Approximately ten-year bilateral trade was flat and unsatisfied. Because three reasons, first, domestic politics and economic situation of Uzbekistan, the second reason, at the beginning period of the financial system of Indian establish the new model of Liberalisation, Privatisation and Globalisation (LPG) and the third reason, lack of connectivity. Since the last decade. It has been increasing in bilateral trade. The export-import goods between India and Uzbekistan from 1993 to 2017 are given in the table below:

<table>
<thead>
<tr>
<th>Year</th>
<th>Imports from India (in US $ million)</th>
<th>Exports to India (in US $ million)</th>
<th>Total trade turnover (in US $ million)</th>
<th>Percentage Change over Previous Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1993</td>
<td>1.37</td>
<td>1.49</td>
<td>2.86</td>
<td></td>
</tr>
<tr>
<td>1994</td>
<td>8.33</td>
<td>7.04</td>
<td>15.37</td>
<td>437.41</td>
</tr>
<tr>
<td>1995</td>
<td>10.71</td>
<td>7.45</td>
<td>18.16</td>
<td>18.15</td>
</tr>
<tr>
<td>1996</td>
<td>2.60</td>
<td>8.13</td>
<td>10.73</td>
<td>-40.91</td>
</tr>
<tr>
<td>1997</td>
<td>2.70</td>
<td>17.59</td>
<td>20.29</td>
<td>89.10</td>
</tr>
</tbody>
</table>

\(^1\) India’s Connect Central Asia Policy. Available at: https://thediplomat.com/2016/12/indias-connect-central-asia-policy-2/ Accessed on January 24, 2019.


Table 3.2
<table>
<thead>
<tr>
<th>Year</th>
<th>Export</th>
<th>Import</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>Vegetable, Food Products,</td>
<td>Vegetable, Chemicals,</td>
</tr>
<tr>
<td>Year</td>
<td>Category</td>
<td>Commodities</td>
</tr>
<tr>
<td>------</td>
<td>----------------------------------------------</td>
<td>-----------------------------------------------------------------------------</td>
</tr>
</tbody>
</table>


This data showed the import-export trade between India and Uzbekistan. Initially, exchange of goods between the both nations in 1996 the export has been high items like Animal, Vegetable, Food Products, Minerals, Chemicals, Plastic, Hides, Wood, Textiles and Clothing, Transportation, Footwear, Stone and Glass, Metals, Metals and import has less items like Textiles and Clothing, Metals, Mach and Elec, Miscellaneous. In the beginning period of 1996, import the goods from India 1.37 US$ million and export 1.49 US $ million and bilateral total became trade approximately 2.86 US $ million. The data shows in 2001-02, Indian’s export has the US $ 6.53 million, and import has the US $ 17.27 million. It export goods from the side of India including tea, plastic items, Chemicals products, etc. that is very few items rather than import the...
goods including cotton, raw silk, mineral fuels from Uzbekistan. This is ongoing till 2003-04 but after 2003-04. In 2004-05 increased the export has the US $ 21.35 million, on the other hand import US $ 31.46 million which means export of India is less than import about 10 million has different in the export and import of India with Uzbekistan. But in the year of 2005-06 comes as a turning point in the trade, increased the US $ 3.09 million export then import, and suddenly import has less about the US $ 5.33 million than last year, which means indicates this year has been improving the bilateral cooperation between two countries.

But there is no doubt that trade is favour of Uzbekistan. Consequently in 2005-06 and 2006-07 total exports became the US $ 54.1 million as well as imports the US $ 59.98. In these years, the difference between export and import has approximately crossed the US $ 5.88 million. In 2008-09, the export includes the US $ 79.9 million, and import of India with has 11.01. Indian export is very high than import with Uzbekistan. In this year it is vast different of export and import in both countries has different about US & 68.8 million. It is high export then import, and 2011-12 Indian export is the US $ 89.39 million, and import is the US $ 37.04 million from Uzbekistan. From the last several next from 2007-08 to 2014-15 Indian export is very high than import from Uzbekistan. Indian export has the US $ 622.6 million from 2010-11 to 2014-15, and total import is the US $ 183.45 million. Last five-year, the export is very high than import from Uzbekistan. Nevertheless, Indian export has the US $ 946.62 million and total import US$ 390.69 million from 2001-02 to 2014-2015. Indian’s export is very high than import.

India’s foreign trade has enlarged dramatically since economic liberalisation. Between 1992 and 2011, India’s imports improved 20 times in value as well as its export 16 times. India’s first export are processed electrical machinery and equipment, jewellery, chemicals, vehicles and fuels. Its first imports are mineral machinery and equipment, gold, fuels, organic chemicals (Agrawal & Sangita, 8).

6. Trade Barrier

There are various barrier regarding trade and commercial between India and Uzbekistan such as lack of direct geographical connectivity. It is less quality of Indian product and the high cost of goods in Uzbekistan in Central Asian region. In contrast, China's product is cheap with high-level quality (Gupta, 3). In present times, India’s relation with Uzbekistan depends through the other countries of transportation. And other lack of cooperation between New Delhi and Tashkent that are limited air connectivity, making the commercial flights unavailable, lack of direct rail link to seaports. It is the critical situation for improving the trade and commerce of India (Gupta; 16). Pakistan’s relations with India is always on a downward trajectory since 1947, and it is instability situation in Afghanistan. Consequently, India and all Central Asian states including Uzbekistan does not provide sufficient cooperation in the field of trade and economic areas.

The presence of Indian banks in Uzbekistan has been improving relations through banking sector. For instance, Punjab National Bank of India established a branch at Astana, a capital of Kazakhstan. The branches of the Indian Bank in capital cities may increase transactions between New Delhi and Tashkent. But non-presence of Indian bank’s branch in the Uzbekistan have been affecting the bilateral trade and due to delay in financial transactions. Thus, there is the main barrier for progress of trade and commercial areas between both countries. Additionally, it needs as the agreement and with using high quality e-connectivity. It can appearance positive outlook for both countries. Some barriers mentioned below:

1. Insufficient Travel Links
2. Lack of Information and Technology
3. Single-Entry Visa
4. Inadequate Banking Facilities
5. Exchange Rate Management
6. Lack of Economic Research Capability
7. Information Gap
8. Currency non-convertibility

7. Conclusion

Today, India is one of them fastest growing economy in the world. It comprises the dynamic economy and vast market. India has been trying to integrate knowledge based economy to sustain and stable growth in future, India therefore, needs to get access continuous energy cooperation. To get constant energy supply, India needs to develop strong political relations with Uzbekistan that have natural resource reserves in the large aspect. The political relations are not only confined to get access of energy resources, but also supports certain political values such as democracy, protection of human rights, respect of sovereignty, and protection of environment. India’s relations with Uzbekistan in Central Asia is based on political values which they share. Thus, both countries should work together to engage in the field of investment, science and technology, education, climate change, connectivity, and so on. New Delhi needs reconnoitering relations in the framework of cooperative engagements with Russia, Iran and even China. India has been helping continue to India through Chabahar port for direct way in Central Asia as well as for Afghanistan. Tehran is providing New Delhi to expand its geopolitical and economic opportunities in Uzbekistan. Thus, New Delhi’s cooperation can be a big boost with the Tashkent. India has interest in expanding its engagement with Uzbekistan to promote ties in the area of security, and economic cooperation.

References