

India's Trade with Central Asia: Systematic Literature Review

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ABSTRACT

India is looking for trade agreements with various nations or Unions to establish itself in new markets. Likewise, bilateral trade or preferential trade with central Asian countries can be access for India to make connections with Eurasia. The relationship between India and central Asia dates to the silk road era and later the relations were maintained but trade relations were weakened. The systematic review on this study would help to analyze current state of trade, the challenges and potentials of trade, and future growth. the existing literature was taken from various sources like Scopus, web of science, EthOS thesis, EBSCOhost, and Emerald. Nine articles were included and 36 articles were taken for review in this study. I the methodology, the search strategy is mentioned along with the latest Prisma framework from valid source. The review identifies key challenges and potential areas for future growth and development.

Keywords: *Trade agreements, Bilateral Trade, Preferential Trade, Eurasia, Silk Road, Ethos*

INTRODUCTION

The growth of a nation's economy depends on trade. Trade enables the distribution of resources, including human, natural, and other resources. One of the key justifications for aiding in the development of nations and taking part in bilateral agreements is to maintain peaceful ties with neighbours. A nation's relationships with other nations should be peaceful. Every country's growth can help other nations, and every country's deficit can have an impact on other nations.

India has engaged in trade with a number of nations, including Africa, China, Russia, and many other . But, the economic downturn in EU and US has inspired India to look at future with Central Asian nations (CA). The countries Kazakhstan, the Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan make up the CA area. To strengthen international relations, a summit between Central Asia and India was recently held. On the 30th anniversary of the start

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of diplomatic ties, Shri Narendra Modi hosted the summit. The presidents of the participating nations met to address issues like trade, economic growth, defence, and circumstances in adjacent countries that might affect both zones. (Gupta, n.d.) Less than \$2 billion worth of trade, or 0.5% of all trade between India and other countries, is conducted between India and CA (Bansal, n.d.). It may be challenging for India to become a major partner of the CA given the presence of huge nations like Russia and China in the market as a result of the low trade proportion, which implies weak links across regions. Due to its landlocked location, CA cannot be accessed directly, and after the Taliban took control of Afghanistan, both India and CA were forced to deal with border and security issues, such as terrorism and drug trafficking, which led to a decline in trade and unrest. While maintaining international peace is crucial, a nation's economy must grow as well to provide for its citizens. By highlighting the benefits of direct investments in the rupee, commerce in the form of services, digital trade, and the establishment of IT companies, this study aims to demonstrate the trade potential and barriers between India and CA. Becoming an important partner with the CA area can help India meet its energy needs and promote economic progress (Bansal, n.d.).

Research objectives

1. To provide an overview of the recent state of trade relations between India and Central Asia, including the volume and nature of trade, as well as key trading partners and commodities.
2. To identify the challenges and opportunities for further growth in India's trade relations with Central Asia, including political and economic factors, infrastructure development, and tariff and non-tariff barriers to trade.
3. To assess the potential for increased cooperation in areas such as energy, agriculture, and cultural exchange, and to identify specific areas where collaboration could lead to mutual benefits.
4. To examine the role of regional and international corporations, such as the Shanghai Cooperation Organization and regional associations like the Eurasian Economic Union, in facilitating or hindering trade between India and Central Asia.

Methodology

To learn more about prior studies, current events, or other situations, a systematic literature review is used. This technique makes it easier to conduct targeted searches and find information or articles about the patterns of trade between India and Central Asia. We can evaluate and create a synthesized format using this method using the pertinent material that was retrieved from the database.

- **Research question:** The initial stage in directing a systematic literature review is to clearly define the research purpose or question. In this case, the research question could be: “What is the current state of India’s trade relations with Central Asia, and what are the challenges and opportunities for further growth?”

- **Search strategy:** The next step is to develop a search strategy to identify relevant literature. This could involve searching academic databases that are Scopus, EthOS, Emerald, Web of Science, Google Scholar, and EBSCOhost, using a combination of keywords related to India, Central Asia, and trade and a single string for a few databases i.e., (“Central Asia” or “Kazakhstan” or “Turkmenistan” or “Kyrgyzstan” or “Uzbekistan” or “Kazakhstan”) AND “INDIA” AND “TRADE”

- **Inclusion and exclusion criteria:** The review should have clear inclusion and exclusion criteria to ensure that only relevant literature is included. For example, the review might include only peer-reviewed academic articles and policy reports published between 1980 and 2021 that focus specifically on trade relations between India and Central Asia.

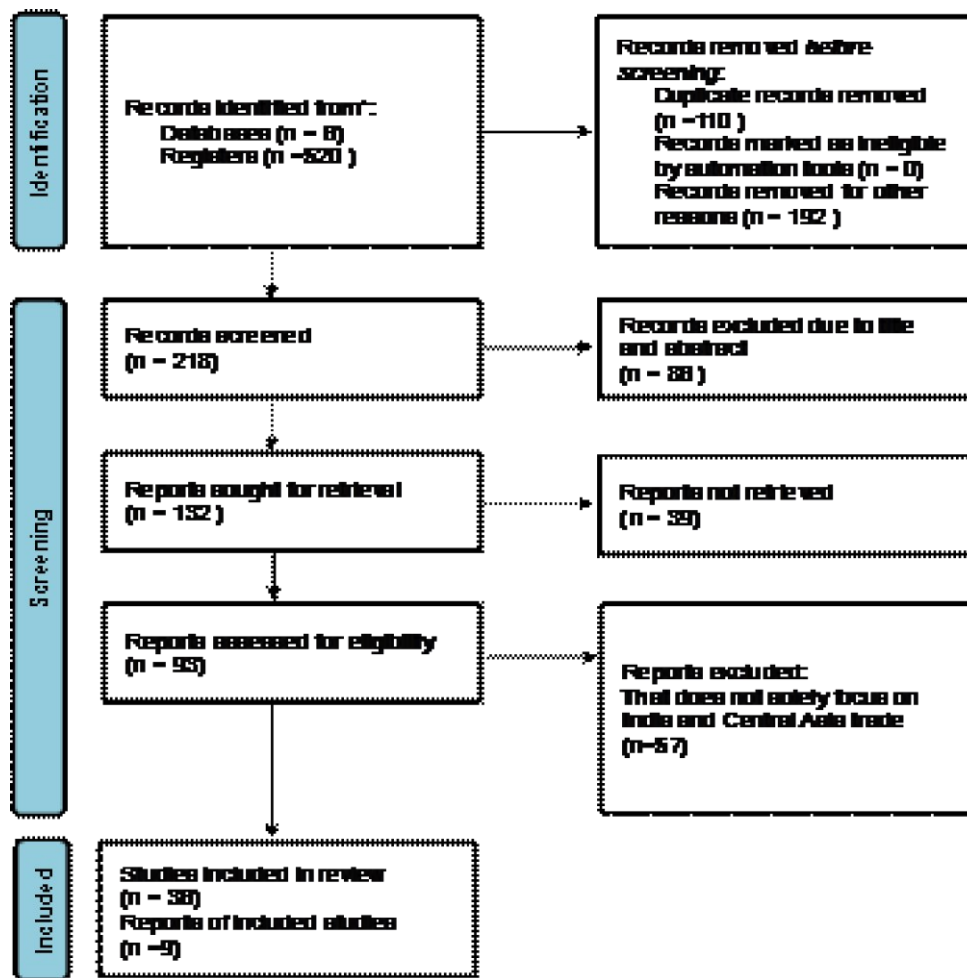
- **Screening and data extraction:** The review should involve a systematic process of screening and data extraction. This could involve two or more reviewers independently screening each article for relevance and extracting data on key variables such as the nature and extent of trade relations, challenges and opportunities for growth, and potential solutions.

- **Synthesis:** The final step is to synthesize the data extracted from the included studies.

- **Reporting:** Finally, the review should be reported in a transparent and reproducible manner, following established guidelines of Meta-Analyses (PRISMA) guidelines.

The flow diagram for the Prisma framework displays the number of literatures that were included and excluded for the investigation. The new model, downloaded from a reliable source, is shown in the Prisma framework below.

(MJ, et al., 2020)



SYNTHESIZE:

The last few years have seen a tendency towards gaining global power brought on by connection and trade. Developing countries contributed largely to the increase in trade. While wealthy countries continue to be the main investors in international trade, emerging nations have generally increased their involvement as both investors and recipients. This has led to regionalism and multinationalism, both of which have had an effect on the current global trading structure (Liu, 2013). While appealing and collaborating with Eurasian nations that has the capability to expand, developing nations like India and China have all experienced significant growth in imports as well as exports. India's keen interest in Eurasia (instead of the Europe) considerably increased after international affairs specialist Lieutenant Colonel Dianne L. Smith

described the CA region as a “New Great Game,” a strategic battle between big powers (Mukhia & Zou, n.d.). It is also important to note the International North-South Trade Corridor (INSTC) agreement, which India, Iran, and Russia signed in 2000, was endorsed and executed in 2002. Subsequently, in 2012, Uzbekistan and Turkmenistan opted to maintain their support for the INSTC.

From July 6 and July 13, 2015, Prime Minister Narendra Modi traveled to CA states, providing additional proof that Indian policymakers wanted to expand and put the Connect Central Asia plan into practise. It’s significant to note that over time, India signed agreements for strategic cooperation in Central Asia in addition to holding a favorable position in alliance with Russia in Eurasia. (Mukhia & Zou, n.d.)

Energy security is a top issue for both security and foreign policies of India. It is essential to develop alternative energy sources and reduce dependency on West Asian supply since India is anticipated to become more and more dependent on imported energy (Kaura, 2017). Large hydrocarbon reserves can be found in Kazakhstan, Turkmenistan, and Uzbekistan, as well as substantial hydrocarbon fields. Significant energy reserves are also present in Tajikistan and Kyrgyzstan. The untapped uranium riches in Central Asia also appeal to India’s civilian nuclear programme. There will soon be a uranium import pact between India and Uzbekistan. In addition to indigenous production, India presently imports uranium from Canada and Kazakhstan, which is a neighbour of Uzbekistan. As a result, Central Asia is crucial to India’s strategy for energy security. During Modi’s tour to Central Asia in 2015, India and Kazakhstan signed 5 main agreements, including a security deal to improve military relations and a pact for the delivery of uranium (Kaura, 2017). Even after India gained independence, Central Asian countries and India continued to have close cultural and economic relations, although actual trade value remained below potential. Due to growing needs for energy security, India has been compelled to consider other sources of energy goods since the millennium began. The export portfolios of the five Central Asian countries fit perfectly with this goal. Included are industries that are becoming more export-oriented, along with the top exports and imports (Gugnani & Gupta, 2020). Central Asia is crucial to India for both grounds of national and energy security. Following the fall of the USSR, the concern of India was how recently independent Islamic countries would defend themselves against the destructive belief of extreme Islam because CA has been a successful rallying point for Jihadist organisations with a base there. At that time, a united front was formed by Iran, Russia, the Central Asian Republics and India to resist the hardline Taliban. Despite it having been over 15 years since the Taliban were ousted, Afghanistan still has to contend with the scourge of aggression coming from the Afghanistan and Pakistan border lines (Roy, 2008). Yet it has been difficult for both countries to sustain trade partnerships since the Taliban took control of Afghanistan in 2021, posing a threat to both central Asia and India. Central Asian nations with expanding small and medium enterprises The most well-known and visible area where India offers its support is through the Indian Technical and Economic Cooperation (ITEC) Policy. The Taliban’s dominance and sway could lead to fundamental and extensive changes in Islamic civilizations, or they could promote extreme

social and political reforms across Central Asia, which worries India now as well as in the future (Adnan & Fatima, 2015). India is seeking to improve economic and business ties with Uzbekistan. India has constructed a road link from Chahbahar Port to Mazar-i-Sharif in Afghanistan and then to Uzbekistan. It is being done primarily to prevent Pakistan against the use of Gwadar Port for its own purposes. In September 2000, India and Russia began talks on a North-South Corridor Agreement to address this problem. This corridor's major goal is to connect Mumbai with St. Petersburg across Tehran and Moscow. Mumbai will initially be connected to Bandar Abbas Port via maritime transit before connecting Bandar Abbas Port in Iran to the Caspian Sea ports of Bhandar via rail and roadways. Tehran will be carried from the Caspian sea to a Russian port. India is strengthening its connections with Iran with the assistance of the US through the North-South Corridor, Chabahar Port, and a road link to Uzbekistan for its petroleum and natural gas deposits. In light of this, we investigate two possible trade routes involving India and Central Asia via China or Iran. The topic of trade with Iran has actually been up for discussion for a while. the formation of the "North-South corridor" between Central Asia and India and its potential to boost trade. In May 2016, India and Iran signed a contract on investing mostly in Chabahar Port and also the building of a railroad link for trading access to CA. Two elements that contribute to the decline in commerce in this region are the drop in product prices on global markets and the continually unfavorable global market environment. climate. Notwithstanding the friendly political relations between India and CA, there is another concern specific to this region: political disputes frequently develop among the several countries that are interconnected to Central Asia by trade (Gupta, 2013). But, whereas if trade route via Iran remains operational, it may be expected that trade with Central Asia will increase by about more than 2 times since the distance will be considerably shortened. So, investing in this direction would be lucrative for the Indian economies and Central Asian nations. One solution might be to increase the air freight business of high-value, moderate goods. Medicines, frozen meat, spices, coffee, tea, and coffee are possible exports from India. Importing from CA region is difficult because the primary traded goods there are metals, minerals, and petroleum. To help its jewelry industry grow, India may import products like gold, silver, and gemstones. Another option is to strengthen FDI relationships. Indian corporations may possibly set up businesses in CA countries to create goods for the regional market there. Due to the possibility of establishing industries in the partner country, this plan is specifically useful in context of manufactured goods. Consider encouraging service-based business, which mainly does away with the requirement for physical transportation. Exports of BPO services will benefit from reliable, secure Internet access. India, which is developing as a nation that is leading in trade in services, must provide technology services to Central Asia because the region is only now beginning to industrialize. Since 2000, India has gradually boosted its service exports, particularly in the information technology sector. Also, throughout the past few decades, Kazakhstan has grown its service imports, and it is expected that this trend will continue in the years to come (Agarwal & Sangita, 2017).

CONCLUSION

FDI and trade prospects in Central Asia have, however, only been briefly studied. Bilateral trade might be advantageous for Central Asia and India. The difficulty is in facilitating trade between two territories, as well as finding alternate routes and products. Investment can also help to close the gap between regions. A systematic literature review would likely provide an overview of the current state of trade relations, as well as the challenges and opportunities for further growth. Some potential factors that may be considered in such a review could include political and economic stability in Central Asia, infrastructure development, tariff and non-tariff barriers to trade, and cultural and linguistic differences between the regions

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