

India and Kazakhstan - Evolving Economic Relations

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Abstract: India and Central Asia have historical relations and both enjoyed trade, commercial as well as common customs. However, the political geography of Eurasia has been changed since 1989 and within these fragile circumstances the geo-strategic landscape of Central Asian region got affected. Due to its geographical location major powers such as US, Russia, China and regional countries have been paying attention toward this region for their own energy interests. Thus, due to the intersecting trade route and rich energy resources such state of affairs is called 'New Great Game'. In this view, India also wants to fulfil its oil and gas need and takes a keen interest in this particular region. Besides, cultural and strategical relations, presently their economic relations have not yet been developed. Even after independence, the Central Asia did not figure prominently in Indian foreign policy. India has concentrated its relations with the Middle East on account of its energy importance. It seeks to fulfil its basic economic interests in the region through trade of goods & services, foreign investment, joint ventures, banking & insurance, agriculture, pharmaceutical products and technical training. For this purpose, India offers International North-South Transport Corridor (INSTC) which connects India to Central Asia through Iran. The new 'Silk Route' joins the old land route and creates new networks which would increase the potential of economic cooperation of India

with Central Asian resource rich republics. During 2012, India signed a new Comprehensive Economic Cooperation Agreement to assimilate its market with the region. These ongoing geo-political and geo-economic relations of India with Central Asia have been diversified but raising at the highest level. Despite sincere efforts on part of India, its total trade with this region has been remained insignificant. Still, there are many potential areas of economic cooperation which could boost India's economic link with region. On the other hand, FTA and SCO can also play significant role in their economic cooperation. However, India's trade with Central Asian region is rather low i.e. 0.28 percent in 2013-2014 (Export-Import Bank, 2014). However, Kazakhstan is a largest trading partner of India among other Central Asian republics. Bilateral trade between India- Kazakh stood US\$ 952.26 million during 2014-15. Thus Indian government launched a trip towards Central Asia where India signed many major agreements and MoU's. The basic reason of India's interest in Kazakhstan that it has ample of natural minerals and oil, gas and uranium products. Therefore, study emphasises on the Trends and Patterns of trade between India and Kazakhstan.

Keywords: Central Asian Republics, India, Kazakhstan, Trade, Economic Cooperation, Energy

Introduction

India and Central Asian Republics had been enjoying long-lasting friendship since ancient time due to the cultural, religious and ethnic bonds. This historical bounty compelled both India and Central Asian Republics (CARs) to come closer for their respective national interests and strategic reasons. In this context, Patnaik (211) opined that, In the ancient period, India contributed in social and cultural livings of Central Asia, while the impact of this region also counted during the

medieval period (Patnaik, 2011, p. 91-107). Similarly, Kablukov (2004) acknowledged that the movement of goods and culture during the Mughal period had been continued. About 8000 Indians had settled in Central Asia in 19th century and author also conveys that India was at a significant track while linking with the other routes that connected with ancient 'Silk Route (Kablukov, 2004, para. 4). The said route includes the ancient tea route which passes through Sichuan, Yunnan, Burma and Bengal and the other routes to (Anderson, 2009, *Traveling the Road*, para. 1).

The geo-strategic significance of the Central Asian region, has also compelled India to enlarge its footsteps and strategic leverage vis-a-vis others players. Blank (2003) supported this argument, an akin acronymy is found the geographical dynamism of South Asian nations have expanded towards Central Asia which elevates the India's significant interests in Central Asia. However, the Soviet implosion has changed India's Central Asian ambitions in dynamic spheres drastically due to domestic issues that remain a barrage to India-Central Asian relations (Blank, 2003, p. 139-157). Therefore, Joshi (2005) compiled in his study, after the break-up of Soviet Union, all the previous circumstances have been changed and the significance of Central Asia had expanded for India as well as the world (Joshi, 2005, p. 143-155).

After this transitory period, the Central Asian region had adopted economic reforms that signified its relations with global world. Due to the effect of globalization in 1990s, Central Asia has liberalised its foreign trade policy as well as economic reforms (Pomfret, 2006, p. 1-5). These reforms had drastically stimulated the growth and development of these states as compared with the previous state lead planned economy. According to Aggrwal (2012) during the same time, India has also launched a new trade policy and economic reforms which boosted its international economic engagements. Both the regions attracted other countries for economic cooperation through reduced their tariff and non-

tariff regimes with liberal trade policy (Aggrwal, 2012, p. 119-137). Consequently, Indo-CARs take a significant part in the global market and both have been working in this direction.

The Central Asian Republics also have a significant geographical location and substantial population, which are creating major potential for Indian market. Roy (2001) has noted that this region has comprised of approximately 70 million populations, in addition to endowed with natural resources which provide a great potential for India (Roy, 2001, p. 2274). As due to ample energy resources, it is also emerged as a central hub for countries which wanted to meet their energy requirements. Against this background, Firdous and Dar (2012) argued that Russia as a big brother of CARs, China a developed & populous and the United States a major power, all are endeavouring to expand their strategic footholds in this region (Firdous and Dar, 2012, p. 78). The same opinion was echoed by Pradhan (2015) China, Russia and the US are three major geostrategic players in Central Asia (Pradhan, 2015, Great Power Game and India's Soft Power, para. 6). These high profiled countries dominate the foreign and trade policy of CARs by adopting various soft loans or trade policies. These nations had established many investment projects with huge foreign direct investment in the region. The FDI from these countries had stimulated the Central Asian economy. The prevailing geostrategic and geopolitical milieu has obligated India to reorient its foreign policy towards the region in order to enhance economic cooperation.

India and the CARs have been making efforts to enhance their economic cooperation but it has been argued many scholars that both are not moving at the desired speed and substance. In this context Joshi (2012) has argued that besides their common economic background, both are not giving preference to each other and ignore their future prospects due to some geo-political circumstances (Joshi, 2012, p. 27-28). However, both the regions are not still developed yet due to the lack of

capital, technology and other socio-economic problems. In 1990s, during the period of economic reforms, India gave attention towards the Western World. In this regard, the economic changes due to foreign policy, India has developed its relations with the West, especially with the US. The main reasons for weakened economic cooperation between India and Central Asia, as argued by Usha (2012), primarily due to the lack of direct land connectivity, harsh relations with Pakistan and Afghanistan do not allow India's trade with the region (Usha, 2012).

Indo-CARs have developed cordial relations through "Silk Route" by exchanged of goods and services during the Soviet era because it is the network of various other transit routes. Therefore, the "Old Silk Route" was the significant route which connected the Asian continent to East and West along with traders, soldiers, merchants and from China to the Mediterranean Sea. It was the largest source of cultural and religious interaction through the regions and was working as a linking road of regional and international communities in the Central Asia during ancient period (Karluk and Karaman, 2014). Thus, India appears that the "Ancient Silk Route" is the best alternative route to enter in the region for the development of trade as well as other civilizational movements. It is also strongly mentioned by Mishra (2012) this route had facilitated not only trade, but religion and cultures also travelled through this route. For example, Buddhism was spread during the period of "Emperor Ashoka" through Kashmir to Afghanistan, Central Asia and finally reached China (Mishra, 2012).

The "New Silk Route" is one of the major proposed routes through which goods and services would pass to other countries and also connect East Asia, South East Asia, India, South West Asia, the Mediterranean and Northern Europe. It has been a set of connections to routes, passes through the region covering India, China, Afghanistan and Central Asia. By seeing its importance in the economic, trade and energy potential China, Russia, US and India wanted to revive it, because of

their own interests. In this view, Rastogi and Arvis (2014) opined that 'US secretary announced to launch a "New Silk Road" in 2011 that aims to facilitate and enhance trade, energy and transportation cooperation with Central Asia (Rastogi and Arvis, 2014). On the other hand, the regional powers of CARs such as Turkey, Kazakhstan and Turkmenistan also want to launch the "Silk Route" and "TAPI" which will enhance transport system as well as build up economic interaction of Central Asia with another world (Fedorenko, 2013, p. 35). Thus, India is also establishing such joint projects TAPI, IPI, Chhabar Port etc. with the region that encourages economic and commercial engagement of both regions. In this regard, participation of India in SCO (Shanghai Cooperation Organisation) can also play a significant role in their economic cooperation. Therefore, Dave (2016) pointed that India is now working as a third critical player after Russia and China in SCO which significantly increases its potential with Central Asian states. SCO will help to facilitate energy and transit route by reopen the "North-South Corridor" and the 'Chabahar and Bandar Abbas ports' (Dave, 2016). It will also offer many development projects and investment opportunities which forge their future rise.

India's Economic Relations with Kazakhstan

During 21st century, to build concrete castles, the leadership of India and CAR's approached one another through official visits and negotiations at the bilateral and multilateral format. Since the 1990s, both have signed many agreements on economic as well as political issues and established many educational institutions & investment projects which enhance FDI inflows within both the regions. Despite all these prominent economic and commercial matters, energy is the main cause of India's interests in Central Asia because it's abundant natural source.

Rationale for Economic Cooperation

Although, Indian people want to fulfil their energy consumption demand. Therefore, Imports of oil and petroleum products increases tremendously in the contemporary era by India. For instance, the total imports of oil and petroleum products have increased from 11.68 MTs (1970-71) to 171.73 MTs (2011-12). Its imports of oil are estimated to increase from the current levels of 72 % to 83 % by 2030.¹ That is why India looks for greater engagement in Central Asian energy sector and established oil & gas industries in Central Asia, i.e., ONGC Videsh Ltd., BHEL, etc. Thus, the energy sector could be a potential area for economic cooperation between both regions.

India is the first country which established bilateral diplomatic relations with Central Asian Republics: Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan in 1992 after the collapse of Soviet Union. However, due to aforementioned reasons the economic ones lagged behind. However, in order to enhance its cooperation with CARs, Sarma (2012) declared that India announced “Connect Central Asia Policy” includes such areas: energy, transportation, pharmaceutical & medical cooperation, educational institutions, information & technology and Banking sector (Sarma, 2012, p. 2).

India gives attention toward Kazakhstan due to its strategic and economic position in the region. It has ample energy reserves and largest trading partner of India among other CARs nations. Bhatia (2009) opined that India gives great importance to Kazakhstan due to its strategic location, largest source of oil, energy, uranium and mineral wealth as well economic and trade potential for India (Bhatia, 2009). Therefore, India is going to renovate its economic and business relations with Kazakhstan. It has extracted about 7.8 billion tons oil annually and apart from this, Kazakh has great volume of uranium and natural gas

amounting to 20,000 tons per annum & 100 trillion cubic feet (Foshko, 2011, Energy Access, para. 2). Therefore, Indian foreign policy prioritised it and on other side Kazakhstan is also eager to use India's experts for the development of nuclear fuel products in domestic use. Thus, there is growing reciprocity between both nations.

India established institutional mechanism with Kazakh i.e. "Indo-Kazakh Joint Business Council" in order to increase economic and commercial relation.² India is also committed to sign a free trade agreement with the Customs Union of Belarus, Kazakhstan and Russia to enhance economic ties. Under such agreements, these said countries signed a "Joint Study Group" and "Comprehensive Economic Cooperation Agreement" (CECA) with India (The Embassy of India, 2013). As India and Kazakhstan both aims to reduce duties on tradable goods, services and investment under the FTA. In order to fulfil its energy demand India watches continuously towards Kazakhstan. Therefore, Indian Prime Minister Narendra Modi visited Central Asia on 6 July, 2015 where he signed five most prominent agreements with Kazakhstan: A nuclear deal, Uranium supply agreement, defence cooperation, coordination on counterterrorism, economic and business cooperation.³

After analyzing the economic cooperation between India and Kazakhstan, study examine the trade trends of India with Kazakh during 2000-2014 and finds the top ten commodities of both nations which have been traded during the study period. It also measures the export potential by using Revealed Comparative Advantage Index.⁴ The RCA measure the comparative trade performance of the countries in particular commodity sectors (Batra and Khan, 2005, p. 5).

Table 1 shows that Kazakhstan is a significant trading partner of India in terms of exports and imports. As per table, during 2000 India's exports with Kazak have accounted US\$ 38.64 million which is consistently increased during the whole study period. In this ongoing

trends, in 2004, India's exports have remarkably increased with value US\$ 90.69 million by 134.71 percent points. During 2008-2012, it has accounted that India's exports jumped from US\$ 131.59 million to US\$ 262.96 million by 99.83 percent points. However, in 2014 exports decreased by (-13.71) percent points and reached at US\$ 237.91 million from previous year. In terms of imports, it has accounted US\$ 14.57 million in 2000 and slightly decreased by (-4.18) percent points and accomplished at US\$ 13.96 million in 2004. After that, during 2008-2012, Indian Imports have increased by 14.69 percent points from US\$ 142.99 million to US\$ 163.99 million. Then, there is dramatically shift occurred in 2014, Indian imports accounted remarkable rise i.e. US\$ 924.99 million due to the signing treaties on trade and investment between both nations. Here the most important thing that India's exports are low rather imports in 2014, which shows unfavourable trade balance. However, it also reveals India's trade direction towards CARs rich energy nations.

Table 1: India's Trade Trends with Kazakhstan

Years	Exports	Imports	Total Trade	Five CAR's states	% Share of Kazakhstan in India's Trade with CARs
2000	38.64	14.57	53.21	73.95	71.95
2001	54.45	11.154	65.604	78.17	83.92
2002	45.6	11.16	56.76	80.13	70.83
2003	55.53	10.8	66.33	118.83	55.82
2004	90.69	13.96	104.65	183.21	57.12
2005	90.26	23.48	113.74	173.92	65.40
2006	86.62	76.11	162.73	185.89	87.54
2007	93.74	70.5	164.24	211.82	77.54
2008	131.59	142.99	274.58	255.08	107.64
2009	133.93	146.6	280.53	261.65	107.22
2010	146.22	157.49	303.71	272.33	111.52
2011	236.12	122.56	358.68	414.08	86.62
2012	262.96	163.99	426.95	504.72	84.59
2013	275.73	441.84	717.57	543.44	132.04

2014	237.91	924.99	1162.90	423.75	274.43
CGR	12.88	31.88	22.83	---	--

Source: UNCOMTRADE DATABASE, 2015

Commodity Composition of India with Kazakhstan

After analysing the trade trends of India with Kazakhstan, the study also finds the major commodities which have been traded between both nations since 2000. As per Table 2, over the last thirteen years, bilateral composition or patterns of commodities have remained same or less changed. There was not much diversification in the commodity exchange in 2000 Kazak export ‘Pearls, precious stones, metals, coins, etc’, ‘Iron and steel’, ‘Salt, sulphur, earth, stone, plaster, lime and cement’ and in 2013 ‘Mineral fuels, oils, distillation products, etc’, ‘Salt, sulphur, earth, stone, plaster, lime and cement’, ‘Zinc and articles thereof’.

Table 2: Top Export Commodities of Kazak to India

Major Exports of Kazakhstan to India (2000)	Major Exports of Kazakhstan to India (2013)
Pearls, precious stones, metals, coins, etc (71)	Mineral fuels, oils, distillation products, etc (27)
Iron and steel (72)	Salt, sulphur, earth, stone, plaster, lime and cement (25)
Salt, sulphur, earth, stone, plaster, lime and cement (25)	Zinc and articles thereof (79)
Zinc and articles thereof (79)	Iron and steel (72)
Raw hides and skins (other than fur skins) and leather	Pearls, precious stones, metals, coins, etc (71)
Silk (50)	Inorganic chemicals, precious metal compound, isotopes (28)
Copper and articles thereof (74)	Animal, vegetable fats and oils, cleavage products, etc (15)
Tools, implements, cutlery, base metal (82)	Nickel and articles thereof (74)
Knitted or crocheted fabric (60)	Other base metals, cermets, articles thereof (81)

Source: UNCOMTRADE DATABASE 2013

Table 3: Top Ten Export Commodities of India to Kazakhstan

Major Exports of India to Kazakhstan (2000)	Major Exports of India to Kazakhstan (2013)
Coffee, tea, mate and spices (9)	Articles of apparel, knit/crochet (61)
Articles of leather, animal gut,etc (42)	Coffee, tea, mate and spices (9)
Pharmaceutical products (30)	Electrical, electronic equipment (85)
Nuclear reactors, boilers, machinery (84)	Nuclear reactors, boilers, machinery, etc (84)
Articles of apparel, knit/ crochet (61)	Articles of apparel, not knit/crochet (62)
Articles of apparel, not knit/ crochet (62)	Rubber and articles thereof (40)
Iron and steel (72)	Articles of leather, animal gut, etc (42)
Optical, photo, technical, apparatus (90)	Articles of iron or steel (73)
Rubber and articles thereof (40)	Other made textile worn clothing etc (63)

Source: UNCOMTRADE DATABASE 2013

Table 3 shows India's exports commodities to Kazakh i.e. 'Coffee, tea, mate and spices', 'Articles of leather, animal gut, harness, travel goods,' 'Pharmaceutical products' in 2000 and 'Articles of apparel', 'Accessories, knit or crochet,' 'Coffee, tea, mate and spices', 'Electrical, electronic equipment'. However, during 2013 'Coffee, tea, mates and spices' placed in the second place although 'Articles of apparel, knit/crochet' ranked first. on the other side 'Nuclear reactors, boilers, machinery, etc' remained at the same position but other commodities namely 'Other made textile worn clothing etc', 'Articles of leather, animal gut, etc' are the newly added in the import basket. Simultaneously, 'Articles of apparel, not knit/crochet', 'Rubber and articles thereof' changed their place.

The whole picture of bilateral commodity composition of India and Kazakhstan shows that India demands minerals and oil products while Kazakhstan is imported agriculture or food, electrical products and pharmaceutical products.

Revealed Comparative Advantage of India-Kazakhstan

After seeing the bilateral commodity composition of India-Kazakh, study also measures Revealed Comparative Advantage Index which calculates the competitiveness of export commodities within both nations. RCAI defined as a measure which uses the commodity composition to categorize the sectors in which a country has the comparative advantage, by comparing the other country's trade with the world trade average (Blassa, 1965). The higher the commodity's value of RCA, the more one country specializes in the particular commodity's exports (Laderman and Xu, 2007).

Therefore, table 4 shows Kazakhstan's RCA with India, In 2000 commodities namely 'Zinc and articles thereof', 'Iron and steel' had significant more comparative advantage followed by 'Other base metals; cermets; articles thereof' and 'Pearls, precious stones, metals, coins, etc' all of these commodities have accounted more than one value of RCA which reveals great competitiveness.

Table 4: Kazakhstan's Revealed Comparative Advantage with India 2000-2013

Description	RCA 2000	Description	RCA 2013
Zinc and articles thereof (79)	11.4	Zinc and articles thereof (79)	68.26
Iron and steel (72)	5.96	Salt, sulphur, earth etc (25)	31.28
Salt, sulphur, earth etc(25)	3.36	Other base metals (81)	4.8
Pearls, precious stones (71)	1.75	Inorganic chemicals, precious metals (28)	2.86
Raw hides and furskins (41)	0.4	Mineral fuels, oil etc.(27)	2.56
Silk (50)	0.32	iron and steel (72)	1.69
Knitted or crochet fab. (60)	0.11	Animal, vegetable fats (15)	0.56
Tools, implements etc (82)	0.05	Copper, articles thereof (74)	0.49
Copper, articles thereof (74)	0.04	Pearls, precious stones (71)	0.22

Source: UNCOMTRADE DATABASE 2013(Calculated from Table 2)

On the other hand, during 2013 the ‘Zinc and articles thereof’ have accounted great competitiveness followed by ‘Salt, sulphur, earth, stone, plaster, lime and cement’ and ‘Other base metals, cermets, articles thereof’ all these commodities having a significant advantage with India.

Table 5: India’s Revealed Comparative Advantage With Kazakhstan

Description	RCA 2000	Description	RCA 2013
Articles of leather, animal gut (42)	32.3	Coffee, tea, spices (9)	41.2
Articles of apparel, accessories, knit or crochet (61)	48.25	Articles of apparel accessories, knit crochet (61)	24.99
Coffee, tea, species (9)	25.78	Articles of apparel accessories, not kni or crochet (62)	5.59
Articles of apparel, accessories, not knit or crochet (62)	16.3	Articles of leather, harness etc (42)	4.28
Pharmaceutical products (30)	5.98	Other made up textile articles, sets, worn cloth (63)	2.99
Rubber and articles thereof (40)	0.85	Electrical, electronic equip (85)	1.38
Iron and steel (72)	0.74	Rubber and articles (84)	1.08
Optical, photo, technical, medical, etc apparatus (90)	0.6	Nuclear reactors, boilers etc (84)	0.45
Nuclear reactors, boilers, machinery (84)	0.28	Articles of iron or steel (73)	0.12

Source: UNCOMTRADE DATABASE 2013 (Calculated from Table3)

Table 5 shows, India have enjoyed a significant advantage in commodities namely ‘Articles of leather, animal gut, harness, travel goods’, ‘Articles of apparel, accessories, knit or crochet’, ‘Coffee, tea, mate and spices’ which have the highest value of RCA index in 2000. Then on the other side, during 2013 India’s ‘Coffee, tea, mate and spices’, ‘Articles of apparel and clothing accessories and knitted or

crocheted' have more advantage. All these commodities are agricultural based which proves that India is having great advantage in these particular products.

Thus, after the analyses of the commodity pattern between India and Kazakhstan, it clearly indicates that both have enjoyed significant competitiveness in their particular products. For instance India is rich in agricultural products and raw material. Therefore it exports these products and having revealed advantage in such commodities 'Coffee and Tea', 'not crochet, clothing etc'. On the other side, Kazakhstan have abundance natural resources of 'Zinc and articles thereof', 'Pearls, precious stones, metals, coins' 'Other base metals, cermet, articles thereof' all these commodities have accounted highest RCA with India.

India and Kazakhstan Investment Relations

It is observed that Kazakhstan is the only significant country which has accounted FDI flows with India particular in energy and mining sector. India also seeks investment in other sectors such as IT sector, banking sector, construction sector etc which is highly profiled in the 'Connect Central Asia policy' of India. FDI of India in Kazakhstan is US\$ 267.1 million whereas Kazakhstan's FDI in India is US\$ 126.8 million.⁵ In this context, Kazakhstan will stand at number one place in uranium and its production rose from 2022 to about 22,550 during 2001-2013.⁶ In 2014, Kazakhstan increased its uranium production by 1.5 percent, to 22,829 metric tons, as estimated by Trend News Agency which making Kazakhstan the world's leading uranium producer.

Therefore, India and Kazatomprom signed an agreement with Nuclear Power Corporation (NPCIL) to supply 2100. Thus, Kazakhstan exports 300 tonnes of natural uranium to India in the 2010-11 year.⁷

Challenges between India-Kazakhstan

After examine the overall scenario of India and Kazakh economic synergise and trade relations, it is clear that both have much potential and having healthy economic and commercial relations. However, they still faced some barrier in their strategic partnership which could not allow enhancing their relation particular in economic sphere.

India and CARs both are swinging by adopting new trade policies during 1990s, in which they didn't bother their preferences to each other and ignore their future prospects and possible potentials (Raiser and Dobronogov, 2006).

The major hurdle is the window game with Pakistan which creates geo-political issues and doesn't permit to India for exchange of goods and services via Iran to Central Asian Republics. Another problem is the increasing role of China, Russia, Iran, Turkey and many other Middle Eastern states in Central Asia. Due to the demand of oil and gas products these nations concentrate on Kazakh by establishing new roads and energy projects. For instance, China established a railway line , a oil pipeline from Kazakh to western part of China border and also construct one of the other gas pipeline named "Beineu -Bozoy - Shymkent" and also established "CNPS", Sinopec and CITIC" companies by China in Kazakhstan's hydrocarbon market (Peyrouse, 2008, p. 45). In addition, Aizu and Rose (2015) articulated that China signed many treaties with Kazakh oil & gas companies and also agreed to funded \$40 billion to build up "Silk Road" infrastructure (Aizu and Rose, 2015). In this respect, Russia and Belarus signed an Agreement on the Customs Union and agreed a phased 'Programme of Action for putting into cooperation around all sectors such as mining, construction, the military-industrial complex, telecommuni-cations, transport and agriculture. In 2013, both have also signed an agreement on transportation of oil from Russia to China through Kazakhstan (Guschin, 2015). Consequently, US also take

interests in Kazakhstan due to its rich energy sources and significant trade route connected China-Europe. It has invested more in Kazakh's oil and gas products, telecommunications and business services (Starr et. al, 2014, 12). It is also enforcing the Kazakh to obtain membership in WTO which strengthen its trade and investment ties with this country. Therefore, the active participation of these countries in the region significantly limit India's role.

The lack of trade liberalization in Kazakhstan is also one of the major problems in enhancing economic cooperation with India. While before the Soviet breakup, CARs has centrally planned economy. In 1990s, these republics got independence and due to the political uncertainty Kazakh was not as liberalised as India. However, India is much more liberalised than Kazakh but not as developed as western nations. Therefore, both nations should eliminate their tariff or non tariff on trade of goods and services. According to World Trade Tariff Profile (2015), India and Kazakh have accounted simple average tariff on all products is 13.5 percent and 8.6 percent respectively. Moreover, India's agricultural & non-agricultural products have stood at 33.4 percent & 10.2 percent. On the other hand, Kazakh has imposed 11.6 percent tariff rate on agricultural products and 8.2 percent on non agricultural products (World Trade Tariff Profile, 2015). As per above tariff data, It is necessary for both nations to de-regularise their tariffs and quotas on all products. Therefore, India-Kazakh may accelerate their trade relations in their respective advantage areas. In this regard, Free Trade Agreements, Custom Union and Economic Union has been signed between India and Kazakhstan along with Belarus & Russia which will abolish the tariff rate and facilitated trade relationships. As a result, India will obtain easily such products: uranium, gas, oil and fertiliser from Kazakhstan.

Instead of having numerous checks and barriers, India and CARs are continuously working on the further enhancement and economic cooperation. However, long time ties between both regions will

strengthen their economic cooperation as well as will boost the overall relationship. Government of both nations should start to launch investment projects such as government and private industries, hotels, educational institutions, new rail and link roads, tourism and banking sector etc. which would be appreciated and generate new opportunities to India's business community for economic engagement in Kazakhstan republic.

Conclusion

India and Kazakhstan become significant trading partner and there are many commodities which have been exchanged between the two countries, even both have faced much more troubles in front of their economic development such as connectivity problem, growing role of China, Russia and US, terrorism etc. The lack of direct road link creates huge transport hurdles and also increased transport cost. On the other hand, Geo-Political and Geo-strategic cut throat competition in the contemporary era affected their trade and economic cooperation also. China and Russia had strategically strong leverage in Central Asian states because the old "Silk Route" had played a significant role. China's silk was the major good at that time which was transported to Europe. Therefore, the reopening of "Silk Road" also discussed in 2014, which would develop their relations. Due to the transport facilitation, China and Kazakhstan have a significant trading partner and it offers many investment projects in this state. On the other hand, Russia considers CAR's as their southern periphery, is strategically playing hegemonic tendencies due to its historic affinity, similar ethnicity, monopolistic control over export oil pipelines. The US also mainly focused on oil and gas products, telecommunications and business services in Kazakhstan.

Thus, India should work on the further enhancement of their interests which significantly give upward direction its relations with

Kazakh. Both nations have great future, as study found that Kazakhstan is major exporter of energy products to India. For instance minerals, etc. have highest revealed advantage in Kazakh oil and gas products. On the other hand Kazakh can also signify its interest in Indian market for agricultural products and raw material etc. Thus, both nations should take advantage from each other by organising high-level talks and negotiations in bilateral and multilateral fora's. However, India's active Participation in SCO (Shanghai Corporation of Organisation) can also play a significant role between both nations as well as other Central Asian countries.

¹ See Ministry of Petroleum and Programme implementation. Retrieved from http://mospi.nic.in/Mospi_New/upload/SYB2015/CH-16-ENERGY/Energy.pdf

² India's 'Connect Central Asia' Policy. Retrieved from <http://pragyacivil.co.in/news/2015/ind-cca.html>.

³ The Diplomat, 9 July, 2015, retrived from [http://thediplomat.com/2015/07/india-inks-new nucleadealwikazakhstan](http://thediplomat.com/2015/07/india-inks-new-nucleadealwikazakhstan).

⁴ RCA (Revealed Comparative Advantage Index) first instructed by Balassa in 1965. $RCA_{ij} = (X_{ij}/X_{it}) / (X_{wj}/X_{wt})$.

⁵ India-Kazakhstan Relations between India and Kazakhstan. Retrieved from http://www.mea.gov.in/Portal/ForeignRelation/Kazakhstan_2015_07_10.pdf

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