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India's Trade with Central Asia: Trends and Prospects

Sandeep Kaur

Central University of Punjab, India

Abstract: Although the countries of Central Asia have been integrated in the global economy, their economic relations with India have been declined significantly. India's BOT with all Central Asian countries (except Uzbekistan) had been favourable during 1993-2009. Indian exports as well as imports from Central Asia are highly concentrated around few commodities during same period. Moreover, the Central Asia's role in selected Indian exports as well as imports was not so strong and in fact negligible. There has been found very low trade of India with Central Asian countries. This is due to many reasons but lack of economic and financial sector reforms in some of these countries is one of the basic reasons. The other factors of this low trade are lack of direct transport links, poor infrastructure, inadequate banking facilities and tax structure, competition by Russia, China and USA etc. India can increase trade relations with Central Asia and also can play a multi-dimensional role in the development of these former Soviet Republics. Recently these economies have grown up; therefore good economic relations of India with Central Asia can boost their trade.

KeyWords: Trade, Exports, Imports, International Trade.

1. Introduction

The role of Central Asia region to India has been recognised as a historically, civilisationally, economically and geopolitically. India's connections with Central Asia have been about three thousand years old. The relations between India and Central Asia are as old as the evolution of human civilization in the two regions. Trade was the backbone of the relationship. India had vibrant trade ties with the region in the ancient silk route days.

The roots of India-Central Asia trade links are connected to ancient times through Silk Road. This road began in Central China and stopped somewhere near the Mediterranean Sea. A small branch of the Southern route of this famous road connected India to Central Asia. The Silk Routes were important paths for turbans, guns, and technological exchange for Ancient China, Ancient India, Ancient Tibet, Persian Empire and Mediterranean countries for almost 3,000 years. With the growth of Kushana Empire in 2nd-3rd century BCE, India's relation with Centre Asia was also grown. These relations continued through the Babur and other invaders who came from Central Asia.

In 18th century, Central Asia was known for its horses, raw silk, dry fruits and camels. Khotan, Bukhara, Badakhshan, Tibet and Kashmir were important trading centres in the east-west trade which was carried through the famous 'Silk Route'. Due to its geographical closeness to Central Asia and linkage with the Silk Routes system Kashmir, in 19th century, acted as an important transit market in the bilateral India-central Asia trade. Srinagar-Leh-Yarkand-Kashghar-Kokand route was considered as more secure route. The other routes include Punjab-

Afghanistan-Central Asia land route and the Bombay-Batum sea route.

Central Asian imports comprised Indian tea, indigo, muslin, brocades, spices, indigenous medicines, Kashmir shawls, books, coral etc., which were quite popular among the people of Central Asia. Till early 20th century Kashmiri Shawls were used by Central Asian nobility as status-quo. It also further exported to markets of Russia, Persia and Constantinople by Central Asia. Kashmiri traders travelled from Kashmir to Ladakh to sell their packages of shawls in Central Asia. When Moorcroft visited Kashmir in 1820, he saw numerous merchants of Turkestan, Kabul and Persia getting shawl goods prepared in Kashmir in conformity with the requirements of their customers (quoted in Warikoo, 1996)

Indian tea was exported from India to Central Asia via Punjab-Kabul-Bukhara and Kashmir-Kashghar-Kokand overland trade routes. This trade was later diverted to the Bombay-Batum sea route. In 1890 the Russian customs authorities at Osh collected revenue of 30,000 rubles on account of the duty levied on Indian tea imported via the Kashmir-Kashghar route (quoted in Warikoo, 1996).

Indian traders who conducted their business with Central Asia send their income back to India in the form of gold coins and rubbles. In last years of 19th century Russian Gold currency was began to be imported into India. That gold was sold for making ornaments. This trade dropped to the lowest point in 1920 as a result of the British prohibition on such trading. The British feared that Russian rubbles could be used in anti-British agitation in India.

India-Central Asia trade affected in later half of 19th century due to Anglo-Russian rivalry. Tsarist administration tried their best to keep

British goods away from the Central Asia markets. Thus, export from India to Central Asia remained limited only in indigenous products like spices, tea, indigo, shawls, books etc. After Bolshevik Revolution, state take-over of private trade in former Soviet Russia and restriction imposed by the British on exports from India, affected adversely the India-Central Asia trade relations. These relations, however, were revived after India gained independence. But today its economic presence in the region is far below the potential. The share of trade with five Central Asia republics is meagre. After 90s, the three different phases of Central Asia's trade can be considered. The first phase 1991-1994 relates to the period of adjustments to the shocks due to sudden dissolution of USSR. High import demand for western consumer goods had been observed. As a result, all Central Asian economies faced a current account deficit. The second phase relates to the period of 1995 to 1998. During this period, there were found reasonable trade relations of Central Asia with traditional partners and efforts were made to enlarge trade ties with rest of the world. The third face, 1998-2000, faced impact of Russian and economic crisis.

The Central Asian economies inherited state controlled foreign trade which was subordinated to central planning (Kornoi, 1992). Economic reforms related to Liberalization of foreign trade prices, reform of trade system, market diversification, phasing out of barter trade and currency reforms have been found in Central Asian countries. With these reforms, the progress has been found in different states differently (Gurgen et al, 1999). More pronounced states are Kazakhstan and Kyrgyzstan. Uzbekistan and Turkmenistan have been more gradual with foreign trade liberalization (Sachdeva, 2006).

2. India's Trade Performance with Central Asia: Region and World

Table 1 depicts the trade trends of India to Central Asia as well as to world during 1993-2008. Table depicts that India's exports to Central Asia have been continuously increasing since 1993 except 1996. It increased from US \$ 7.20 million in 1993 to US \$ 255.08 million in 2008. The growth rate of India's exports to Central Asia was 23.99 per cent during the study period. But her imports from Central Asia fluctuated with a tendency to increase. It reached to a level of US \$ 250.74 million in 2008 from US \$ 6.51 million in 1993, while its growth rate remained lower than that of India's exports to Central Asia (i.e. 18.14 per cent). Therefore, the growth of India's trade (exports and imports) with Central Asia was 21.41 per cent during the study period.

Table also depicts that India's exports to world had continuously increased during the study period except 1998. It had increased from US \$ 22236.92 million in 1993 to US \$ 181860.90 million in 2008. The growth rate India's global exports remained 13.77 per cent during the study period. The similar trend was also occurred in case of India's global imports (except 2001) which rose from US \$ 23304.07 million in 1993 to US \$ 315712.11 in 2008, with an average annual growth rate of 16.46 per cent. But it is worth nothing that the growth rate of India's global imports was higher than that of her global exports.

The percentage share of Central Asia in India's global exports, imports and total trade was negligible during the study period. But all shares have tendency to increase exhibiting increasing role of Central Asia in India's trade. Even then Central Asia is still a very weak trade

partner of India as its annual average shares of exports, imports and total trade in India's global exports, imports and total trade were still negligible i.e. 0.14 per cent, 0.06 per cent and 0.10 per cent.

Table 1: India's Merchandise Trade with Central Asia and World

Years	Central Asia (mn \$)			World (mn \$)			Percentage Share		
	Ex-ports	Im-ports	Total Trade	Exports	Imports	Total Trade	Ex-ports	Im-ports	Total Trade
1993	7.20	6.51	13.71	22236.92	23304.07	45540.99	0.03	0.03	0.03
1994	15.83	25.07	40.91	26330.01	28654.74	54984.74	0.06	0.09	0.07
1995	22.08	24.71	46.78	31698.57	36592.06	68290.63	0.07	0.07	0.07
1996	15.60	16.23	31.84	33468.59	39112.81	72581.41	0.05	0.04	0.04
1997	46.31	38.71	85.03	34793.75	41429.43	76223.18	0.13	0.09	0.11
1998	61.94	16.85	78.79	33207.32	42424.95	75632.28	0.19	0.04	0.10
1999	59.30	31.13	90.43	36919.98	50010.90	86930.88	0.16	0.06	0.10
2000	73.95	29.84	103.78	42358.10	52940.25	95298.35	0.17	0.06	0.11
2001	78.18	33.13	111.31	43878.49	50671.11	94549.59	0.18	0.07	0.12
2002	80.13	34.42	114.55	50097.96	57453.47	107551.43	0.16	0.06	0.11
2003	118.82	52.25	171.07	59345.38	72430.52	131775.91	0.20	0.07	0.13
2004	183.22	56.60	239.82	75904.20	98981.13	174885.33	0.24	0.06	0.14
2005	173.92	74.38	248.31	100352.64	140861.67	241214.30	0.17	0.05	0.10
2006	185.88	128.93	314.81	121200.61	178212.44	299413.05	0.15	0.07	0.11
2007	211.83	100.09	311.92	145898.05	218645.29	364543.35	0.15	0.05	0.09
2008	255.08	250.74	505.82	181860.90	315712.11	497573.00	0.14	0.08	0.10
Growth (%age)	23.99	18.14	21.41	13.77	16.46	15.29	0.14*	0.06*	0.10*

Note: Values with * shows the annual percentage share during 1993-2008.

Source: UN Commodity Trade Statistics.

3. India's Trade Performance with Central Asia Country-Wise

Table 2 shows the direction of India's exports to Central Asian countries during 1993-2008. It reveals that India's exports to Kazakhstan have been continuously increasing during the study period except 1996 and 1999. It reached to its ever highest level i.e. US \$ 131.59 million in 2008 from US \$ 2.70 million in 1993 (exhibiting the annual growth of 26.35 per cent). Her share in India's total exports to Central Asia showed a fluctuating but increasing tendency. However, her annual average share during the study period was 47.84 per cent. Her exports to Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan have been fluctuating but tendency to increase. These countries exhibiting growth rate of 38.79 per cent, 24.76 per cent, 32.41 per cent and 15.02 per cent respectively. Regarding their export share in India's total exports to

Table 2: Direction of India's Exports to Central Asia (In mn \$)

Years	Kazakh- stan	Kyrgyz- stan	Tajiki- stan	Turk- menistan	Uzbeki- stan	Central Asia
1993	2.70 (37.50)	0.38 (5.24)	1.10 (15.27)	1.53 (21.23)	1.49 (20.76)	7.20 (100.00)
1994	8.16 (51.52)	0.00 (0.00)	0.10 (0.64)	0.53 (3.34)	7.05 (44.49)	15.83 (100.00)

1995	8.55 (38.73)	0.04 (0.18)	4.86 (22.02)	1.17 (5.29)	7.46 (33.78)	22.08 (100.00)
1996	4.39 (28.14)	0.98 (6.25)	0.73 (4.65)	1.38 (8.85)	8.13 (52.12)	15.60 (100.00)
1997	15.13 (32.68)	10.79 (23.29)	1.12 (2.42)	1.68 (3.63)	17.59 (37.99)	46.31 (100.00)
1998	37.98 (61.32)	8.70 (14.05)	0.51 (0.82)	1.92 (3.11)	12.82 (20.71)	61.94 (100.00)
1999	27.36 (46.13)	13.88 (23.40)	2.40 (4.04)	5.68 (9.57)	10.00 (16.86)	59.30 (100.00)
2000	38.64 (52.25)	17.73 (23.98)	3.32 (4.48)	5.43 (7.34)	8.83 (11.94)	73.95 (100.00)
2001	54.45 (69.65)	10.74 (13.74)	1.71 (2.19)	4.15 (5.31)	7.12 (9.11)	78.18 (100.00)
2002	45.60 (56.90)	14.54 (18.15)	7.49 (9.35)	7.59 (9.47)	4.91 (6.13)	80.13 (100.00)
2003	55.53 (46.73)	28.62 (24.08)	4.26 (3.59)	16.42 (13.82)	14.00 (11.78)	118.82 (100.00)
2004	90.69 (49.50)	52.17 (28.48)	6.30 (3.44)	17.45 (9.53)	16.60 (9.06)	183.22 (100.00)
2005	90.26 (51.89)	30.17 (17.34)	6.60 (3.80)	20.36 (11.70)	26.54 (15.26)	173.92 (100.00)
2006	86.62 (46.60)	38.14 (20.52)	6.87 (3.69)	26.52 (14.27)	27.74 (14.92)	185.88 (100.00)
2007	93.74 (44.25)	32.70 (15.44)	10.55 (4.98)	37.95 (17.92)	36.89 (17.42)	211.83 (100.00)
2008	131.59 (51.59)	22.19 (8.70)	16.71 (6.55)	40.25 (15.78)	44.34 (17.38)	255.08 (100.00)
Annual Average % age Share	47.84	15.18	5.74	10.01	21.23	100.00
Growth Rate (1993-2008)	26.35	38.79*	24.76	32.41	15.02	23.99

Note: (i) Values in parentheses show percentage share.

(ii) * 1995-2008

Source: UN Commodity Trade Statistics.

Central Asia, the share of Kazakhstan and Kyrgyzstan has increased from 37.50 per cent and 5.24 per cent in 1993 to 8.70 per cent and 51.95 per cent in 2008 respectively. Whereas the share of remaining countries in India's total exports to Central Asia has decreased during the study period. In terms of growth rates, Kyrgyzstan (38.79 per cent) is major export partner of India followed by Turkmenistan (32.41 per cent), Kazakhstan (26.35 per cent), Tajikistan (24.76 per cent) and Uzbekistan (15.02 per cent). But in terms of annual average percentage share, Kazakhstan (47.84 per cent) was the major export partner of India, followed by Uzbekistan (21.23 per cent), Kyrgyzstan (15.18 per cent), Turkmenistan (10.01 per cent) and Tajikistan (5.74 per cent).

Table 3 depicts the direction of India's imports from Central Asian countries during 1993-2008. Table reveals that India's imports from Kazakhstan have increased significantly during the study period i.e. from US \$ 2.11 million in 1993 to US \$ 142.99 million in 2008. Similarly, India's imports from Uzbekistan also increased rapidly from US \$ 1.37 million in 1993 to US \$ 79.66 million in 2008. That's why the total average annual share of these two countries in India's total imports from Central Asia was more than 3/4 (i.e. 79.39 per cent). But the amount of India's imports from the remaining three Central Asian countries, namely Kyrgyzstan, Tajikistan and Turkmenistan, was not very high though showing a tendency to increase. In terms of annual average percentage share, Kazakhstan (46.67 per cent) was the major source of imports for

India followed by Uzbekistan (32.72 per cent), Turkmenistan (11.82 per cent), Tajikistan (6.90 per cent) and Kyrgyzstan (1.89 per cent). But in terms of growth rates, Tajikistan (34.06 per cent) has emerged as major import partner of India followed by Turkmenistan (24.24 per cent), Kyrgyzstan (24.10 per cent), Uzbekistan (21.66 per cent) and Kazakhstan (19.79 per cent).

4. India's BOT position with Central Asian Economies

Table 4 depicts that India's BOT with Central Asia during 1993-2008. Table shows that during the study period India's BOT with Central Asia has been continuously favourable except the years 1994, 1995 & 1996. Its annual average was US \$ 41.86 million showing India's strong BOT position against Central Asia. Country-wise analysis shows that India's BOT with Kyrgyzstan remained favourable for the whole study period, while for other countries there were some years when India experienced unfavourable BOT. On an average, India's BOT with all Central Asian countries (except Uzbekistan) had been favourable during the study period.

Table 3: Direction of India's Imports from Central Asia (In \$)

Years	Kazakh- stan	Kyrgyz- stan	Tajiki- stan	Turk- menistan	Uzbeki- stan	Central Asia
1993	2.11 (32.45)	0.00 (0.00)	0.77 (11.80)	2.26 (34.68)	1.37 (21.07)	6.51 (100.00)
1994	4.02 (16.03)	0.00 (0.00)	2.07 (8.24)	10.65 (42.48)	8.34 (33.26)	25.07 (100.00)

1995	7.95 (32.16)	0.02 (0.10)	3.33 (13.46)	2.70 (10.93)	10.71 (43.35)	24.71 (100.00)
1996	12.56 (77.38)	0.00 (0.00)	0.80 (4.95)	0.27 (1.64)	2.60 (16.03)	16.23 (100.00)
1997	35.98 (92.94)	0.01 (0.02)	0.00 (0.00)	0.02 (0.05)	2.70 (6.99)	38.71 (100.00)
1998	12.44 (73.85)	0.10 (0.60)	2.53 (15.02)	0.11 (0.63)	1.67 (9.90)	16.85 (100.00)
1999	13.53 (43.46)	1.83 (5.87)	2.35 (7.54)	0.39 (1.24)	13.04 (41.89)	31.13 (100.00)
2000	14.57 (48.85)	4.56 (15.29)	1.45 (4.87)	1.41 (4.72)	7.84 (26.27)	29.84 (100.00)
2001	11.15 (33.67)	0.56 (1.70)	1.38 (4.16)	1.67 (5.05)	18.36 (55.42)	33.13 (100.00)
2002	11.16 (32.44)	0.49 (1.42)	0.00 (0.00)	4.67 (13.58)	18.09 (52.57)	34.42 (100.00)
2003	10.80 (20.68)	0.47 (0.90)	3.10 (5.93)	8.62 (16.50)	29.25 (55.99)	52.25 (100.00)
2004	13.97 (24.67)	0.46 (0.81)	4.20 (7.42)	9.85 (17.40)	28.13 (49.70)	56.60 (100.00)
2005	23.49 (31.57)	0.77 (1.04)	5.12 (6.89)	12.53 (16.84)	32.47 (43.66)	74.38 (100.00)
2006	76.11 (59.03)	1.72 (1.34)	9.57 (7.42)	13.17 (10.22)	28.35 (21.99)	128.93 (100.00)
2007	70.50 (70.44)	0.84 (0.84)	6.93 (6.92)	8.18 (8.17)	13.64 (13.63)	100.09 (100.00)
2008	142.99 (57.03)	0.95 (0.38)	14.60 (5.82)	12.55 (5.00)	79.66 (31.77)	250.74 (100.00)

Annual Average % age Share	46.67	1.89	6.90	11.82	32.72	100.00
Growth Rate (1993-2008)	19.79	24.10*	34.06#	24.24	21.66	18.14

Note: (i) Values in parentheses show percentage share.

(ii) * 1997-2008, #1998-2008, Source: UN Commodity Trade Statistics.

Table 4: India's Balance of Trade with Central Asia

Years	Kazakhstan	Kyrgyzstan	Tajikistan	Turkmenistan	Uzbekistan	Central Asia
1993	0.59	0.38	0.33	-0.73	0.12	0.69
1994	4.14	0.00	-1.96	-10.12	-1.29	-9.24
1995	0.60	0.02	1.54	-1.53	-3.25	-2.63
1996	-8.17	0.98	-0.08	1.11	5.53	-0.63
1997	-20.85	10.78	1.12	1.66	14.89	7.60
1998	25.54	8.60	-2.02	1.82	11.16	45.09
1999	13.83	12.05	0.05	5.29	-3.04	28.17
2000	24.07	13.17	1.86	4.02	0.99	44.11
2001	43.30	10.17	0.34	2.48	-11.24	45.04
2002	34.44	14.05	7.49	2.92	-13.18	45.72
2003	44.72	28.15	1.17	7.79	-15.26	66.57
2004	76.73	51.72	2.10	7.61	-11.53	126.62
2005	66.77	29.39	1.48	7.83	-5.93	99.54
2006	10.50	36.42	-2.70	13.34	-0.61	56.95
2007	23.23	31.86	3.62	29.77	23.25	111.74
2008	-11.41	21.25	2.11	27.70	-35.32	4.34
Annual Average	20.50	16.81	1.03	6.31	-2.79	41.86

Source: UN Commodity Trade Statistics.

5. Composition of India's Exports to Central Asia

Table 5 shows the percentage share of selected commodities in India's total exports to Central Asia. The total share of selected commodities increased from 76.43 per cent in 1996-97 to 84.08 per cent in 2008-09. However, during the study period, it fluctuated sharply. It hovered between 86.61 per cent in 2004-05 and 70.01 per cent in 1997-98. During the period 1996-97 to 2008-09, the annual average share of the selected ten commodities remained almost 80 per cent (i.e. 79.51 per cent). The performance of all the selected commodities remained quite fluctuating. Coffee, tea, mate and spices remained the dominating commodity in India's exports to Central Asia with an average share of 21.12 per cent, followed by pharmaceutical products (17 per cent); articles of apparel and clothing accessories, knitted or crocheted (13.21 per cent); nuclear reactors, boilers, machinery and mechanical appliances; parts thereof (8.81 per cent); and electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders, etc (7.35 per cent). The combined average share of these five commodities remained 67.49 per cent during the study period. Thus, it can be said that the Indian exports to Central Asia are highly concentrated around few commodities.

Table 6 presents percentage share of Central Asian market in selected Indian exports. Central Asia's role in India's selected exports remained very negligible. The annual average share of Central Asian

**Table 5: Percentage Share of Selected Commodities in India's Exports to Central Asia
(Top Ten Commodities)**

S. No.	HS Code	Commodity	1996 - 97	1997 - 98	1998 - 99	1999 - 00	2000 - 01	2001 - 02	2002 - 03	2003 - 04	2004 - 05	2005 - 06	2006 - 07	2007 - 08	2008 - 09	Average %age Share
1	30	Pharmaceutical products	20.12	14.49	11.36	13.18	10.02	7.71	12.34	11.53	15.83	22.63	24.95	27.10	29.72	17.00
2	09	Coffee, tea, mate and spices.	39.97	24.98	31.81	22.12	27.61	35.21	17.71	21.44	16.82	13.91	5.21	6.18	11.55	21.12
3	61	Articles of apparel and clothing accessories, knitted or crocheted.	3.07	16.82	6.36	24.34	16.79	10.41	14.31	11.49	15.48	12.86	13.71	13.98	12.11	13.21
4	84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof.	10.06	7.23	14.67	6.94	4.84	5.95	8.10	11.76	6.26	9.95	10.64	8.63	9.57	8.81
5	62	Articles of apparel and clothing accessories, not knitted or crocheted.	0.70	4.45	3.99	3.09	4.49	7.08	6.31	18.25	18.11	8.67	9.78	6.11	4.52	7.35
6	85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders, etc.	0.38	0.63	1.32	0.53	0.59	0.06	4.27	3.36	3.87	8.32	11.93	6.63	6.83	3.75

S. No.	HS Code	Commodity	1996 - 97	1997 - 98	1998 - 99	1999 - 00	2000 - 01	2001 - 02	2002 - 03	2003 - 04	2004 - 05	2005 - 06	2006 - 07	2007 - 08	2008 - 09	Average %age Share
7	42	Articles of leather, saddlery and harness; travel goods, handbags and similar articles of animal gut	1.60	1.36	0.47	4.87	7.67	12.01	7.13	4.48	4.77	4.14	3.36	2.95	1.72	4.35
8	76	Aluminium and articles thereof.	0.51	0.04	0.08	0.27	0.17	0.23	0.05	0.05	0.10	0.10	1.31	10.21	4.58	1.36
9	02	Meat and edible meat offal.	-	-	0.05	-	-	-	0.23	0.53	3.08	2.02	2.77	3.20	2.38	1.10
10	72	Iron and steel	-	-	2.37	1.32	1.24	2.68	0.85	2.38	2.28	2.08	1.66	1.11	1.10	1.47
Total			76.43	70.01	72.47	76.66	73.41	81.33	71.29	85.27	86.61	84.67	85.31	86.10	84.08	79.51

Source: UN Commodity Trade Statistics.

Table 6: Percentage Share of Central Asian Market in India's Global Exports of Selected Commodities

S. No.	HS Code	Commodity	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Average %age Share
1	30	Pharmaceutical products	0.47	0.86	0.96	0.91	0.88	0.50	0.75	1.08	1.34	1.56	1.50	1.51	1.51	1.06
2	09	Coffee, tea, mate and spices.	0.73	1.02	1.75	1.33	2.68	3.48	2.20	4.54	3.53	2.59	0.84	0.94	1.77	2.11
3	61	Articles of apparel and clothing accessories, knitted or crocheted.	0.05	0.76	0.31	0.90	0.78	0.38	3.17	0.65	1.02	0.68	0.73	0.76	0.62	0.83
4	84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof.	0.15	0.29	0.94	0.41	0.28	0.26	0.40	0.71	0.33	0.40	0.40	0.29	0.31	0.40
5	62	Articles of apparel and clothing accessories, not knitted or crocheted.	0.00	0.07	0.08	0.06	0.10	0.15	0.16	0.78	0.80	0.27	0.35	0.26	0.20	0.25
6	85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders, etc.	0.01	0.03	0.10	0.04	0.04	0.00	0.25	0.27	0.33	0.51	0.56	0.29	0.18	0.20

S. No.	HS Code	Commodity	1996 - 97	1997 - 98	1998 - 99	1999 00	2000 01	2001 02	2002 03	2003 04	2004 05	2005 06	2006 07	2007 08	2008 09	Average %age Share
7	42	Articles of leather, saddlery and harness; travel goods, handbags and similar articles of animal gut	0.03	0.07	0.03	0.35	0.63	0.94	0.75	0.68	0.77	0.57	0.53	0.48	0.28	0.47
8	76	Aluminium and articles thereof.	0.04	0.01	0.04	0.06	0.04	0.05	0.01	0.02	0.03	0.03	0.30	2.11	1.01	0.29
9	02	Meat and edible meat offal.	0.00	0.00	0.02	0.00	0.00	0.00	0.07	0.22	1.28	0.55	0.73	0.80	0.53	0.32
10	72	Iron and steel	0.00	0.00	0.22	0.09	0.09	0.20	0.04	0.14	0.09	0.09	0.06	0.04	0.04	0.08

Source: UN Commodity Trade Statistics.

market in India's global exports of selected commodities remained even below one per cent, except two commodities namely pharmaceutical products (1.06 per cent); and coffee, tea, mate and spices (2.11 per cent). Thus, it can be said that the Central Asia's role in selected Indian exports was not so strong and in fact negligible during the study period.

6. Composition of India' Imports from Central Asia

Table 7 shows the percentage share of selected commodities in India's total imports from Central Asia. The total share of selected commodities, in India's overall imports from Central Asia, increased from 86.88 per cent in 1996-97 to 97.78 per cent 2008-09. It should be noted that during the whole study period, the share of selected commodities remained above 85 per cent, while their annual average share remained well above 90 per cent (i.e. 92.35 per cent). Among the individual commodities, the average share of zinc and articles thereof remained maximum (i.e. 22.63 per cent), followed by cotton (21.03 per cent); iron and steel (15.40 per cent); natural or cultured pearls, precious or semiprecious stones (13.92 per cent); and salt, sulphur, earths and stone, plastering materials, lime and cement (9.54 per cent). The combine share of these five commodities remained well above 70 per cent (i.e. 72.52 per cent). The annual average share of the remaining commodities remained very low. Hence, once again like Indian exports to Central Asia, Indian imports from Central Asia concentrated around a few commodities.

Table 8 presents the percentage share of Central Asian market

Table 7: Percentage Share of Selected Commodities in India's Imports from Central Asia (Top Ten Commodities)

S. No.	HS Code	Commodity	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Average %age Share
1	79	Zinc and articles thereof.	17.18	5.57	6.65	6.62	1.95	5.40	36.84	27.66	34.66	23.66	55.92	50.97	21.07	22.63
2	52	Cotton.	0.00	0.00	7.37	39.76	36.88	47.47	16.78	38.61	26.91	28.05	8.17	5.96	17.49	21.03
3	72	Iron and steel	10.78	55.43	21.87	0.39	12.21	4.28	9.59	4.67	12.91	22.05	11.31	15.38	19.34	15.40
4	25	Salt; sulphur; earths and stone; plastering materials, lime and cement	14.84	6.24	15.57	4.68	4.59	9.79	10.33	9.81	9.51	7.96	8.32	9.01	13.39	9.54
5	71	Natural or cultured pearls, precious or semiprecious stones	29.74	20.89	28.28	36.43	27.86	9.61	5.66	0.00	5.24	9.13	0.00	0.40	7.68	13.92
6	76	Aluminium and articles thereof.	4.62	0.00	3.92	2.78	0.07	6.32	0.66	0.00	3.28	0.15	2.83	7.61	6.37	2.97
7	78	Lead and articles thereof.	1.97	0.85	0.00	0.06	0.00	0.00	0.00	0.02	0.00	0.19	0.00	2.75	10.16	1.23

S. No.	HS Code	Commodity	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Average %age Share
8	28	Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, etc.	0.00	0.05	0.00	0.00	0.39	1.16	6.27	2.82	1.39	1.19	3.23	4.13	1.96	1.74
9	07	Edible vegetables and certain roots and tubers.	0.00	0.00	0.53	0.06	0.65	2.53	7.98	8.17	1.31	1.22	1.33	0.29	0.22	1.87
10	50	Silk	7.76	3.17	2.20	0.78	0.75	6.46	1.12	1.18	0.37	1.00	1.18	0.24	0.10	2.02
Total			86.88	92.21	86.39	91.57	85.35	93.02	95.23	92.93	95.60	94.61	92.29	96.76	97.78	92.35

Source: UN Commodity Trade Statistics.

Table 8: Percentage Share of Central Asian Market in India's Global Imports of Selected Commodities

S. No.	HS Code	Commodity	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	Average %age Share
1	79	Zinc and articles thereof.	1.05	0.62	0.58	2.07	0.53	0.21	2.29	2.46	4.82	2.68	7.88	4.05	3.89	2.55
2	52	Cotton.	0.00	0.00	0.32	2.67	2.58	3.74	1.57	4.87	2.60	2.66	1.36	0.47	1.86	1.90
3	72	Iron and steel	0.19	1.78	0.29	0.01	0.35	0.10	0.33	0.18	0.45	0.67	0.64	0.61	1.07	0.51
4	25	Salt; sulphur; earths and stone; plastering materials, lime and cement.	2.88	3.17	3.34	1.31	1.13	1.65	2.06	1.95	1.84	1.44	3.39	2.57	9.22	2.77
5	71	Natural or cultured pearls, precious or semiprecious stones	13.35	12.05	3.19	3.59	2.95	0.57	0.65	0.00	0.73	1.50	0.00	0.08	3.14	3.22
6	76	Aluminium and articles thereof.	0.02	0.00	0.01	0.01	0.00	0.02	0.00	0.00	0.01	0.00	0.02	0.03	0.04	0.01
7	78	Lead and articles thereof.	0.02	0.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.03	0.26	0.03

S. No.	HS Code	Commodity	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	Average %age Share
8	28	Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, etc.	0.00	0.01	0.00	0.00	0.05	0.11	0.80	0.38	0.18	0.10	0.39	0.30	0.34	0.21
9	07	Edible vegetables and certain roots and tubers.	0.00	0.00	0.19	0.05	0.51	1.41	4.99	4.23	0.52	0.50	0.80	0.08	0.13	1.03
10	50	Silk	1.23	0.96	0.38	0.24	0.24	1.72	0.44	0.43	0.14	0.23	0.31	0.08	0.15	0.50

Source: UN Commodity Trade Statistics.

in the selected Indian imports from the world. As is clear, India has a very little dependency on Central Asian commodities. Though, in case of the commodity namely natural or cultured pearls, precious or semiprecious stones, Central Asia's share in India's total imports was 13.35 per cent in 1996-97, but it declined substantially to 3.14 per cent in 2008-09. Further, as is clear from the average percentage share of the selected commodities in India's total imports from the world was very low or negligible. Hence, it can be said that India's dependency on Central Asian goods is very limited.

7. Conclusions

Although the countries of Central Asia have been integrated in the global economy, their economic relations with India have been declined significantly. There has been found very low trade of India with Central Asian countries. This is due to many reasons but lack of economic and financial sector reforms in some of these countries is one of the basic reasons. The other factors of this low trade are lack of direct transport links, poor infrastructure, inadequate banking facilities and tax structure, competition by Russia, China and USA etc.

Central Asia is a land locked region and away from Indian borders. The long routes to region through third countries are a big drain on trader's money and time. Afghanistan and Pakistan routes are more time and cost saving but highly risky. The other shortest route is through Iran but it is under the shadow of Indo-US friendship. There have been several recommendations for pipelines and land routes between South and Central Asia, like TAPI pipeline project or North-South Corridor

project. TAPI gas pipeline project may remain on paper only. The North-South Corridor holds out new hope for India for it “will enable India to bypass Pakistan and yet reach out to Central Asia (Ramachandran, 2009). Central Asia finds it more profitable to sell gas only to Russia and Europe. Delay in visa clearance and very short time visas are discouraging the investors. There is also lack of international banking in most of these republics.

There are also some geo-political obstacles on the way. In Kazakhstan, after April treaty, the Labor party of country is opposed to exporting uranium to a nation that has not signed the United Nations Nuclear Non-Proliferation Treaty. Violence against Indian students in recent times has also upset diplomatic in Kazakhstan and Turkmenistan.

Central Asian Region’s strategic location and rich resources are attracting international attraction. Russia has historical links with the Central Asia whereas China and USA are already investing in this region. Thus, India needs to promote and preserve its interest. As energy projects are on top in India-Central Asia cooperation, but there are other areas also where two can do well, such as pharmaceuticals, tea, construction works, food processing, tourism industry and textile. There are significant common interests on which India and Central Asian countries can build up a partnership (Roy, 2001). Economic relations between India and CARs remain unsatisfactory in spite of immense scope for a mutually beneficial relationship. India declared 2003 as focus CIS year for bringing economic ties to the central position. “India wants to trade with Central Asia” (the statement given by Indian external affairs

¹ External Affairs Ministry’s Address at Tajik National State University on 29 January, 2003

minister in 2003)¹. Therefore Government of India has taken several steps. India has opened air connectivity with all the five republics. India has established joint commissions with CARs and regular meeting of these commissions have facilitated economic cooperation. India has been extending credit lines of 10 million US\$ to Central Asian states for boosting economic cooperation (Roy, 2005).

India, China and Central Asian republics should develop a sub-regional framework agreement designed to facilitate cross-border transit trade along the measures adopted by ASEAN, Greater Mekong Sub-region, TRACECA, ECO, BIMSTEC, and others. This way India can increase trade relations with Central Asia and also can play a multi-dimensional role in the development of these former Soviet Republics. India is also absent from many of the regional economic initiative in the region. India should either pursue extending the SAARC to Central Asia region or create another independent organization (Sachdeva, 2005). Recently these economies have grown up; therefore good economic relations of India with Central Asia can boost their trade.

India needs energy resources to accelerate its economic growth while other Central Asian countries are looking for receiving foreign direct investment (FDI) for exploration, and production of their energy resources. Therefore, India should take the initiative to start negotiations for a FTA with these countries.

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