



SIGNIFICANCE OF INDIA-CENTRAL ASIA ECONOMIC DIPLOMACY AND JOINT PROJECTS, AIMING FOR MUTUAL ECONOMIC PROSPERITY AMONG COUNTRIES

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Article History	Abstract
Received: 13.05.2025 Accepted: 12.06.2025	Although India has different culture, religion, language, it connected with Central Asian countries historically and has many things to share with them. Therefore, Indian government is trying to build strong, bold relationships with Central Asia. They both have strategic interests to each other and there are some needs that can be met by only India-Central Asia cooperation. Many joint projects have been implemented as well as there are many which are on the way and these projects are meant to develop relationships between Central Asia and India and take them into new level.

Keywords: TAPI pipeline, The Ashgabat Agreement, India-Central Asia Dialogue, India-Central Asia Summit.

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India's economic ties with the Central Asian countries—Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan—have grown steadily since the dissolution of the Soviet Union in 1991. These relationships are shaped by strategic interests, trade opportunities, energy needs, and regional connectivity initiatives.

India – Central Asia: Diplomatic Ties Timeline

Country	Independence	India Recognized Independence	Diplomatic Ties Established	Indian Embassy Opened
Turkmenistan	Dec 1991	Dec 1991	April 1992	Jan 1994
Kazakhstan	Dec 1991	Dec 1991	Feb 22, 1992	May 1992 (Almaty)
Kyrgyzstan	Aug 31, 1991	1991 (implied)	Mar 18, 1992	1994
Uzbekistan	Sep 1, 1991	Dec 26, 1991	Mar 18, 1992	1994
Tajikistan	Sep 1991	—	Aug 28, 1992	1994

1-table. Dates of establishment of diplomatic relationships

India’s trade with Central Asia remains less than 0.5 percent of India’s total trade, amounting to around US\$2 billion, in stark contrast with China’s trade with the region at about US\$100 billion. India’s engagement with the South Caucasus region has been dismal too, but that is soon expected to change with recent connectivity and economic agreements between India and the region.

Recent connectivity initiatives like India’s Connect Central Asia Policy 2012, signing of the Ashgabat Agreement in 2018, India’s investments in the Chabahar port in Iran, pursuance of the Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline, and operationalization of the International North South Transport Corridor (INSTC) are steps in the right direction.

Though Uzbekistan and Turkmenistan are not the members of INSTC, in 2012, they agreed to extend support to member countries to complete the missing links along the corridor. India is also mulling air corridor connectivity with the Central Asian region, similar to the India-Afghanistan air freight corridor, and talks to secure this are ongoing.

Uzbekistan’s trade with India gradually increased since 2016, with export value registering a significant rise from US\$90.74 million in 2016 to US\$193.45 million in 2019. Imports from Uzbekistan to India have more than doubled, from US\$46.48 million in 2016 to US\$92.34 million in 2019³.

The major items of India’s exports to Turkmenistan are pharmaceuticals, agricultural products, sugar, meat, electronic and electrical items, machinery, woven apparel and tyres. The major import commodities are: fertilizers, inorganic minerals, chemicals and dyes.

³ <https://www.india-briefing.com/doing-business-guide/india/trade-relationships/india-s-trade-prospects-with-turkmenistan-uzbekistan-and-azerbaijan>

All figures in million USD

	2019-20	2020-21	2021-22	2022-23	2023-24
Indian Export	33.90	60.64	104.29	90.29	37.46
Indian Import	3.99	0.30	10.07	101.72	74.93
Total	37.89	60.94	114.36	192.01	112.39

Source: Department of Commerce, GOI

2-table. Trade between India and Turkmenistan⁴

In July 2024, Embassy in association with APEDA organized an Indian Mango Festival in Ashgabat. Four varieties of mangoes (Dussheri, Chausa, Langra and Raw Mango) were showcased at the festival which was attended by more than 100 Turkmen businesses, representatives of Ministry of Foreign Affairs, Chamber of Commerce and Industry, and the Union of Industrialists and Entrepreneurs of Turkmenistan.

India and Turkmenistan cooperate closely in trade and transport frameworks. Turkmenistan joined the International North South Transport Corridor (INSTC) in July 2023. Cargo shipment using the eastern branch of the INSTC via Turkmenistan and Kazakhstan is gaining momentum. India & Turkmenistan are part of the Agreement on the Establishment of an International Transport and Transit Corridor (Ashgabat Agreement) which India joined in February 2018. It envisages establishment of an international transport and transit corridor between Iran, Oman, Turkmenistan and Uzbekistan⁵.

In February 2025, Turkmenistan exported \$11.8M and imported \$5.31M from India, resulting in a positive trade balance of \$6.47M. Between February 2024 and February 2025 the exports of Turkmenistan to India increased by \$11.8M (0%) from \$0 to \$11.8M, while imports increased by \$1.5M (39.2%) from \$3.81M to \$5.31M.

In February 2025, the top exports of Turkmenistan to India were Fertilizers Manufactured (\$11.8M), Accumulators And Batteries (\$0), and Ac, Refrigeration Machinery Etc (\$0). In February 2025, the main imports of Turkmenistan from India were Drug Formulations, Biologicals (\$2.55M), Sugar (\$1.05M), and Incl. Machinery For Dairy Etc (\$528k).

In February 2025, the year-on-year growth in Turkmenistan's exports to India was driven mainly by exports of Fertilizers Manufactured (\$11.8M or 100%), Other Commodities (\$0 or 100%), and Petroleum Products (\$0 or 100%). Meanwhile, in the same month, the rise in Turkmenistan's imports from India was mainly attributed to imports of Sugar (\$1.05M or 100%), Inorganic Chemicals (\$282k or 2.96k%), and Nuclear Reactor, Incl Boiler, Part (\$136k or 158%)⁶.

India & Turkmenistan are part of the Agreement on the Establishment of an

⁴ <https://www.newscentralasia.net/2025/04/04/india-turkmenistan-bilateral-brief/>

⁵ <https://www.mea.gov.in/Portal/ForeignRelation/India-Turkmenistan-Feb-2025.pdf>

⁶ <https://oec.world/en/profile/bilateral-country/tkm/partner/ind>

International Transport and Transit Corridor (Ashgabat Agreement) which India joined in February 2018. It envisages establishment of an international transport and transit corridor between Iran, Oman, Turkmenistan and Uzbekistan⁷.

The Ashgabat Agreement was signed to create an international multimodal transport and transit corridor between Central Asia and the Persian Gulf in 2011. On April 25, 2011, Uzbekistan, Turkmenistan, Iran, Oman, and Qatar were the first countries to sign the Agreement. Kazakhstan and Pakistan joined the grouping in 2015 and 2016, respectively, after Qatar withdrew from the deal in 2013. In April 2016, the Ashgabat Agreement came into effect. India formally joined Ashgabat Agreement 2018 in February. Its goal is to improve Eurasian connectivity and coordinate it with other regional transport corridors, such as the International North-South Transport Corridor (INSTC).

Aim of Ashgabat Agreement:

The Ashgabat Agreement aims to promote regional connectivity and trade among member countries. Here are the key goals of the agreement:

The agreement focuses on improving road, rail, and maritime transportation infrastructure. It eases the movement of goods and people between member countries.

It seeks to enhance trade and economic cooperation by:

- ✓ reducing trade barriers,
- ✓ simplifying customs procedures, and
- ✓ promoting investment opportunities.

The agreement aims to foster cultural exchanges and cooperation between member countries. It promotes mutual understanding and collaboration. It aims to establish efficient transit procedures and promote harmonization of transit policies.

The agreement seeks to promote peace, stability, and security in the region. This is achieved through increased regional cooperation and dialogue among member countries.

Significance of the Ashgabat Agreement for India

Access to Central Asia: The Ashgabat Agreement allows India to access landlocked Central Asian countries. India can access them through a shorter and more efficient transport route. This opens up new avenues for trade, investment, and diplomatic engagement with the region.

Diversification of Trade Routes: By joining the agreement, India diversifies its trade routes. It reduces dependence on traditional routes. This enhances the resilience of India's trade. It strengthens its economic ties with many countries.

Boost to International Trade: The agreement facilitates the movement of goods and commodities. It streamlines customs procedures, reduces transit times, and minimizes logistical challenges. This boost to international trade expands market opportunities. It benefits Indian exporters and importers.

Energy Security: Central Asia is rich in energy resources, particularly natural gas. The

⁷ <https://eoi.gov.in/ashgabat/?0760?000>

agreement enables India to explore new avenues for energy cooperation. It helps diversify its energy sources, thereby enhancing energy security.

Geostrategic Importance: The Ashgabat Agreement strengthens India's presence and influence in the region. This holds significant geostrategic importance. It allows India to actively take part in regional initiatives. It helps shape the geopolitical dynamics of Central Asia⁸.

The Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline has important implications for energy security and regional integration in South Asia. To begin with, it will do much to address South Asia's growing electricity demand, which will require a 118% increase in installed capacity to 1,067 gigawatts (GW) by 2040.

Construction on the TAPI pipeline began in 2015 and is expected to be completed in 2022. Once operational, the pipeline will carry 33 billion cubic meters of gas from the Galkynysh fields in Turkmenistan through Herat, Nimruz, and Kandahar in Afghanistan and Multan, Dera-Ghazi Khan, and Quetta in Pakistan, before culminating at the Indian border town of Fazilka. Partially funded by the Asian Development Bank (ADB), the \$10 billion pipeline runs 1,600 kilometers (km) and is expected to be in operation for a period of 30 years. The project has been heralded by multiple U.S. administrations as a facilitator of energy access and peacebuilding in Central and South Asia. Proponents of the pipeline point toward the environmental benefits of replacing coal with gas, as well as the economic incentives provided by transit fees and energy trade. Despite security threats from terrorist groups and conflicts between India and Pakistan, the TAPI project has made significant progress in recent years. Currently, the Turkmen portion of the pipeline is nearing completion and land procurement is underway in Afghanistan⁹.

PESTEL analysis of TAPI pipeline:

Factor	Description
Political	<ul style="list-style-type: none"> - Involves four countries with complex relations. - Security concerns in Afghanistan due to instability - Regional rivalries (India-Pakistan).
Economic	<ul style="list-style-type: none"> - Huge potential to boost energy trade and economic development. - Reduces energy shortages in Pakistan and India. - Expensive infrastructure cost. - Job creation in transit countries.
Social	<ul style="list-style-type: none"> - Potential displacement or unrest in local communities. - Public support varies across regions.
Technological	<ul style="list-style-type: none"> - Requires advanced technology for safe pipeline construction in unstable terrains.

⁸ <https://testbook.com/ias-preparation/ashgabat-agreement>

⁹ <https://www.nbr.org/publication/the-governance-of-the-tapi-pipeline-political-social-and-environmental-challenges/>

Factor	Description
Environmental	<ul style="list-style-type: none"> - Challenges with maintenance and security tech. - Environmental risks in construction (e.g., forests, rivers, ecosystems).
Legal	<ul style="list-style-type: none"> - Cleaner alternative to coal or oil. - Need for eco-friendly methods. - Cross-border legal frameworks and transit agreements needed. - Risk of breaches due to political instability. - Complex contract enforcement.

The revival of the TAPI pipeline also holds significant potential for India’s energy security and economic growth. As a key part of India’s efforts to diversify its energy sources, the TAPI pipeline could facilitate the import of natural gas from Turkmenistan, enhancing India’s energy supply while reducing reliance on traditional sources. The project also aligns with India’s strategic interest in strengthening ties with Central Asia and improving regional connectivity. However, its successful implementation depends on overcoming geopolitical challenges, including security concerns in Afghanistan and Pakistan, as well as diplomatic coordination with stakeholders involved in the project.

If completed, the TAPI pipeline could address energy shortages in India, Pakistan, and Afghanistan while fostering regional cooperation, economic growth, and stability. However, achieving this goal demands overcoming major challenges, including securing investments, ensuring the security of the pipeline route, and promoting collaboration among politically tense nations. The pipeline’s advancement remains a priority for the involved countries, and its success could pave the way for a new era of energy diplomacy and regional economic integration.

The TAPI pipeline represents a significant step forward for regional energy cooperation. However, its success depends heavily on ensuring stability and security in Afghanistan. The project’s long-term feasibility will require consistent collaboration among Turkmenistan, Afghanistan, Pakistan, and India, alongside a shared commitment to addressing potential challenges. By fostering a secure environment and strengthening regional partnerships, the TAPI pipeline can serve as a catalyst for economic growth, energy security, and regional connectivity, benefiting all involved¹⁰.

India and Kazakhstan share a strong and growing economic partnership, driven by mutual trust and cooperation. Kazakhstan is India’s largest trade and investment partner in Central Asia.

The India-Kazakhstan Inter-Governmental Commission (IGC), established in 1993, is the apex bilateral institutional mechanism for development of trade, economic, scientific, technological, industrial and cultural cooperation between the two countries. The Ministry

¹⁰ <https://tdhj.org/blog/post/tapi-pipeline-role-integration/>

of Petroleum and Natural Gas on the Indian side and the Ministry of Trade and Integration on the Kazakhs side have been the nodal ministries with respective Ministers as the Co-Chairs of the Commission.

A total of nine Joint Working Groups (JWGs) have been established in the areas of Counter Terrorism, Trade & Economic Cooperation, Defence & Military Technical Cooperation, Transport Connectivity and Logistics, Information Technology, Hydrocarbons, Textiles, Tea Debt and Space Cooperation. It was also decided to set up three new Joint Working Groups on Chabahar Port, Pharmaceuticals and Healthcare to take forward bilateral relations in the respective spheres.

FICCI and Chamber of International Commerce of Kazakhstan have set up a Joint Business Council (JBC) to promote trade, economic and investment cooperation between the two countries. APEDA, the organization promoting Indian agro-products is also actively engaged through promotion of Indian products in Kazakh markets. Both the countries witness active participation of companies from various sectors in Trade Fairs / Exhibitions / Conferences, etc. on a regular basis. Frequent B2B events and industrial visits took place in recent years¹¹.

The Services Export Promotion Council (SEPC) of India business delegation paid a visit to Almaty (Kazakhstan) on 9-10 February, 2023. Delegation consisted of companies from various sectors such as logistics, tourism, health-care, education, consultancy, IT, construction, animation, etc. The official visit comprised 2 days business program: B2B event and industrial visits¹².

The first India-Central Asia Dialogue was held in Samarkand in January 2019, and the second such dialogue was held virtually in October 2020. Ministers assessed the progress made on the points so far agreed upon. They welcomed the signing of MoUs to implement High Impact Community Development Projects (HICDPs) for socio-economic development in Central Asian countries, built on grant support by India. They also welcomed the projects agreed upon for implementation and looked forward to expeditious identification and implementation of more projects under this mechanism. They noted the ongoing discussions concerning the utilisation of the US\$ 1 billion Line of Credit committed last year for infrastructure development projects in Central Asian countries and instructed their senior officials to make early progress in this regard¹³.

The 4th meeting of the India-Central Asia Dialogue was held in New Delhi on 6 June 2025 under the chairship of the External Affairs Minister of India. Ministers of Foreign Affairs of the Republic of Kazakhstan, the Kyrgyz Republic, the Republic of Tajikistan, Turkmenistan and the Republic of Uzbekistan took part in the meeting.

The Ministers noted the current level of trade and investment between India and Central Asian countries and stressed the importance of making concerted efforts to realise

¹¹ <https://www.indembastana.gov.in/page/commercial-and-economic-relations/#:~:text=India%20and%20Kazakhstan%20share%20a,investment%20partner%20in%20Central%20Asia.>

¹² <https://www.mea.gov.in/Portal/ForeignRelation/Bilat-Brief-July-2024.pdf>

¹³ <https://timesofindia.indiatimes.com/blogs/col-nagial/india-and-central-asian-dialogue/>

the full potential of mutual trade, especially in sectors like pharmaceuticals, information technology, agriculture, energy, textiles, gems and jewellery.

The Ministers underlined the importance of greater financial connectivity between India and Central Asian countries, including through digital payment systems, enhanced interbank relations, and trade in national currencies to encourage greater trade, investment, tourism and people-to-people exchanges. Recognising the important role of financial and banking linkages, the Sides also expressed interest to establish a Joint Working Group to explore ways to further deepen banking and financial connectivity between India and Central Asian partners.

The Ministers emphasized optimum usage of the International North-South Transport Corridor (INSTC) to enhance connectivity between India and the Central Asian countries. They stressed that connectivity initiatives should be based on the principles of transparency, broad participation, local priorities, financial sustainability, respect for sovereignty and territorial integrity of all countries. India reiterated its support for the membership of Turkmenistan and Uzbekistan in INSTC. In this context, Ministers appreciated the initiative taken by Kazakhstan to develop the eastern branch of INSTC.

The Ministers appreciated the First meeting of the India-Central Asia Joint Working Group on Chabahar Port held in Mumbai in April 2023. India welcomed the interest of Central Asian countries to utilize the services of Shahid Beheshti Terminal at the Chabahar Port for facilitating their trade with India and beyond. The Sides agreed to continue engagement for further developing the transit and transport potential of their countries, through simplification and streamlining of goods transit procedures, including greater use of TIR Carnet between India and Central Asia. The Ministers welcomed the efforts of the India-Central Asia Business Council (ICABC), as a B-2-B body under the India-Central Asia Dialogue, to promote business linkages, identify potential areas for investments, and facilitate greater understanding of business regulations. The Ministers of Foreign Affairs of Central Asia appreciated the important role of the Indian Technical and Economic Cooperation (ITEC) Programme in capacity building and human resource development of their countries, especially in Information Technology and communication skills in the English language. India agreed to expand the scope of ITEC programmes to cover more areas of interest to Central Asian countries¹⁴.

Prime Minister Shri Narendra Modi hosted the first meeting of the India-Central Asia Summit, with the participation of the Presidents of Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan and Uzbekistan, in a virtual format on 27 January 2022. This was the first engagement of its kind between India and the Central Asian countries at the level of leaders.

The first India-Central Asia Summit was a reflection of India's growing engagement with the Central Asian countries, which are a part of India's "Extended Neighbourhood". Prime Minister Shri Narendra Modi paid a historic visit to all Central Asian countries in 2015. Subsequently, there have been exchanges at high-levels at bilateral and multilateral

¹⁴ <https://www.mea.gov.in/bilateral-documents.htm?dtl/39643>

forums¹⁵.

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