



узбекско-индийских отношений в газетах и журналах страны. В этих периодических изданиях наряду со статьями узбекских ученых публиковались статьи и индийских ученых. В частности, в статьях индийских ученых в газетах признается комплексность отношений между двумя странами, прочность фундамента сотрудничества.

Анализ изученной научной литературы показывает, что исследования политических, экономических, исторических, культурных отношений между Узбекистаном и Индией проводились в основном до середины 2000-х годов. Очевидно, что изучение современной эпохи стремительно развивающихся узбекско-индийских отношений, в частности нового этапа стратегического партнерства в контексте Нового Узбекистана, остается актуальной задачей для наших историков, политологов и экономистов.



## POLICY IMPLICATIONS FOR ECONOMIC DIMENSION OF INDIAN – UZBEKISTAN COOPERATION

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**Abstract.** Article analyses current state of bilateral economic cooperation between India and Uzbekistan, taking into account the factors like Indian economic development, its experience of developing bilateral trade and possibilities of developing trade relations between India and Uzbekistan. Besides, Author analyses the current state of realizing Indian Central Asian strategy called “Connect Central Asia” and economic aspects of how India tries to implement its basic interests into realization. At the same time main export targets of Uzbekistan and its export quality are examined and how share of Uzbekistani export in India can be raised by using existing conditions and new passages for developing bilateral trade. Author researched possible ways of developing transport communication and transport hubs for connecting Central and South Asia. Transport corridors like International South-North corridor proposed by India and supported countries like Russia, Iran and Central Asian countries which connects India with Europe through India and Central Asia. Besides, policy recommendations and suggestions are developed by author.

**Keywords and expressions:** Uzbekistan, economic cooperation, natural resources, trade, interregional cooperation.

**Аннотация.** Мақолада Ҳиндистон ва Ўзбекистон ўртасидаги икки томонлама иқтисодий ҳамкорликнинг ҳозирги ҳолати, Ҳиндистон иқтисодий тараққиёти, унинг икки томонлама савдони ривожлантириши тажрибаси каби омиллар ҳамда Ҳиндистон ва Ўзбекистон ўртасидаги савдо алоқаларини ривожлантириши имкониятлари таҳлил қилинади. Бундан ташқари, муаллиф “Марказий Осиёни боғлаш” деб номланган Ҳиндистон Марказий Осиё стратегиясини амалга оширишнинг ҳозирги ҳолати ва Ҳиндистоннинг асосий манфаатларини амалга оширишга қандай ҳаракат қилишининг иқтисодий жиҳатларини таҳлил қилади. Шу билан бирга, Ўзбекистоннинг асосий экспорт мақсадлари ва унинг экспорт сифати ўрганилиб, икки томонлама савдони ривожлантириши учун мавжуд шароит ва янги йўналишлардан фойдаланиб, Ўзбекистон экспортининг Ҳиндистондаги улуши қандай кўтарилиши мумкинлигини ўрганган. Муаллиф Марказий ва Жанубий Осиё минтақаларини боғлаш учун транспорт муносабатларини ва транспорт хабларини ривожлантиришининг мумкин бўлган йўллари тадқиқ этган. Ҳиндистонни Эрон ва Марказий Осиё давлатлари орқали Европа билан боғловчи халқаро Жанубий-Шимолий транспорт коридори таклиф

этилган ва Россия, Эрон ва Марказий Осиё давлатлари томонидан қўллаб-қувватланган. Бундан ташқари, муаллиф томонидан Ҳиндистон ва Ўзбекистон ўртасида икки томонлама муносабатларни ривожлантириш учун тавсиялар ва таклифлар ишлаб чиқилган.

**Таянч сўз ва иборалар:** Ҳиндистон, Ўзбекистон, иқтисодий ҳамкорлик, табиий ресурслар, савдо, минтақалараро ҳамкорлик.

**Аннотация.** В статье анализируется современное состояние двустороннего экономического сотрудничества между Индией и Узбекистаном с учетом таких факторов, как экономическое развитие Индии, ее опыт развития двусторонней торговли и возможности развития торговых отношений между Индией и Узбекистаном. Кроме того, автор анализирует современное состояние реализации индийской центральноазиатской стратегии «соедини Центральную Азию» и экономические аспекты того, как Индия пытается реализовать свои основные интересы. В то же время рассматриваются основные экспортные цели Узбекистана и его экспортное качество, а также то, как можно увеличить долю узбекского экспорта в Индии, используя существующие условия и новые пути развития двусторонней торговли. Автор исследовал возможные пути развития транспортных коммуникаций и транспортных коридоров для соединения Центральной и Южной Азии. Транспортные коридоры, такие как международный коридор Юг-Север, предложенный Индией и поддерживаются такими странами, как Россия, Иран и страны Центральной Азии, которые соединяют Индию с Европой через Индию и Центральную Азию. Кроме того, Автором были разработаны политические рекомендации и предложения для развития двухстороннего сотрудничества между Индией и Узбекистаном.

**Опорные слова и выражения:** Индия, Узбекистан, экономическое сотрудничество, природные ресурсы, торговля, межрегиональное сотрудничество.

**Introduction.** The collapse of the bipolar system of international relations coincided with the beginning of successful economic reforms in India, which were launched in 1991 and served as the beginning of a serious discussion about India's place and role in the world. With the successful development of the state, there is the point of view in the international scientific community that New Delhi will become a significant factor in world politics began to grow stronger. This view has also become very popular in India itself, where they prefer to specify that it will only regain the positions that it has always occupied as the center of world civilization and culture throughout its history . However, New Delhi's desire to become a true regional leader and, in the long run, a global power faces a number of obstacles today. Challenges lie in both domestic and foreign policy. The main goal that India sees today is, first of all, to maintain high rates of economic growth and modernize the economy, which will allow it to solve the numerous problems facing the country in the future, including creating jobs and eliminating extreme poverty .

At the same time, India is forced to look for resources in the external environment for the implementation of N.Modi's large-scale "Make in India" program, which has become a key priority of the new government's domestic policy . The main goal of the program is to turn India into an industrial center of world production and create millions of jobs for a growing population. Naturally, India pays great attention to the neighboring region of South Asia – Central Asia. We can confidently say that India's current policy is being strengthened in relation to the countries of Central Asia, namely Uzbekistan, Kazakhstan, Tajikistan, Turkmenistan and Kyrgyzstan. Therefore, the future of India's economic ties with Central Asia will depend on how the countries can build a new interdependence in the Asian architecture.

**Aim and functions of article.** Main goals of article include studying the current state of bilateral economic relations of India and Uzbekistan, finding out the factors influencing the trade

conditions and possible ways of developing bilateral trade, analyzing export-import goods and share of countries into each other's overall import within the year.

**Methods of analysis.** Theoretical-methodological, historical and objectivity, principles of political analysis and perspective determination (forecasting), as well as methods of systematic analysis, political-comparative and synthesis were used in writing the scientific paper.

**Results.** It is important to note that India also needs a strong initiative to become part of an existing regional grouping like the SCO, to complement rather than seek alternatives to Chinese networks. In fact, being able to influence the course of the regional economic order from within, rather than from outside, will benefit India. It would be a waste of time and resources to try to set your own model.

Of course, India is at a disadvantage, because the space that connects us to Eurasia is surrounded by serious problems, and it is not easy to overcome them. Consequently, any large-scale economic interaction with the region will face difficulties. However, new regional forums emerging in the region, such as the SCO and the EEU, could provide opportunities for India to restore some of the lost links with this strategically important region.

While it is important to ensure connectivity through a land route through Iran and Afghanistan, any connection to Eurasia should be sought directly through the Northern parts of India, following the traditional Indian-Central Asian route through the Himalayan passes and the Xinjiang steppes. Again, the logic is not to gain access to Eurasia per-se, but more to seek interconnected regional economic integration with India's Northern neighbors, including China. In fact, this may be the only option that is actually achievable and worth pursuing.

However, India is trying to develop economic cooperation with Central Asian countries and Interregional trade is rising gradually. In order to achieve economic benefits India developed "Connect Central Asia" policy which includes the followings:

- to develop long term partnership in energy and natural resources;
- to cooperate in production of profitable crops with value addition;
- to participate in construction sector;
- to help set up several medium size industries by India;
- to help increase trade and investment Indian banks to expand their presence in Central Asia.

One of the main economic partner of India in Central Asia is Uzbekistan and Uzbekistan is the second the biggest trade partner after Kazakhstan in region. India and Uzbekistan developed many trade and investments legal frameworks which allow to both sides to strengthen bilateral trade. In the trade and economic sphere, the India and Uzbekistan resolve issues within the framework of meetings of the intergovernmental Commission on trade, economic, scientific and technical cooperation . Since 2014, a number of documents have been signed, including a contract for the supply of 2,000 tons of uranium to India during 2014-2018. To deepen ties in this area, the Minister of foreign Affairs of Uzbekistan A. Kamilov took part in the Uzbek-Indian business forum in August 2017. Within the framework of this forum, 22 contracts and 20 investment agreements were signed, the total amount of which amounted to \$ 150 million. It is worth emphasizing that there is a quantitative growth in the economic subsystem. For example, in the period 2012-2017, there is an increase in trade turnover, and about 100 Uzbek companies receive investments from India. In 2014, the trade turnover between the two countries amounted to \$ 315.9 million , in 2015 - \$ 320 million , in 2016 - \$ 370 million , in 2017 - \$ 323.6 million , in 2018 - \$ 255.8 million and in 2019 - \$ 292.53 million .



As we can see, there has been a drop in trade over the past year; this is due to the fall in resource prices at the beginning of 2017, which is why the cost of exports from the region has decreased. Despite the increase in trade over the past decade, India's share of trade with Uzbekistan, relative to its trade with the rest of the world, remains very low. Recent data shows that pharmaceutical products, clothing, tea and coffee, and various types of machinery are the mainstay of Indian exports to Central Asia.

Current state of India – Uzbekistan economic cooperation is highly based on export on Pharmaceuticals from India. The following tables show the current state of bilateral trade between Indian and Uzbekistan.

Source: prepared by author on the basis of Trade data from <https://www.trademap.org>

Table shows that most of the exporting goods of Uzbekistan are resources which can become added value goods by reproducing and can create more jobs for Uzbekistan. Besides, Uzbekistan is actively developing textile production which can become one of the sectors to enhance export of Uzbekistan into Indian markets.

Source: prepared by author on the basis of Trade data from <https://www.trademap.org>

In 2019 Uzbekistan exported goods in the amount of 14,344 million USD and had negative trade balance in the amount of -7510443 USD. The following figure shows the top 10 goods which Uzbekistan exported in 2019:

Source: prepared by author on the basis of Trade data from <https://www.trademap.org>

Hereinafter, there is table which shows the Indian imports from all the world and share of goods in Indian imports. By comparing the two tables we can say that most of Uzbek export goods to India and Uzbekistan's export share in Indian import is very low.

Source: Trade data on Indian trade balance from <https://www.trademap.org>

India and Uzbekistan are increasing and diversifying mutual supplies of goods and services, creating joint production facilities in high-tech sectors of the economy, such as pharmaceuticals, information technology, chemical industry, etc.

To date, there are 161 enterprises in Uzbekistan with the participation of Indian capital, and 22 Indian companies have invested in the Central Asian country. For example, in 2016 Indian pharmaceutical company Bravo Pharmaceuticals Pvt. Ltd. has started construction of a plant for the production of ready-made medicines in the Navoi free industrial and economic zone, and in 2018 it is planned to put the plant into operation. The total cost of the project is \$ 2.6 million. In Uzbekistan effectively operate the joint venture, such as "Novafarm, Bravo farm, Gufic Avicenna" and others. In addition, a number of cities, such as Tashkent and Termez, already have Indian drug manufacturing facilities. Since 2017, an Uzbek-Indian trading house has been operating in Delhi. On December 24, 2018, the Uzbek-Indian center for entrepreneurship development was opened in Tashkent.

Besides, Uzbekistan is rich of energy resources that currently India is in need and in overall Indian Central Asian strategy priorities includes reaching huge energy resources of Central Asian countries for further export to India.

It can be observed that mutual trade is going down despite both countries are trying to liberalize bilateral trade. For example, Resolution of the Ministry of investment and foreign trade of the Republic of Uzbekistan, Ministry of foreign affairs of the Republic of Uzbekistan State Customs Committee of the Republic of Uzbekistan on approval of the list of states with which signed the agreement for trade-economic cooperation with providing regime of the greatest favor and free trade from June 30th in 2020. According to the resolution India become the one of the

countries which behaves in regime of greatest favor. Besides, within the last committee meetings between India and Uzbekistan are working on to sign free trade agreement.

By studying current state of bilateral economic cooperation between India and Uzbekistan it should be noted that economic interaction is in need of diversity and mostly Uzbekistan's economy is changing rapidly by providing economic liberation and reforms.

Many factors influence on developing bilateral trade between India and Uzbekistan. One of which is transportation of goods and national resources. For this reason India is developing international transport project called International North-South transport corridor (INSTC) which comes along from Mumbai to Europe initiated in 2000. This transport corridor includes multi-mode network of ship, rail and road and longed 7,200 km. it will help to increase connectivity among India, Iran, Afghanistan, Azerbaijan, Russia, Central Asia and Europe.

In realization of project Iran and Afghanistan play main role and currently India is developing transport facilities in Iran, namely, India is mostly interested in creating huge transport hub in Chabahar port of Iran as well as building railway from Iran to Afghanistan . In the framework INSTC India built highway from Zaranj to Delaram Highway, the 215 km highway in 2005-2009 . Iran is constructing Chabahar-Milak highway with financial aid of India which will be connected to the Zaranj-Delaram highway in Afghanistan . This highway will allow India, Afghanistan and Central Asian countries to improve trade connectivity and decrease transport expenses. India will get the chance to develop trade relations with Central Asian Republics while Central Asian Republics will get the chance to use Iranian ports for realizing trade commodities. In following map we can observe that how Chabahar-Milak-Zaranj-Delaram highway helps to strengthen connectivity in Afghanistan.

Source: Google, Basarsoft, GIS Innovatsia

In the absence of transit through Pakistan, Iran is India's gateway to Afghanistan, Central Asia, and Russia and beyond and the Chabahar port is the key element in that. The location of the port has yet significance. It is located barely 72 km away from the deep-sea Gwadar port. While the Chabahar port is essentially meant for commercial purposes and provides transit route to Afghanistan, India can use the facility to monitor Pakistani & Chinese activities in the Indian Ocean Region as well as Gulf. It could be convenient location for India to monitor activities of Pakistani Navy by means of military purposes .

Uzbekistan as a double landlocked country is developing transport connectivity in the direction of Afghanistan and built Hairatan-to-Mazar-e-Sharif railway with the financial aid of Asian Development Bank and it came into work in 2011. Currently Uzbekistan is willing to continue railway network until Herat city from Mazar-e-Sharif , which will give an opportunity for regional countries to improve transport connectivity. This railroad project is costed about 500 million USD and 650 km length. Uzbekistan held talks with China and the Asian Infrastructure Investment Bank (AIIB) for possible collaboration . Besides, Uzbekistan is now interested in bringing India aboard of the project. "We support the expansion of India's presence in Central Asia and hope for some benefits for Afghanistan. I hope that negotiations with the Prime Minister of India Narendra Modi will open a new page in our bilateral relations stated Ilkhomjon Nematov, Special Assistant to the President of Uzbekistan for Foreign Affairs, to the Indian newspaper The Hindu on the eve of Mirziyoyev's visit to New Delhi in 2018 .

**Conclusions.** In summary it can be noted that following policy implications should be taken into consideration in order to strengthen bilateral economic interaction:



Firstly, “Business to Business” relations should be motivated by government and foreign diplomatic support by Embassy of both countries. Besides, Private companies should cooperate in developing trade relations by creating kind of online platform or different trade events.

Secondly, in strengthening economic cooperation within country and abroad Indian Trade houses played one of important role and they coordinated process of import and export. So it can be studied experience of developing bilateral relations among trade houses of India and Uzbekistan.

Thirdly, during the official summit of heads of the States of SCO on 10th of November in 2020 President of Uzbekistan proposed to held interregional conference on strengthening bilateral and multilateral cooperation between South Asia – Central Asia region. In the era of globalization, regionalism processes and cooperation in both regions is getting close within the last five years. In both regional processes India and Uzbekistan are the initiators of developing regional cooperation and connectivity. This means that India and Uzbekistan can motivate developing interregional economic cooperation among states of South and Central Asia which include almost 14 developing countries.

Fifthly, issues of developing economic cooperation between India and Uzbekistan are studied only by political means and during my research I tried to find some material which analyses economic interaction between India and Uzbekistan. In this case it is in urgent need of researching and finding some ways for rising economic interaction between abovementioned countries.

Sixthly, digitalization process of Indian economy is in rise and mostly India tries to develop digitalization of economy which motivates process of developing economy.



## **A SENSIBLE SOFT POWER GENERATOR: INDIAN DIASPORA ABROAD AND ITS PROSPECTS IN UZBEKISTAN**

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**Abstract.** *This article presents an overview of the productive role of Indian diaspora in enhancing India's soft power credentials and its influence in shaping India's foreign policy. The article examines how the Indian diaspora has evolved into important non-state actors and bearers of India's reputation', 'image' and 'prestige' around the world. The author also attempts to highlight Indian diaspora striving to procure a good position in the soft power race. There are examples how, being a major power, India is wisely focusing its soft power strategies on potential cultural resources. This study finds Indian diaspora being recognized for its contribution in various scientific, technical and business fields as well as in politics and law. The Indian diaspora has acted as a navigator in the spread of Indian soft power resources such as yoga, Ayurveda, festivals, cinema, cuisine, culture, ideology and intangible heritage in foreign lands. The article also focuses on the utilization of Indian diaspora in promoting India's soft power diplomacy in Uzbekistan. Special emphasis has been given to the strong cooperation in the pharmaceutical sector, in which the Indian companies are productively enhancing their business.*