

India and Central Asia: Need to Expand its Development Partnership Initiatives

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We are witnessing the beginning of a new strategic churning that has already engulfed Central Asia. About thirty years after the Soviet collapse, Central Asia's strategic landscape is changing rapidly. Over the years, Russia has been losing its full control over the region. Instead, China's deep penetration in Central Asia is changing the regional complexity, which may also reinforce competition among major powers in the coming years. In fact, the recent escalation in strategic and diplomatic tensions between the US, China, and Russia has been impacting the region.

The war in Ukraine, beginning in early 2022, seems to have finally triggered a critical security dilemma for the Central Asian States since the Soviet collapse. The Western sanctions on Russia have blocked all the Eurasian outlets, disrupted the logistic chain, and crippled Central Asian economies that are tied with that of Russia. Kazakhstan's oil exports through Russian ports have been badly affected. The economic costs have been heavy. Tajikistan, Kyrgyzstan, and Uzbekistan sent 7.8 million workers to Russia in 2021. Remittances from Moscow accounted for thirty per cent of their GDP. The fall of the rouble has caused the faltering of their national currencies impacting everyday life.

The Central Asian Republics walked a diplomatic tightrope in their response to the Ukraine conflict. Despite Putin's assurance that the Ukraine case is an exception, the Central Asians are wary, as much as they avoid, that Russia would be emboldened to reclaim Central Asia. They fear for their sovereignty.

Taliban Sitting Next Door

At the same time, the US withdrawal has paved the way for the extremist Taliban to come back to power through the use of force. Ironically, Central

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Asians have endorsed the Taliban coming to power next door in Afghanistan but rejected Russia's actions in Ukraine.

Instead, some Central Asian states initially pinned their hopes on the Taliban in a "pragmatic way" to assuage problems, though not all are on the same page. Tajikistan supports the Panjshiris.

The Taliban is seemingly unable to govern northern Afghanistan and the fierce fighting among terrorist groups, ISIS and others come as a risk for the region. Numerous outfits including Jamaat Ansarullah (Tajik wing of IMU) and other homegrown outfits, hitherto lying dormant since 9/11, are waiting in the wings to infiltrate the region. ISIS has been bombing cities in north Afghanistan bordering Central Asia.

The Taliban takeover and the Ukraine crisis have also increased drug trafficking. The UNDOC noted the highest levels of opium production in Afghanistan, a 37 per cent increase in 2020. As such, the region is becoming vulnerable. Russian troops reached Kazakhstan early this year to quell violent protests that wracked the country, leaving 225 people dead. Moscow also had to support Tajikistan in dealing with the Afghan border in August 2021 following the US withdrawal.

China Profiting from Russia's Crisis

Russia's crisis in Central Asia means an opportunity for China, as China has displaced Russia as the number one trade partner. Beijing's 'China + Central Asia' grouping launched in January this year vowed to increase the trade target to \$70 billion by 2030. Besides, China's BRI strategy is linked to Asian security issues, especially Afghanistan. BRI projects are traction in Central Asia but also result in more security concessions to China in exchange for debt relief. Beijing holds over forty per cent of Tajikistan and Kyrgyzstan's national debts. Beijing uses its economic presence to seek influence in security areas. With their outside contacts no longer under Russian observance, China is rapidly emerging as a major arms supplier and security partner in the region, although Russia still has a large military presence in the region.

The regional fallout of the Ukraine War could be serious without precedent that needs to be watched carefully by India.

India's Interest in Central Asia

Until recently, Central Asia never assumed vital importance in India's Foreign

Policy. At best, it has been an area of peripheral interest which primarily looked at the region through the Russian.

Given the region's strategic position, its proximity to Afghanistan, and growing China's assertive moves, India can no longer remain aloof; instead, it should strive to strengthen its footprint in the region in a major way. And, if India is to secure its interest, it has to start making a far-sighted move and develop a comprehensive response and a strategy—one that takes into account the rapidly evolving geopolitics in Eurasia.

With Russia now preoccupied in Ukraine, these countries meanwhile seem to be looking for alternative options, including looking towards India to ensure seamless logistic chains and markets – there is an opportunity. The underlying objective is that India cannot afford to cede the region either to the Islamic forces or to China's dominance and influence.

At the same time, Central Asia is a promising area for India's expanded attention, therefore, deserves to factor more prominently than before in its foreign policy calculations.

While crafting a coherent Indian response requires more deliberation with a wide range of stakeholders, India needs to undertake a review of the changes occurring in the region and identify India's interests and the sources of leverage based on its capabilities and limitations in the region.

India's Engagement with Central Asian States

India's bilateral strategic relations with the countries of Central Asia have expanded over the years. In January 2019, New Delhi changed the course by instituting a structured dialogue, "India-Central Asia Dialogue," when the first Foreign Minister level meeting between the External Affairs Minister of India and the Foreign Ministers of Kazakhstan, Tajikistan, Turkmenistan, Kyrgyzstan, Uzbekistan, and Afghanistan was held in Samarkand (Uzbekistan). It was instituted to strengthen cooperation in political, security, economic and commercial, development partnership, humanitarian and cultural spheres, as well as exchange views on regional and international issues of mutual interest and enhance cooperation under the framework of the UN and other multilateral fora. It aims to build a comprehensive and enduring India-Central Asia partnership on the basis of their historical, cultural, and civilizational bonds as well as their traditionally close people-to-people contacts.

The Second India-Central Asia Dialogue was held on October 28, 2020, when it discussed the need to continue close cooperation in the fight against

the Covid-19 pandemic. Prime Minister Narendra Modi hosted the last India-Central Asia Summit in a virtual format in January 2022, during which the leaders deliberated on steps to take forward relations to newer heights as well as the evolving regional security situation.

In terms of practical issues, India has recently taken several steps, including supporting the Central Asian countries in the fight against the Covid-19 pandemic. This was extended during the Second India-Central Asia Dialogue held on October 28, 2020. Central Asian Foreign Ministers acknowledged India's humanitarian medical assistance in the fight against the Covid-19 pandemic. India offered a \$1 billion Line of Credit for priority development projects in fields such as connectivity, energy, IT, healthcare, education, and agriculture. Central Asian countries also welcomed India's offer to provide grant assistance for the implementation of High Impact Community Development Projects (HICDP) for further socioeconomic development in the countries of the region.

Expanding Indian Development Partnership Initiatives

Given the region's strategic importance, India's economic engagement can be strengthened in states bordering Afghanistan and China. A good option is to take forward the regional initiative spelt out by the Indian External Affairs Minister at the "Heart of Asia" Conference, which is to expand India's development cooperation initiative to cover other regions around Afghanistan.

While India's development cooperation initiatives in a number of projects in Central Asian countries have already made a positive impact, there is potential for further expanding the investment opportunities under the Line of Credit to help boost the capacities of these countries that become self-sustaining and enduring. In the spirit of development partnership with Central Asian region, India in 2020 offered, inter alia, USD 1 billion Line of Credit for priority developmental projects in fields such as connectivity, energy, IT, healthcare, education, agriculture etc. such as promoting connectivity and development partnerships between India and Central Asian countries. Grant assistance is also given for the implementation of High Impact Community Development Projects (HICDP) for furthering socio-economic development in the countries of the region.

Some of India's new templates of cooperation, such as healthcare, agriculture, marketing, education, and others, would appropriately fit into the development plans of these countries. In turn, development cooperation projects will increase the confidence and prospect of Indian investors in Central Asia.

This paper lays out specific projects to be considered under the Development Cooperation initiative for Central Asia to promote alternative sustainable infrastructure development and contribute to community-level projects.

While implementing these projects, India, firstly, must support Indian companies with development finance while facilitating them to operate on a level playing field and assist the countries in preserving their strategic autonomy. Secondly, the priority is to build on India's historical strengths of culture and start building a platform that could lay the groundwork for translating India's "soft power" into a strategic advantage. Thirdly, while outmanoeuvring the Chinese outreach in Central Asia would be a challenge, India's efforts will certainly contrast with the exploitative and intrusive nature of China's engagement.

The following development partnership projects with Central Asian countries can be considered:

Partnership in Connectivity Projects

The Chabahar Port is certainly emerging as an important commercial transit hub. However, for it to become commercially a viable transportation hub requires developing linkages with other regional feeder networks.

Iran is planning to expand the Shahid Behesti terminal's capacity from 8.5 million tonnes to 13 million tonnes. Currently, India and Iran remain engaged in the modalities of implementation of the 628 km-long Chabahar-Zahedan railway project.

Once completed, Chabahar will connect to Mashad and Sarakh (Turkmen border) and align with the main Eurasian railway line connecting other parts of Central Asia, the Caspian Sea region, and Southern parts of Russia – all linked to the International North-South Transport Corridor (INSTC).

This enhances the prospect of developing an integrated transportation network involving INSTC in the West and the proposed transit corridor in the East to connect Afghanistan and Central Asia from Chabahar. India is already a part of the single transport transit corridor system within the framework of the Ashgabat Agreement; as such synchronising Chabahar with INSTC has become feasible.

In the East, Chabahar will directly connect to Afghanistan at two border points: one in Zabol, which facilitates access to Zaranj-Delaram Highway, and another with Khorasan Province, which will provide access from Khaf to Herat in Afghanistan.

Chabahar Plays a Catalytic Role

While the Central Asian states have been giving only rhetorical support to inter-connectivity, the Chabahar Port is beginning to stir multiple connectivity projects on the Eastern side. Uzbekistan has made a major push towards extending its railways lines to connect with Afghanistan, Pakistan, and Iran, especially for the construction of the Trans-Afghan railway corridor. It has enthused the Uzbeks and Afghans to extend the Mazar-i-Sharif railway to Herat via Sheberghan, Andkhoy, and Maymana to connect with Chabahar Port.

Meanwhile, Iran and Afghanistan have recently completed a 225-km-long cross-border Khaf-Herat Railway line. Similarly, the 112-km rail line between Atamyrat (Turkmenistan) and Akina–Andkhoy (Afghanistan) has come to fruition recently. These are important developments, which would allow Afghanistan to transit its exports to Chabahar as well as feed into the INSTC through Western Corridor. This is why India's call for Uzbekistan and Afghanistan to join the INSTC corridor assumes important.

India's Chabahar initiative has also spurred enthusiasm among Afghanistan, Pakistan, and Uzbekistan to finalise a "roadmap" plan recently to construct a new 573-km trans-Afghan railway to connect Tashkent with the Pakistani seaports of Karachi, Qasim, and Gwadar. At the same time, Uzbekistan has shown interest in joining the Chabahar project. Following the last virtual Summit between PM Modi and Uzbek President Mirziyoyev in December 2020, the officials of India, Iran, and Uzbekistan held the first trilateral talks to explore ways for joint use of Chabahar Port. In 2022, Tashkent hosted a major Conference on Afghanistan with a view to promoting connectivity with South Asia. Uzbekistan's interest will certainly help expedite the work at Chabahar and the construction of the Zahedan line. In the next stage, it would be Kazakhstan's turn to show interest as a way to find an alternative exit to lessen its total dependency on China's BRI projects.

India too, has a bilateral agreement with Tajikistan signed in 2015 to enhance connectivity. Kazakhstan, Tajikistan, and Kyrgyzstan are already members of the INSTC.

Herat – the Next Connectivity Hub

If the situation remains stable under the Taliban, the Chabahar link will make Afghanistan the most important regional transportation hub and a bridge connecting the Indian Ocean and Central Asia. An improved transportation link between Central Asia and Afghanistan will boost regional trade, which is very low due to poor transport infrastructure.

Trans-Afghan Transport Corridor Project

Continuing with the commitment to develop Chabahar Port, India in the next stage, should tie up the loose ends of connectivity projects by intensifying the development partnerships with Uzbekistan and Afghanistan, especially to push the Uzbek-Afghan initiative to connect Mazar-i-Sharif with Herat. This will enlarge both the operational and practical scope of the Chabahar port to eventually become a fulcrum of India's connectivity with Central Asia.

Any possibility of the US calming tensions with Iran, the prospect of speeding up the construction of railway lines connecting to the Chabahar port will be enhanced and encourage Central Asian states to diversify their access to exit points.

Developing Regional Agro-horticulture Market Infrastructure

The key potential lies in expanding the Central Asian agriculture sector especially small and medium business developments that would expand their economies and employment opportunities. There is a potentially large lucrative market for Central Asian fresh agricultural products in China, South Asia, and the Gulf States, and not just in Russia as in the past.

Tajikistan, Afghanistan, and Uzbekistan particularly fall in the temperate climate zone and they can produce significant quantities of high-quality temperate fruits, dry fruits, and herb ingredients.

But the biggest constraint they face are structural in nature, for example, the residual imprint of Soviet economic practices, old-market system, old infrastructure and distribution network, besides the lack of transport corridor to facilitate the transit of goods outside other than to Russia and China.

Lowering the costs and increasing the speed of transportation links will be the key to making Central Asian economies and goods more competitive in the world market and more attractive to investors.

The agro-horticulture sector is therefore poised to perform well if India formulates a policy to assist them in developing their production level as well as promoting their market network.

Rationale

India is a mega-market for temperate zone fruits and dry fruits, as well as for herbal ingredients, which are essential for Indian spices. For instance, tens of millions of Indian households use Esophagitis alone every day in their kitchens. So far, India's dry/fresh fruits resource market did not extend beyond Iran

and Afghanistan. However, the prospect of expanding the scope of India's resource market to cover Central Asia can be increased through improved connectivity. For the Central Asian states, it will offer a real window of opportunity to export their agro-horticulture products to India's 1.3 billion strong markets, something that China and Russia cannot provide.

Market Development

India could think of a project to build a common wholesale dry fruit market for these countries, either to be located in Samarkand or in Mazar-e-Sharif, where products from Tajikistan, Uzbekistan, and Afghanistan are aggregated for export to India. This project proposal should be accompanied by signing a PTA with these countries, which will further improve the competitiveness of their products in Indian markets.

Benefits

Establishing a wholesale market infrastructure in one or more locations will help Central Asian countries develop their agribusiness, sustain growth and create employment, especially in rural areas. The project will create an economic corridor connecting the marketplace with wholesalers, exporters, suppliers, enterprises, and farmer cooperatives. The direct beneficiaries of the project will be export-oriented wholesalers and business entrepreneurs; and the indirect beneficiaries will be farming households, farmer cooperatives, and agricultural enterprises that constitute the supply backbone of the rural economy.

The project will support their national strategies to attain the sustainable development goals of Tajikistan, Uzbekistan, and Afghanistan, as well as their efforts to achieve inclusive growth. It will help diversify their economies and lessen their heavy reliance on the export of other commodities, such as cotton to Russia and mineral resources to China.

The development of such a market will also increase the confidence of Indian investors in the Central Asian agriculture sector. It will make India's connectivity plans more meaningful.

Setting up a Super Speciality Hospital in Bishkek

The Kyrgyz Republic is a landlocked country bordering China. It is rich in mineral deposits but has lately fallen into the Chinese debt trap. The country has a poor healthcare sector due to its mountainous terrain, uneven distribution of the healthcare system, poor primary healthcare network, and a general

lack of access to health facilities and doctors. Other constraints include the availability of budgetary resources, weak development of the health insurance system, low private sector involvement, low remuneration of medical personnel, and obsolete Soviet-era infrastructure.

The Kyrgyz government spends a significant share of the state budget on health care services under its national health reform program “DenSoluk,” but mortality from cardiovascular diseases; maternal, infant, and child mortality, as well as the incidence of HIV, tuberculosis, and Hepatitis B and C, remain high and widespread.

India should propose to set up a super-speciality hospital in Bishkek to align with the Kyrgyz government’s national health reform program “DenSoluk” to augment its National Development Strategy for 2018–2040.

India’s offer could include the modernization of an inefficient and outdated Soviet-era government hospital and turning it into a super-speciality hospital along with laboratory and diagnostic services and the deployment of doctors.

India could introduce cost-effective modern technologies and improve its medical services and pharmacy systems, with a provision to supply high-quality Indian medicines and medical products.

Objectives

Setting up a super-speciality hospital in the region should be designed to:

- Earn the goodwill of the populace;
- Capitalise on the competitive advantages of Indian advanced medical services;
- Create a network of medical diagnostic centres in Central Asian states;
- Promote medical tourism to India; and
- Align with the future growth of regional economies.

Operational Plan

We should make the initial investment for setting up the hospital, run its operational costs for a year, and thereafter, provide for the hospital to generate recurring expenditures on its own. Modalities can be worked out.

An Indian University of Central Asia in Almaty/Tashkent

A proposal to set up an Indian University in Central Asia received formal approval from the Government in 2010-2011, but it subsequently remained dormant. The proposal was made for the following considerations:

- To place the importance of India-Central Asia ties in a historical context, for the region is historically a zone of India's civilizational influence. In the past, the Indic culture, especially Buddhism, had flourished across the vast Eurasian steppe. The monasteries dotted along the Silk Route greatly served as cultural and commercial outposts. Explorers are unearthing fresh evidence of a robust Indian cultural presence in the region.
- India-Central Asia history has been also marked by friendly interactions and cooperation, alliances and exchanges of trade, and scholarly and spiritual exchanges that have enriched humanity.
- The region is still considered a fertile ground for Indian soft power to grow. The local intelligentsia has been making a strong case for India being one of the biggest stakeholders in Central Asia, for it enjoys a range of attributes that could provide major benefits for the region. The Eurasian culture of peace still invokes some of these historical elements and Indian influences. For example, the cultural notion of "Hindustan" in the popular imagination of the Central Asian people - still a critical factor - must be sustained. Most Central Asians continue to feel nostalgia for the Soviet-era friendship with India and Indian culture.
- To pursue its national interests in Eurasia in combination with a values-driven foreign policy based on the principal pillar of peace.
- To alter India's existing approach to understanding the Eurasian continent either through Western, or Russian prisms, this has obscured rather than clarified the pursuit of India's interests in the region.

Against this backdrop, it was considered important for India to build a platform that could lay the groundwork for translating its "soft power" into a strategic asset.

Fresh Imperatives

The need to revive India's non-physical aspects of connectivity is equally becoming critical in terms of improving communication, the flow of information and ideas, and service networks.

Central Asia still remains relatively disconnected. For example, World Bank officials have found during the Covid-19 pandemic that half the population in Central Asia was not digitally connected and thus unable to access employment opportunities, education, and adequate healthcare. They have

warned that the “Digital divide is worsening social inequalities and hampering economic growth in the region.”

Balancing External Soft-power Influence

The EU, Turkey, the United States, and Russia have opened branches of their educational centres in Central Asia. The major Islamic states, such as Saudi Arabia, UAE, and others, are also funding various Islamic learning centres in each country of the region.

Countering China’s Soft Power Footprints

China has made the opening of the Confucius Institutes as the centrepiece of its soft power promotion. These institutes teach the Chinese language, culture, and history in partnership with host universities in a recipient country. Over the years, dozens of Confucius Institutes and Confucius Classrooms have come up in the region.

The objective of promoting the Chinese language and culture seems aimed at gradually breaking down the physiological barriers and preparing the next generation of Central Asians to break away from Russia-oriented education. But more importantly, there is a growing trend of people in Central Asia studying the Chinese language linked to the BRI projects. It provides an incentive for younger people to learn the Chinese language in order to increase their job opportunities.

Against this backdrop, India needs to modify or shift away from the existing ICCR format and make a fresh initiative to establish a University in Central Asia, which can be either located in Tashkent or Almaty. This will improve Central Asian Universities to develop exchange programs with Indian Universities and strengthen their educational ties with India.

Looking to the Future

Clearly, Central Asia itself is not a major economic partner for India. The bilateral trade is limited to a \$658.52 million paltry, less than 0.6.88 per cent of India’s global trade in 2021. But in the foreseeable future, India will become an attractive alternative for Central Asian countries.

Uzbekistan and Kazakhstan have large economies as they also seek to diversify their economies and attract more foreign investment. They are in a position to checkmate excessive Chinese economic expansion and cut their energy supply to China. India has already recognized their leading role, and it

should make efforts to enhance economic relations with them.

Prime Minister Modi visited the capitals of all the Central Asian countries in 2015. He also visited the region to attend multilateral meetings. Momentum can be built if the PM makes a historic visit to the region once again with the primary objective of building a strong partnership, focusing on specific and tangible issues it would have a lasting impact. The Prime Minister's visit may not necessarily dramatically alter Central Asian geopolitics or lessen Chinese influence. But it would send a message that India sees the region as valuable by virtue of geography, history, and culture.

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