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Topic: Economic Relations of India with Select Central Asian Countries: An Empirical Analysis

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Findings

The objective of the study was to analyse existing trade & explore the potential of enhancing it; to identify of products & services where trade can be enhanced; to identify hurdles to achieve enhanced trade and to find ways to overcome these hurdles.

The results of the research indicated that, though the select countries of Central Asia were enormously rich in natural resources, the intensity of trade was very low between India and these countries. It was further found that India has a high trade complementarity with Kyrgyzstan, followed by Georgia, Kazakhstan and Azerbaijan. Maximum number of commodities were identified having a high intra industry index with Kyrgyzstan of all the four Central Asian commodities. The comparison of the impost requirements of the Central Asian countries with the commodities in which India has a high RCA helped to identify products where there could be possibility to expand trade. It was found that distance and tariff were main hurdles to trade between India and these countries. The results of the Trade Potential analysis showed that India had maximum trade potential with Kyrgyzstan followed by Georgia. The results of SMART simulation captured were indicated in terms of the trade creation, trade diversion, the total trade effect. Also change in tariff revenue and in consumer surplus were worked out as result of tariff cut. The results of the Primary survey indicated that the biggest non-tariff barriers to trade between India and the selected Central Asian countries are weak trade link, lack of information, high cost of insurance and problem of documentation. To overcome the problem of documentation, custom clearance process needs to be simplified with introduction of a Single window clearance system.

Opportunities to increase economic relations exist are in: Minerals, Metals, Pharma, Manufactured Goods, Energy Sector, Services Sector, Space. Various measures that could help step up investment are: Implementation of Bilateral Investment Treaty, skill & technology transfer along with investment, executing DTAA (Double Tax Avoidance Agreement), proper regulatory & dispute settlement system.