



Exploring Trade and Investment Relations between India and Central Asia: Unlocking Economic Benefits

EXPLORING TRADE AND INVESTMENT RELATIONS BETWEEN INDIA AND CENTRAL ASIA: UNLOCKING ECONOMIC BENEFITS

KEY FINDINGS

ANALYTICAL REPORT '25

The economies of India and Central Asia states are developing fast and have the potential to grow even further

\$0.5tr (1.9x) GDP of Central Asia states

Middle-income countries.
Welfare of the population improving

\$3.6tr (2.1x) GDP of India

5th largest economy globally and one of the fastest-growing major economies in the world

Bilateral engagement has been modest and has great potential to be unlocked

\$1.7bn (3.5x) Trade between India and Central Asia

India's Exports to Central Asia (% of total)

Pharmaceutical products	37.9
Electrical machinery and equipment	12.1
Machinery and mechanical appliances	10.4

Central Asia Exports to India (% of total)

Mineral fuels and mineral oils	35.3
Fertilizers	21.3
Inorganic chemicals	13.0

\$1.5bn Total tracked FDI inflows from India

Major sectors attracting Indian investments to Central Asia in 2010-2023 (% of total)

Coal, oil, and gas	65.5
Renewable energy	17.9
Textiles	6.9
Pharmaceuticals	5.1
Financial services	4.5
Hotels and tourism	0.1

There are numerous opportunities for collaborations between India and Central Asian states

- Petrochemical Industry
- Renewable Energy
- Textile Manufacturing
- Agribusiness and Food Processing
- Information and Communication Technologies
- Healthcare
- Tourism and Hospitality
- Logistics and Transportation

Key Policy Recommendations for bilateral engagements

Enhancing trade based on identified potential
(Mapping import demand with export capabilities and competitiveness)

Cooperation in Digital Public Infrastructure
(Facilitating inter-bank transactions; joint payment systems)

Facilitation of market entry through joint ventures and technological collaboration
(Collaboration through capacity building and knowledge transfer)

Enhancing access to trade finance
(Developing financial instruments or credit enhancement mechanism)

Trade and border-crossing facilitation
(Digitalization, harmonization and modernization of customs and border crossing procedures)

Improving transport and logistics
(Logistical breakthrough at the INSTC through development of hard and soft infrastructure)

Note: Data specified for 2023; Growth rates are shown for the period from 2010 to 2023.



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Abstract

Due to limited connectivity, India's engagement with Central Asian countries has been modest. This joint report focuses on a comprehensive analysis of the current state and potential for improving bilateral trade and investment relations between India and Central Asia. The report assesses macroeconomic trends, and India's bilateral trade and investment relationships with Central Asian countries. The report provides policy recommendations for closer cooperation, focusing on enhancing trade based on identified opportunities, joint ventures and technological collaboration, trade and border crossing facilitation, improving transport and logistics, and other domains.

Keywords: India, Central Asia, international trade, foreign investment, regional cooperation, infrastructure, transport.

JEL: O24, E01, E22, F21, F43, P33.

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The information presented in this report is believed to be correct at the time of publication, but it cannot be guaranteed. The findings, conclusions, and suggestions in this report are based on information obtained from both primary and secondary sources, the accuracy of which cannot be guaranteed. The opinions, interpretations, and conclusions expressed in this report do not necessarily represent the views of either the Eurasian Development Bank or the Export-Import Bank of India.

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EXECUTIVE SUMMARY

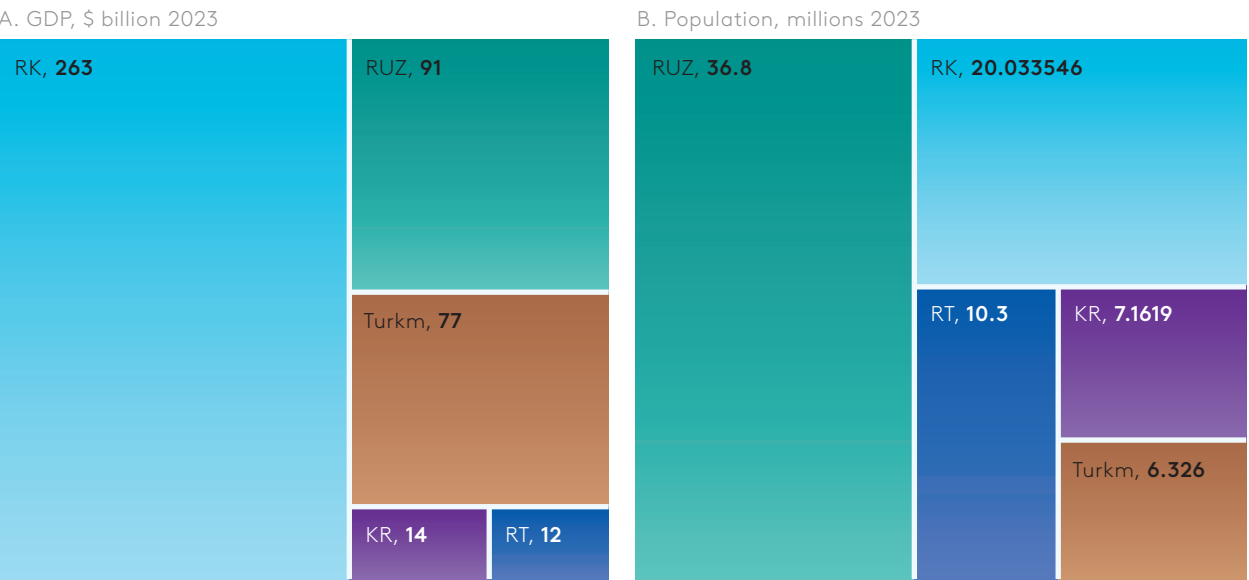
Macroeconomic Overview of Central Asia

The economy of Central Asia is developing fast and has the potential to grow further. In 2023, the aggregate GDP of the region was US\$ 458 billion and it was home to 79 million people. Since 1999, Central Asia’s aggregate GDP has increased more than four-fold in real terms and its population has increased nearly one and half times.

Despite the commonalities of its nations, Central Asia is a diverse region. Its economies vary in size and structure. Kazakhstan leads the region in economic size (58% of aggregate GDP) and living standards. Uzbekistan is the most populous country in the region, with 45% of Central Asia’s population. All countries in the region are open economies, with the Kyrgyz Republic the most exposed to foreign trade.

The well-being of the population is growing. After the structural reorganization of their economies, the well-being of the population began to improve. Kazakhstan (since 2008) and Turkmenistan (since 2013) are firmly lodged in the upper-middle income group. Uzbekistan, Kyrgyzstan, and Tajikistan joined the lower-middle income group in 2015, 2022, and 2011, respectively.

↓ Figure 1. Main Macroeconomic Indicators



Note: RK — Republic of Kazakhstan; RUZ — Republic of Uzbekistan; RT — Republic of Tajikistan; KR — Kyrgyz Republic (Kyrgyzstan); Turkmenistan.
Sources: National agencies, IMF, ADB, CEIC

Kazakhstan is the leading economy of Central Asia. In 2023, its nominal GDP was US\$ 262.6 billion, accounting for 58% of the region’s total GDP. Kazakhstan’s GDP

per capita (purchasing power parity, PPP) in 2023 was 1.7–5.1 times greater than that of the other Central Asian countries. Strong fiscal and external balances help to withstand external shocks. During 2010–2023, Kazakhstan’s economy grew at an average of 3.9% per year. The government’s efforts are aimed at diversifying the economy and reducing its exposure to external shocks. Price stability is one of the priorities of macroeconomic policy.

The Kyrgyz Republic is the most open economy in Central Asia, despite the fact that it is a landlocked country with a difficult mountainous terrain. In 2023, its nominal GDP was US\$ 14.0 billion, accounting for 2.8% of the region’s total GDP. The Republic’s GDP per capita (PPP) in 2023 was US\$ 6,482 (2010: US\$ 3,103). The Kyrgyz economy is service-driven. During 2010–2023, the economy grew at an average of 3.9% per year. The government of Kyrgyzstan is committed to diversification of the economy, improvement of connectivity, and development of the energy sector.

Tajikistan has achieved significant economic success since the turn of the 2010s. The country moved from the low-income group to the lower-middle income group. GDP per capita increased by 60% over the 2010–2023 period from US\$ 738.3 in 2010 to US\$ 1,180 in 2023. Tajikistan’s economy demonstrates considerable resilience to external shocks. During 2010–2023, the economy grew at an average of 7.2%. The rapid growth of Tajikistan’s economy is largely attributable to the catch-up effect and strong demographics.

Turkmenistan’s 2023 GDP was US\$ 77.1 billion. The economic development process in Turkmenistan is state-driven. The public sector and state monopolies dominate the economy and the formal labor market. Turkmenistan uses a fixed exchange rate regime.

Uzbekistan’s GDP was US\$ 90.9 billion in 2023. Uzbekistan has significant and competitive labor resources. The population grew from 29.1 million at the beginning of 2010 to 36.8 million in 2023. In 2010–2023, the average annual economic growth rate in Uzbekistan was 6.1%. Dynamic economic development of Uzbekistan is largely attributable to the catch-up effect and the growth of the country’s workforce.

Macroeconomic Overview of India, Including Foreign Trade and Investments

The Republic of India, with a population of 1.4 billion, is the world’s most populous country. India is the fifth-largest economy in terms of nominal GDP (current prices) at US\$ 3.6 trillion in 2023. India emerged as the fastest-growing major economy in the world in 2023, growing at 8.2% through domestic demand and investment activity.

↓ Table 1. Macroeconomic Indicators of India

Economic Indicators	2010	2015	2019	2020	2021	2022	2023
GDP, current prices (US\$ billion)	1,675.6	2,103.6	2,835.6	2,674.9	3,167.3	3,353.5	3,567.5
Real GDP Growth (% change)	8.5	8.0	3.9	-5.8	9.7	7.0	8.2
Inflation (avg, % change)	9.4	4.9	4.8	6.2	5.5	6.7	5.4
Population (millions)	1,240.6	1,322.9	1,383.1	1,396.4	1,407.6	1,417.2	1,428.6
Unemployment, (% of total labor force, ILO Estimates)	8.3	7.9	6.5	7.9	6.4	4.8	4.7
Official Exchange Rate (INR: US\$, avg of the period)	45.7	64.2	70.4	74.1	73.9	78.6	82.6
Government budget balance (% of Potential GDP)	-9.2	-7.1	-8.7	-9.4	-8.4	-8.9	-8.3
Public debt (% of GDP)	67.7	69.0	75.0	88.4	83.5	81.7	83.0
Foreign trade in goods and services (% of GDP)	49.3	41.9	39.9	37.8	45.4	49.9	45.9
International reserve (US\$ billion, end of the period)	297.7	351.6	460.2	586.0	633.8	562.7	622.5
Current account balance (% of GDP)	-2.9	-1.1	-0.9	0.9	-1.2	-2.0	-0.7

Note: Negative sign of government budget balance indicates a budget deficit for the respective year.

Source: World Economic Outlook October 2024, IMF; World Bank and India Exim Bank Research

The size of the Indian economy has more than doubled from US\$ 1.7 trillion (nominal GDP in current prices) in 2010 to US\$ 3.6 trillion in 2023, growing at an average of 6.1% (real GDP constant prices). Total foreign trade (goods and services) as a percentage of GDP accounted for 45.9% in 2023, slightly decreasing from 49.3% of GDP in 2010, however still reflecting India's robust trade openness over the years.

India is a major player in global trade. It was the 17th largest merchandise exporter and 8th-largest importer of merchandise globally in 2023, accounting for 2.3% of global merchandise trade in value terms. India's total merchandise trade volume climbed from US\$ 575.3 billion in 2010 to US\$ 1,103.5 billion in 2023, reflecting an annual average growth rate (AAGR) of 6.7%.

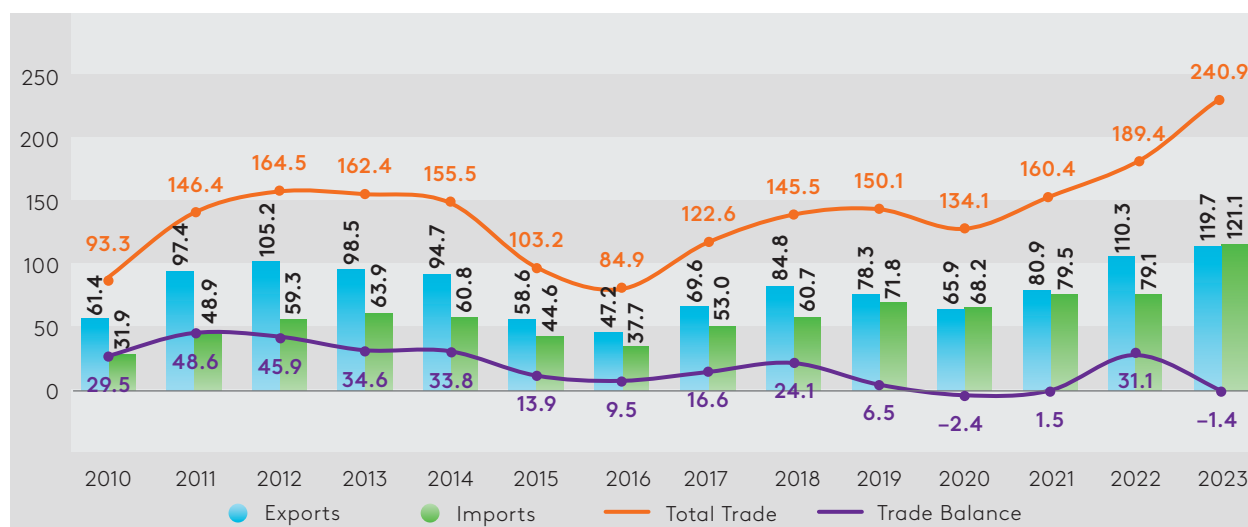
India was also the 7th largest services exporter, accounting for 4.3% of global services exports and 3.8% of global services trade in 2023.

India was ranked among the leading recipients of foreign direct investment (FDI) in 2023, demonstrating strong FDI inflows compared to other developing economies. FDI inflows positioned India as the 15th-largest recipient globally, highlighting its favorable investment climate to foreign investors. The cumulative FDI inflows into India from April 2000 to March 2024 amounted to US\$ 990.9 billion. India has increasingly emerged as an important global investor in overseas markets. The cumulative amount of actual ODI outflows totaled US\$ 301.2 billion from April 2000 to March 2024.

International Trade of Central Asian Countries

Central Asia, including Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan, being geographically landlocked, remains distant from the major global trade and economic centers. International trade remains below potential levels, confined by an arid climate, limitations in connectivity, market access issues, limited bilateral engagement, and difficult trade and transport facilitation.

↓ Figure 2. International Merchandise Trade of the Central Asian Region (US\$ billion)



Source: ITC Trade Map and India Exim Bank Research

With mineral resources, increasing diversification of economies, and a growing focus on regional cooperation, these landlocked nations have the potential to be integrated as important players in the global economy. The recent merchandise trade performance of these nations has been characterized by (i) rapid expansion of trade volumes; (ii) exports heavily concentrated in a few primary commodities; and (iii) trade partnerships limited to a few countries.

Between 2010 and 2023, overall merchandise trade surged at an AAGR of 10.2%. This expansion was fueled by a significant increase in exports, which climbed from US\$ 61.4 billion in 2010 to a staggering US\$ 119.7 billion in 2023, reflecting an AAGR of 8.6%. However, imports witnessed an even more pronounced growth trajectory, expanding at a rate of 13.8% annually, rising from US\$ 31.9 billion in 2010 to US\$ 121.1 billion in 2023.

Among the Central Asian nations, Kazakhstan is the leading exporting and importing nation, accounting for 65.7% of the total exports and 60.5% of the total imports by Central Asia to the world in 2023. This is followed by Uzbekistan (17.5% of the region's global exports) and Turkmenistan (12.8%) in the same year. Kyrgyzstan and Tajikistan recorded a modest share of 2.7% and 1.1% of the region's exports in 2023. Kazakhstan, Uzbekistan, and Kyrgyzstan were the largest importers of the region, accounting for 90.9% of the region's imports.

Central Asian economies suffer from a misalignment between their production and trade structures. This manifests itself in a limited and less diversified manufacturing sector, leading to a disadvantageous position in international trade. Exports are heavily concentrated in raw materials, which typically fetch lower prices, while imports are dominated by manufactured goods, often commanding a higher value. This was reflected in the export basket of the Central Asian nations, with 51.7% of the total exports concentrated in mineral fuels and oils valued at US\$ 61.8 billion. Around 16.6% of the total import basket consists of machinery and mechanical appliance valued at US\$ 20.1 billion in 2023.

Beyond the region, China stands out as a major export destination in Asia, while Türkiye and Switzerland represent key markets in Europe. For imports, Central Asian countries rely heavily on Russia, China, and South Korea in Asia, and Türkiye and Greece in Europe.

Trends in Foreign Investments in Central Asia

Foreign direct investment inward stock accumulated by the Central Asian countries reached US\$ 222 billion in 2023, which represents 50.2% of the regional GDP of the same year. During the period 2010–2023, the FDI received by the five Central Asian countries more than doubled.

↓ Table 2. FDI Inward Stock in Central Asian Countries

	2010 US\$ million	2010 % of GDP	2023 US\$ million	2023 % of GDP
Kazakhstan	82,648	55.8	157,198	60.4
Kyrgyzstan	1,698	35.4	3,810	31.4
Tajikistan	1,226	21.7	3,333	28.3
Turkmenistan	13,442	59.5	42,915	62.5
Uzbekistan	2,564	5.1	14,804	16.5
Central Asia	101,577	44.0	222,059	50.2

Source: EDB analysts' calculations based on data published by UNCTAD (2024)

FDI outward stock data from Central Asian countries shows the region's limited participation in international investment activities. All five Central Asian countries are net importers of FDI. However, the FDI outward stock of Central Asian countries rose to US\$ 17.9 billion in 2023, having increased 9.6% against 2010.

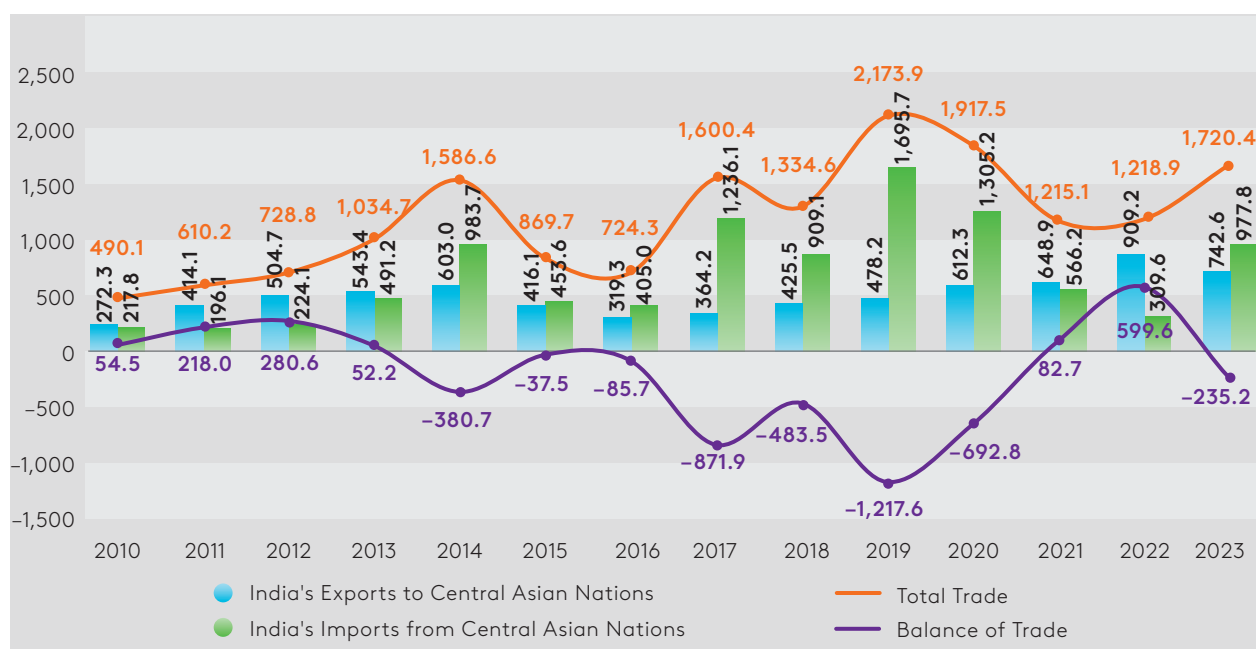
Within the region, Kazakhstan leads in terms of FDI per capita, with US\$ 8,018 in 2023, primarily attributed to its status as the foremost importer of FDI in Central Asia. In the region, Turkmenistan follows with FDI per capita of US\$ 6,586, Kyrgyzstan with US\$ 566, Uzbekistan with US\$ 421, and Tajikistan with US\$ 329.

India's Bilateral Trade Relations with Central Asian Countries

Central Asia's strategic location as a land bridge between Asia and Europe imbues it with undeniable geopolitical significance for India. This partnership encompasses a broad spectrum of shared interests, including security, energy, and other economic and commercial opportunities.

India's own remarkable economic growth has spurred a construction boom across the nation, creating a plethora of opportunities for Indian companies. From financial services to contracting, engineering, and management consultancy, Indian firms possess the expertise and manpower to contribute significantly to Central Asia's infrastructure development. Moreover, India can be a vital source of goods exports and technical know-how in diverse sectors such as infrastructure, hospitality, and medical equipment.

↓ Figure 3. India's Bilateral Trade with Central Asian Nations (US\$ million)



Source: ITC Trade Map and India Exim Bank Research

India's trade relationship with Central Asian nations has exhibited an upward pattern, ranging between US\$ 490.1 million in 2010 and US\$ 1720.4 million in 2023. Notably, Indian exports have demonstrated greater consistency throughout the observed period, achieving an AAGR of 10.6% from 2010 to 2023. In contrast, India's imports from Central Asia displayed greater volatility during this timeframe, with an AAGR of 39.6%. Imports peaked at nearly US\$ 1.7 billion in 2019, before moderating to US\$ 1.3 billion the succeeding year.

Pharmaceutical products accounted for 37.9% of the total exports to the Central Asian region, followed by electrical machinery and equipment (12.1% of the total

exports), machinery and mechanical appliances (10.4%), edible meat (5%), and fruits and nuts (3.2%) among others.

Mineral fuels and oils were the major imported commodity by India, accounting for 35.3% of the total imports from the region, followed by fertilizers (21.3% of total imports), and inorganic chemicals (13.0%) in 2023.

India's trade relations with Central Asia underwent a significant shift in the past decade. Uzbekistan emerged as the preeminent export destination, capturing a substantial 45.3% of India's total exports to the region. Kazakhstan, while maintaining a robust presence, accounted for 35% of India's exports in 2023. Tajikistan, Kyrgyzstan, and Turkmenistan followed, with shares of 6.9%, 6.6%, and 6.1%, respectively.

The import landscape presented a different picture. Kazakhstan was India's primary supplier from the region, contributing over 64.5% to the region's total imports in 2023. Turkmenistan commanded a decent 21.7% share. Uzbekistan contributed 10.6% to India's imports from the region, while Tajikistan and Kyrgyzstan had more modest shares of 2% and 1.2%, respectively.

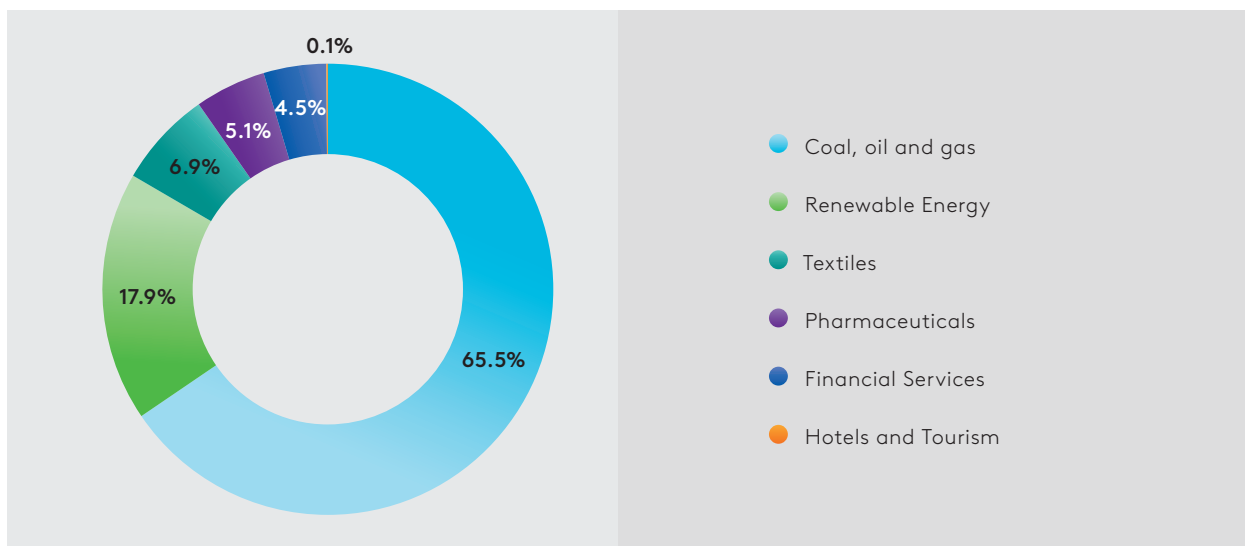
India's Bilateral Investment Relations with Central Asian Countries

According to the Overseas Direct Investments statistics published by the Ministry of Finance, Government of India, a cumulative amount of US\$ 392 million was invested in Kazakhstan between April 2000 and March 2024. This was followed by Kyrgyzstan (US\$ 24 million), Uzbekistan (US\$ 18 million), and Tajikistan (US\$ 5 million). No investments were made in Turkmenistan in this period. The total investment in the Central Asian region accounted for 0.1% of the total ODI of India during April 2000 to March 2024.

According to the Financial Times' fDi Markets, from January 2010 to December 2023, India was the 16th-largest investor in Central Asia, with a total envisaged capital expenditure of US\$ 1.5 billion in 10 projects. Bilateral investments in Central Asian nations were active between 2011 to 2019. Kazakhstan was the top recipient, attracting 78.4% of Indian investment during this period. Tajikistan followed with 17.8%, and Uzbekistan received 3.7% of the total investment from India.

The Central Asian resource sector proved attractive to Indian investors, with the coal, oil, and gas industry receiving the largest share of investment at US\$ 1,014.7 million. Renewable energy followed at a distant second with US\$ 276.6 million. Other sectors attracting Indian investment, though to a lesser extent, included textiles (US\$ 107.2 million), pharmaceuticals (US\$ 79.5 million), financial services (US\$ 69.6 million), and hotels and tourism (US\$ 1.7 million).

↓ Figure 4. Major Sectors Attracting Indian Investment in Central Asia during 2010–2023



Source: Calculations based on data published by fDi Markets and India Exim Bank Research

FDI inflows into India from Central Asia have been modest. According to the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India, FDI statistics from April 2000 to March 2024, Kazakhstan invested around US\$ 27.3 million in India. This was followed by Tajikistan (US\$ 1.4 million), Kyrgyzstan (US\$ 0.003 million), and Turkmenistan (US\$ 0.002 million). According to the statistics, Uzbekistan has no investments in India so far.

The Eurasian Development Bank's Presence in Central Asia

In line with EDB's strategy, over US\$ 4 billion is targeted by the EDB in cumulative new investment from 2022 through 2026 in Kazakhstan, Kyrgyzstan, and Tajikistan to support countries' development objectives, to boost their economic growth and employment, with the bulk of the target — up to US\$ 3.8 billion — in investment in Kazakhstan.

The EDB's current investment portfolio in Central Asia at the end of 2024 totaled US\$ 3,072 million, almost 2 times that of 2021 (US\$ 1,618 million). The share of the current investment portfolio in Central Asian countries in the current investment portfolio of the Bank amounted to 66.3%.

As of the end of 2024, the EDB's current investment portfolio in Kazakhstan amounted to US\$ 2,934 million. Projects in Kazakhstan account for 63.3% of the Bank's current investment portfolio. The cumulative portfolio of the Bank's investments projects in the Republic of Kazakhstan exceeded US\$ 7,242 million (projects in energy, the financial sector, mining, agriculture, transport, metallurgy, chemical sector, machinery and engineering, construction, and other sectors).

India Exim Bank's Presence in Central Asia

India Exim Bank's commitment to building relationships and fostering cooperation among emerging and developing market economies is reflected in various activities and programs that India Exim Bank has set in place. India Exim Bank operates a comprehensive range of financing, advisory, and support programs to promote and facilitate India's trade and investment.

In the region, Indian project exporters secured project export contracts comprising infrastructure development and power generation and transmission projects in Kazakhstan, Tajikistan, and Turkmenistan.

India Exim Bank has supported Indian companies setting up joint ventures in countries including Uzbekistan and Kazakhstan in the Central Asian region, in pharmaceuticals, healthcare services, and construction sectors, with a sanctioned amount of INR 550 million.

Presently all five Central Asian countries are covered under the Trade Assistance Programme (TAP), as focus countries. Under TAP, transactions have been supported in Tajikistan totaling US\$ 7.3 million, facilitating export of textbooks and equipment from India, as well as for transmission lines in Tajikistan.

Potential for Enhancing India's Trade and Investment Relations with Central Asian Countries

India and the Central Asian countries offer natural synergy for expanding economic cooperation due to their complementarities across a spectrum of sectors. The agricultural landscape, encompassing related activities, food processing, and textiles, presents prospective areas for collaboration. Additionally, India's pharmaceutical expertise, coupled with Central Asia's resource-rich environment — with mining, metallurgy, and hydrocarbons — presents mutually beneficial opportunities.

Beyond these established areas, the potential for synergistic partnerships extends to mineral processing, infrastructure development, construction, and the chemicals sector. By capitalizing on these complementary strengths, both parties could create mutually rewarding economic relationships.

Central Asian nations are diverse economies with immense development scope when provided with a suitable ecosystem. There exists huge export potential in these nations stemming from their abundance of minerals and deposits of metals.

India's imports from Central Asian Republic countries are fertilizers, inorganic chemicals, iron, and steel. These countries have huge deposits of rare minerals and gases; however, due to limited technology, exploration has proceeded slowly.

There exists potential for enhancing exports of inorganic chemicals from the Central Asian Republics to India.

The abundance of natural resources in the Central Asian Republics presents a wealth of opportunities, particularly in sectors that align with Central Asia's unique strengths. These include renewable energy, leveraging the region's solar and wind potential.

Investments in logistics and transportation infrastructure, capitalizing on Central Asia's position as a crucial link between continents, hold immense promise. With a growing middle class, Central Asia has the potential to bolster its agricultural sector. By focusing on key crops like wheat, cotton, and fruits, while also diversifying production, the region can enhance food security and contribute to regional and global food markets.

The following sectors, among others, represent promising opportunities for Indian investors in the Central Asian Republics:

- Kazakhstan: Petrochemical Industry, Mining and Metallurgical Sector, Agribusiness and Food Processing, and Healthcare.
- Kyrgyzstan: Renewable Energy, Agriculture and Food Processing, Textile Manufacturing, and Tourism and Hospitality.
- Tajikistan: Mining and Refining, Heavy Equipment, Information and Communication Technologies (ICT), and Electrical Power Systems.
- Turkmenistan: Petrochemicals Exploration and Processing, Logistics and Transportation.
- Uzbekistan: Agricultural and Food Processing, Hydrocarbon Processing, Chemical Industry, and Travel and Tourism.

Key Policy Recommendations

India's bilateral engagements with countries in Central Asia have been modest owing to limited connectivity, when compared to other partner countries of the region. This relationship could, however, be bolstered by collaboration in sectors like agribusiness, renewable energy, healthcare and pharmaceuticals, IT and ICT, besides the traditional oil and gas sector.

A few strategies to enhance cooperation between India and Central Asian countries in order to further harness bilateral trade and investment opportunities are briefly analyzed.

Enhancing Trade Based on Identified Potential

India needs to expand its exports in products in which it has significant export capabilities at a global level, but which account for a modest share in Central Asia's imports. This study has identified potential items that could be targeted by Indian exporters. The identified products for increasing India's exports broadly include machinery, transport vehicles, electrical equipment, articles of iron and steel, pharmaceutical products, optical, photographic, and surgical equipment, apparel, chemical products, cereals, and plastics and articles made thereof. India's imports from Central Asia in 2023 accounted for only a share of 0.1% of total imports. Central Asia holds enormous potential to increase its exports to India for products like mineral fuels, fertilizers, inorganic chemicals and compounds of rare earth metals, among others.

The Reserve Bank of India has put in place an arrangement allowing transactions in domestic currencies to promote growth of global trade, with emphasis on exports from India and to support the increasing interest of the global trading community in INR. Banks from Kazakhstan among the Central Asian countries have opened Special Rupee Vostro Accounts in Indian banks. Further impetus to this scheme and local currency trade settlement agreements with the Central Asian nations could help in optimizing trade costs.

Cooperation in Digital Public Infrastructure

India has built a strong digital economy, driven by robust Digital Public Infrastructure (DPI), contributing significantly to economic development. The Unified Payment Interface (UPI) is an instant real-time payment system for facilitating inter-bank transactions, which is simple, safe, cost-effective, mobile-based, and has become one of the most prominent forms of digital payments in India today.

Several countries, including the UAE, are now accepting financial transactions through India's homegrown digital payments technology, the UPI. Exploring similar agreements with Central Asian countries for joint payment systems could help reduce transaction costs. India and Central Asian Republics could collaborate in developing similar digital infrastructure, including joint payment mechanisms, which could also help in digitally connecting India and Central Asian countries.

Facilitation of Market Entry through Joint Ventures and Technological Collaboration

Market access of Indian companies needs to be enhanced among the Central Asian countries to create awareness among the population about products and services supplied by India. This could be promoted through joint ventures and technical collaboration, especially in sectors like the petrochemical industry, renewable energy, textiles, tourism and hospitality, agriculture and food processing, healthcare

and medical devices, pharmaceuticals, chemicals, engineering and construction equipment, and logistics and transportation. Capacity building in technical areas could help create further demand. Knowledge transfer and investments are required to create the necessary image for the Indian products. India and Central Asian countries could develop a detailed industrial cooperation plan for joint projects in areas of mutual interest.

Enhancing Access to Trade Finance

According to ADB research, 57% of the total value of trade finance applications by MSMEs (micro, small, and medium-sized enterprises) in Central Asia undergo rejection, as compared to 33% in other Asian economies. Correspondent banking also remains limited in Central Asia, which has in fact undergone a retreat over the past six years since 2019. The withdrawal of global banks from correspondent banking relationships often relates to challenges in the capacity of local respondent banks. Correspondent banking plays a crucial role in cross-border payments, facilitating cross-border commercial transactions. In order to fill this gap, development finance institutions could develop financial instruments or credit enhancement mechanisms like risk participation and transaction guarantee agreements to support non-traditional confirming banks in countries of Central Asia.

Trade and Border Crossing Facilitation in the Central Asian Republics

Improving trade facilitation measures and developing transport infrastructure are crucial and could provide Central Asia with rapid economic growth, intensify mutual trade, capitalize on its strategic location, integrate the region into the global supply chain, and become a vibrant transport and logistics hub. A number of challenges remain unresolved:

- Central Asia needs to actively engage the trading community in policy development and enhance cooperation between national agencies in the region.
- The Central Asian countries should harmonize and modernize their customs and border crossing procedures in accordance with World Customs Organisation (WCO) standards and recommended practices as well as open access to information to simplify trade procedures.
- Further digitalization is indispensable to reduce duplication of customs formalities and border waiting time amongst the Central Asian countries.

Improving Transport and Logistics

Transport and logistics are among the key challenges facing trade between India and the Central Asian countries. Currently, there are no land routes in operation

connecting India and Central Asia. Air transport is the only type of direct connection, but is useful only for expensive or express delivery goods like perishable items. The bulk of goods are transported by two multimodal routes — the International North-South Transport Corridor (INSTC) and the route via Suez and Black Sea ports. The INSTC is significantly shorter, but its potential has not yet been unlocked for the delivery of goods between India and Central Asian countries due to administrative barriers and infrastructure bottlenecks. As a result, cargo travels triple the distance and several transshipments along the circuitous route through Suez and the Black Sea ports. High transport and logistics costs reduce the competitiveness of delivered goods and the volume of mutual trade.

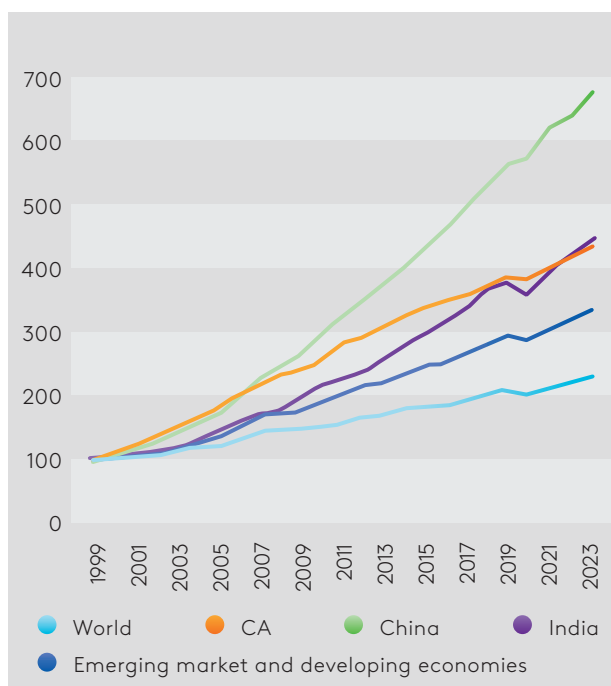
Key policy recommendations for development of hard infrastructure for further facilitating bilateral trade and investments could include: electrification of the main railways in Central Asia, modernization of existing roads, construction of nodal multimodal freight transport and logistics centers, modernization of border crossing points, attracting investments in construction, modernization, and renovation of transport infrastructure. Implementation of measures in the three key areas of soft infrastructure, viz. harmonization, coordination, and digital transformation, could also significantly contribute to increased economic engagement and opportunities.

CHAPTER 1.

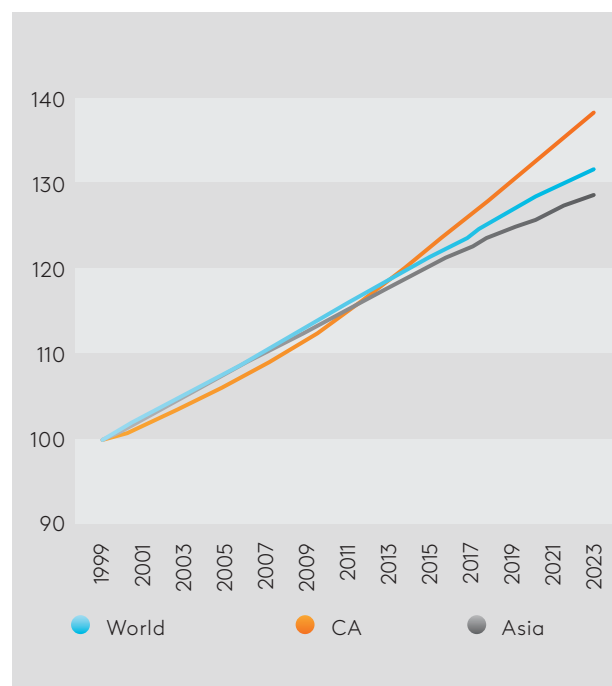
MACROECONOMIC OVERVIEW OF CENTRAL ASIA

The economy of Central Asia is developing fast and has the potential to grow further. In 2023, the aggregate GDP of the region was US\$ 458 billion and it was home to 79 million people. Central Asia's economic growth has outpaced that of the world and of emerging market and developing economies (EMDEs) over the past 23 years. It began to lag behind China's explosive growth in 2007 (Figure 1.1). Population growth of the region is still accelerating, while global and overall Asian growth has started to slow in recent years (Figure 1.2). Since 1999, Central Asia's aggregate GDP has increased more than four-fold in real terms and its population has increased nearly one and half times.

↓ Figure 1.1. Real GDP, 1999 = 100



↓ Figure 1.2. Population, 1999 = 100

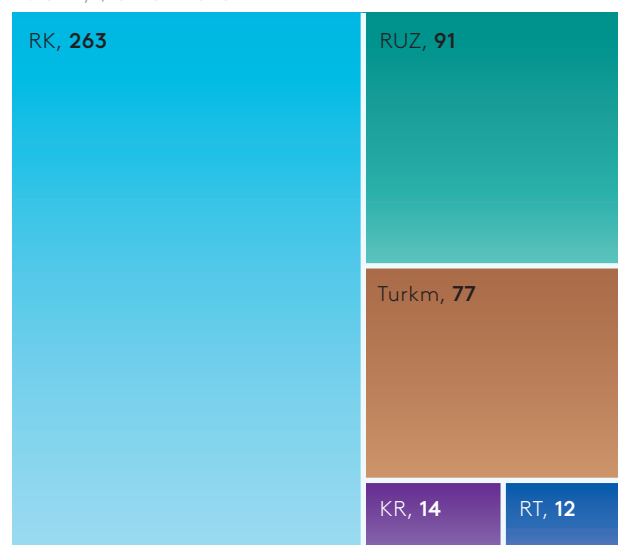


Sources: EDB analysts' calculations based on data published by the IMF, UN

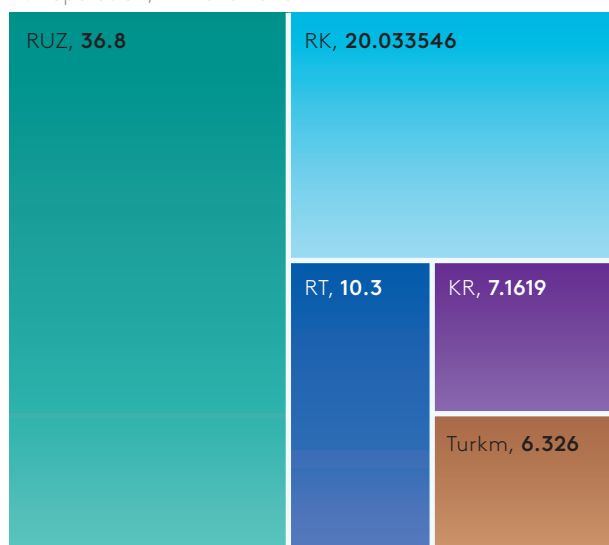
Despite the commonalities of its nations, Central Asia is a diverse region. Its economies vary in size and structure. Kazakhstan leads the region in economic size (57% of aggregate GDP) and living standards. Uzbekistan is the most populous country in the region, with 45% of Central Asia's population (Figure 1.3.B.). Kazakhstan, Uzbekistan, and Turkmenistan together account for 95% of total GDP and are net exporters of hydrocarbons (Figure 1.3.A). The main exports of Kyrgyzstan and Tajikistan are metals and metal ores. All countries in the region are open economies, with the Kyrgyz Republic the most exposed to foreign trade (Figure 1.3.C).

↓ **Figure 1.3. Main Macroeconomic Indicators**

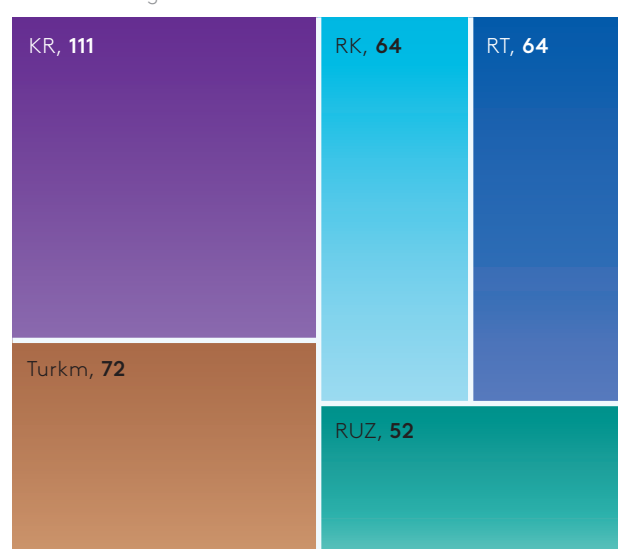
A. GDP, \$ billion 2023



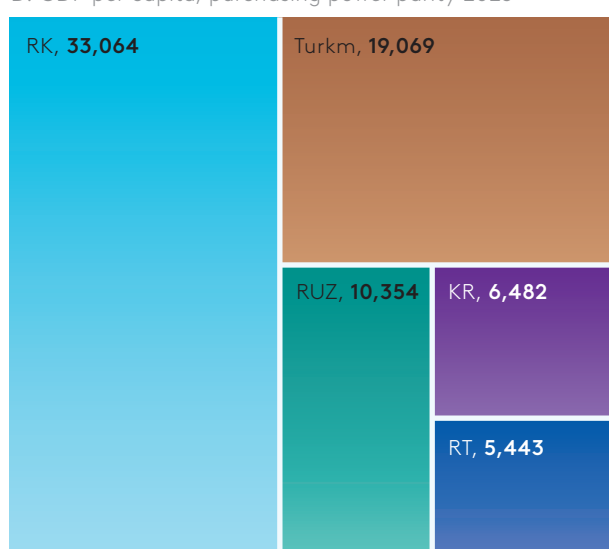
B. Population, millions 2023



C. Turnover of foreign trade in goods, % GDP average 2010–2022



D. GDP per capita, purchasing power parity 2023



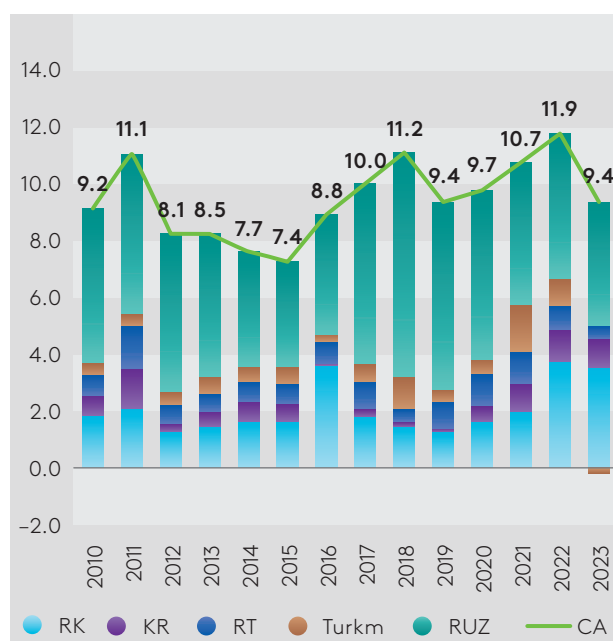
Note: RK — Republic of Kazakhstan; RUZ — Republic of Uzbekistan; RT — Republic of Tajikistan; KR — Kyrgyz Republic (Kyrgyzstan); Turkmenistan.

Sources: National agencies, IMF, ADB, CEIC.

The well-being of the population is growing. Since 1993, all countries in the region have been classified by the World Bank as belonging to the lower-middle income group. The transition from a command economy has been accompanied by a decline in living standards, with all Central Asian countries except Kazakhstan occasionally falling into the low-income group. After the structural reorganization of their economies, the well-being of the population began to improve. Kazakhstan (since 2008) and Turkmenistan (since 2013) are firmly lodged in the upper-middle income group. Uzbekistan, Kyrgyzstan, and Tajikistan joined the lower-middle income group in 2015, 2022, and 2011, respectively.

The national banks of the Central Asian countries have become more independent in their monetary policymaking functions. Many Central Asian countries are in the process of shifting to full-fledged inflation targeting. This partly helped to withstand the accelerating price pressures in 2020–2022, which were driven by the external environment. The transition to a floating exchange rate in Kazakhstan and Uzbekistan allowed these countries to avoid the accumulation of macroeconomic imbalances and to mitigate the negative impact of external shocks during the COVID-19 crisis and 2022 geopolitical upheaval. The average inflation rate in the region over the period 2010–2023 was 9.5% (Figure 1.4.), which is above the average for emerging economies.

↓ Figure 1.4. Inflation (average for the period), % yoy



↓ Figure 1.5. Public Debt, % of GDP



Source: EDB analysts' calculations based on data published by the IMF.

Sustainable Public Finance Sector

Fiscal burdens differ across Central Asia, with debt burdens in most countries being moderate (Figure 1.5.). Public debt to GDP ratios are highest in the Kyrgyz Republic and Tajikistan, which is partly offset by the concessional structure of loans obtained by the governments of these countries. A significant increase in public debt in Uzbekistan in recent years has been accompanied by active structural reforms, which were mainly financed by international development organizations on preferential terms. An additional factor of stability for the public finance sector in Kazakhstan and Uzbekistan is the significant volume of foreign assets in the international reserves of the national banks and, in Kazakhstan, the National Fund.

KAZAKHSTAN

↓ Table 1.1. Key Macroeconomic Indicators of Kazakhstan

	2010	2019	2020	2023
Population, millions (end of the period)	16.4	18.6	18.9	20.0
Unemployment, % of workforce	5.8	4.8	4.9	4.7
GDP, US\$ billion	148.1	181.7	171.1	262.6
GDP, growth % yoy	7.3	4.5	-2.5	5.1
Inflation, % yoy (end of the period)	7.8	5.4	7.5	9.8
Key rate, % (end of the period)	7	9.25	9	15.75
KZT/USD exchange rate (end of the period)	147.4	381.2	420.7	454.6
Government budget balance, % of GDP (IMF estimate)	1.5	-0.6	-7.0	-1.5
Public debt, % of GDP (IMF estimate)	10.7	19.9	26.4	23.0
Foreign trade in goods, % of GDP	61.7	53.8	50.5	52.6
Consolidated international reserves*, US\$ billion (end of the period)	59.3	90.7	94.4	96.0

Notes: yoy — rate of increase over the corresponding period of the previous year,

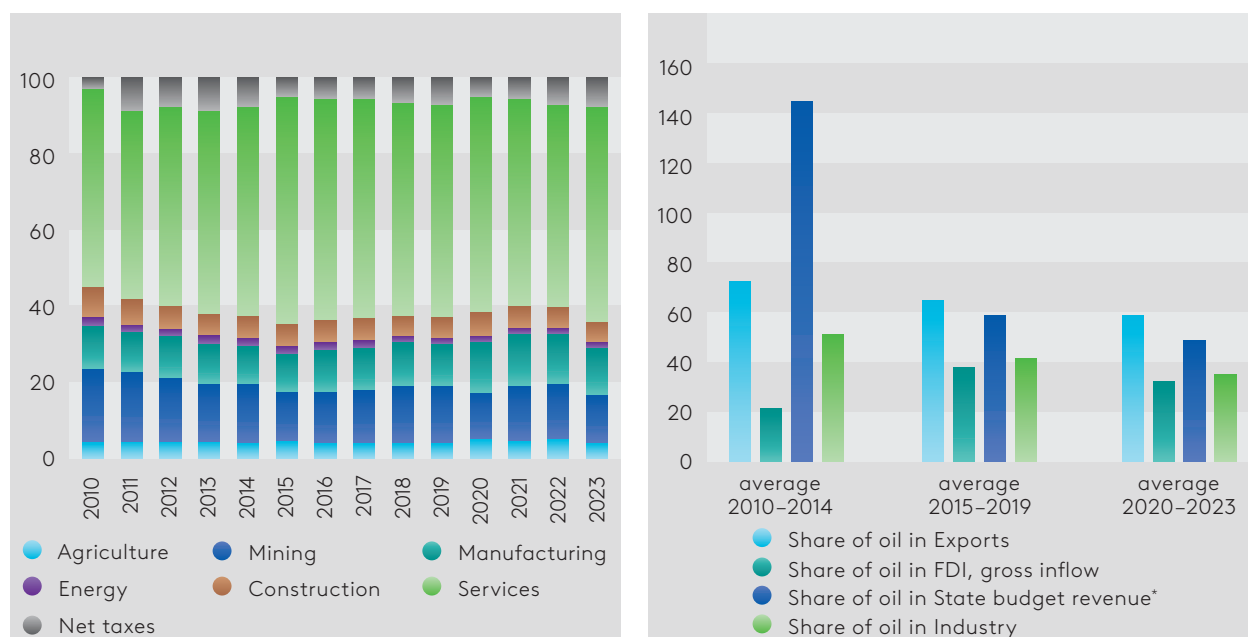
* — Consolidated international reserves include gross international reserves of the National Bank of the Republic of Kazakhstan and foreign assets of the National Fund of the Republic of Kazakhstan.

Sources: National Statistical Bureau of the Strategic Planning and Reforms of the Republic of Kazakhstan, National Bank of the Republic of Kazakhstan, IMF

Kazakhstan is the leading economy of Central Asia. In 2023, its nominal GDP was US\$ 262.6 billion, accounting for 58% of the region's total GDP. Kazakhstan's GDP per capita (purchasing power parity, PPP) in 2023 was 1.7–5.1 times greater than that of the other Central Asian countries. Kazakhstan has 25% of Central Asia's population (second-most populous country). It is an open economy with a foreign-trade-to-GDP ratio of around 55% for 2010–2023 (Table 1.1).

Strong fiscal and external balances help to withstand external shocks. In 2010–2023, Kazakhstan's economy grew at an average of 3.9% per year. To a significant extent, the services sector has been the key driver of GDP growth during the period under review, contributing 55% to Gross Domestic Product on average for 2010–2023. Industry, construction, and agriculture accounted for 28%, 6%, and 5% of GDP, respectively (Figure 1.6). Economic growth began to slow down in 2014 because of the drop in global oil and metal prices; however, government support measures mitigated the adverse consequences of external shocks. In particular, in 2014–2015, the Nurly-Zhol and Nurly-Zher infrastructure development programs bolstered the economy by mitigating the impact of declining global oil prices. In 2020, the government sought to minimize the negative impact of the COVID-19 pandemic by a set of crisis response measures estimated at 8.7% of GDP. The government's ability to counter multiple external shocks is determined by the reserves that it accumulated over time by prudent allocation of its oil revenues (see Table 1.1).

↓ Figure 1.6. GDP Structure of the Republic of Kazakhstan ↓ Figure 1.7. The Importance of the Oil Sector



Note: * state budget revenue excluding transfers from the National Fund.

Source: EDB analysts' calculations based on data published by the National Statistical Bureau of the Strategic Planning and Reforms Agency of the Republic of Kazakhstan, CEIC.

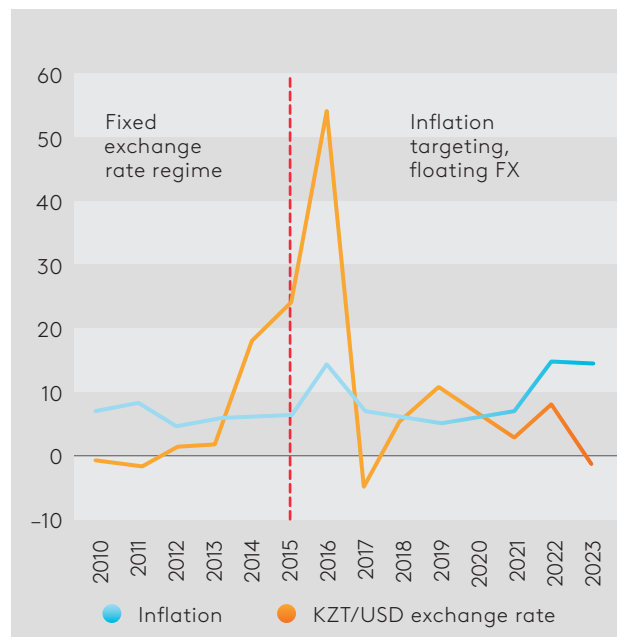
The government's efforts are aimed at diversifying the economy and reducing its exposure to external shocks. Kazakhstan has wisely used its advantage of huge oil and gas reserves to build a solid buffer for steady economic development. At the beginning of 2010, the oil sector still dominated exports, industrial production, and government revenues. Investment in oil exploration also accounted for a significant share of foreign direct investment. As the buffer strengthened, the country's authorities began a transition from commodity orientation to diversification of industrial production. By the early 2020s, the oil sector's share of industrial output had fallen to 35% (from an average of 51% in 2010–2014), and tax revenues from that sector no longer exceeded those from other sectors of the economy (Figure 1.7). The current policy goal is to secure a transition to steady and diversified economic growth. According to *Strategy Kazakhstan–2050*, one of the key policy documents, the country aspires to become one of the Top-30 most developed countries of the world by 2050.

Price stability is one of the priorities of macroeconomic policy. In 2015, the National Bank of Kazakhstan shifted to inflation targeting and a floating exchange rate regime, allowing the National Bank to stabilize inflation. In 2018–2020, inflation remained well within the target range (Figure 1.8.). The rapid rise in inflation in 2022–2023 was mainly due to rising external pressures (commodity price increases, increase of costs due to logistics disruptions, rapid price rise in trading partners). The National Bank has maintained moderately tight monetary conditions since 2022 to bring inflation down to its medium-term target of 5%.

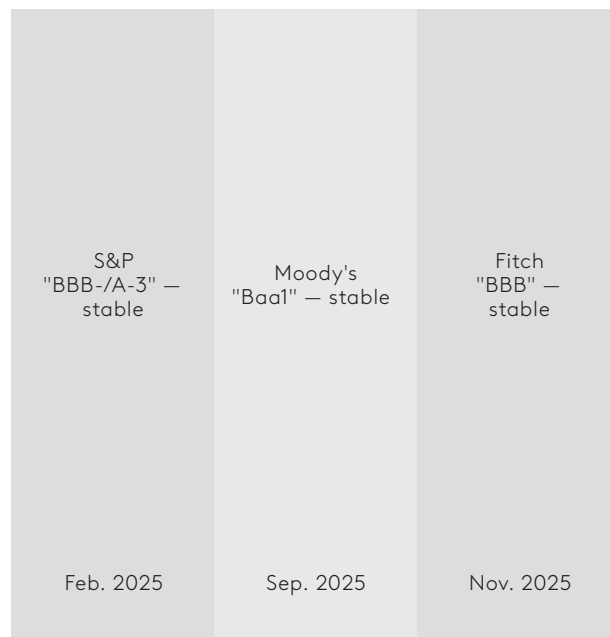
The move away from a fixed exchange rate regime helped to correct macroeconomic imbalances, making the tenge exchange rate more market-driven. The fixed exchange rate led to a loss of competitiveness and depletion of the National Fund. Although the

transition to a flexible exchange rate was accompanied by a sharp depreciation of the tenge in the short run (Figure 1.8.), in the long run it helped to restore growth in non-oil exports, prevent inefficient use of the National Fund's assets, and create a buffer against external shocks. This was clearly visible during the COVID crisis and the 2022 geopolitical upheaval. The dynamics of the exchange rate in these episodes were less volatile than in 2015–2016.

↓ Figure 1.8. Inflation and KZT Exchange Rate (average for the year)



↓ Figure 1.9. Sovereign Ratings of the Republic of Kazakhstan



Sources: EDB analysts' calculations based on data published by the National Statistical Bureau of the Strategic Planning and Reforms Agency of the Republic of Kazakhstan, National Bank of the Republic of Kazakhstan, rating agencies.

Prudent Public Finance Sector

According to IMF estimates, the budget surplus averaged 0.7% of GDP over 2010–2019. The performance of the public finance sector stabilized relatively quickly after the COVID crisis, with the budget deficit falling from 7% of GDP in 2020 to 1.5% of GDP in 2023. Government revenue consists of 70% non-resource taxes and 27% transfers from the National Fund.¹ Just over half of the state budget is spent on social services and health care, and education. The government is also investing in the development of transport and communication infrastructure. The public debt was reduced to 23.0% of GDP by the end of 2023, after an increase to stabilize the economy in response to the COVID crisis (Table 1.1.). As of January 1, 2024, foreign public debt was US\$ 15.6 billion (6% of GDP). Out of that amount, Eurobonds accounted for more than half, and soft loans received from international financial institutions for more than one third.

Kazakhstan's sovereign ratings remain robust. Rating agencies noted that Kazakhstan's economy was resilient to external risks due to significant fiscal and external buffers and the government's measures to encourage economic growth, stabilize inflation, and proceed with diversification (Figure 1.9.).

¹ Government revenues from the oil sector are accumulated in the National Fund.

KYRGYZ REPUBLIC

↓ Table 1.2. Key Macroeconomic Indicators of the Kyrgyz Republic

	2010	2019	2020	2023
Population, millions (end of the period)	5.5	6.5	6.6	7.2
Unemployment, % of workforce	8.6	5.5	5.8	4.1
GDP, US\$ billion	4.8	9.4	8.3	14.0
GDP, growth % yoy	-0.5	4.6	-7.1	6.2
Inflation, % yoy (end of the period)	19.2	3.1	9.7	7.3
Key rate, % (end of the period)	5.5	4.25	5	13
KGS/USD exchange rate (end of the period)	58.9	69.9	82.6	89.1
Government budget balance, % of GDP (IMF estimate)	-5.9	-0.1	-3.1	-2.0
Public debt, % of GDP (IMF estimate)	59.7	48.8	63.6	49.5
Foreign trade in goods and services, % GDP	129	85	66	132
International reserves, US\$ billion (end of the period)	1.7	2.4	2.8	3.2

Note: yoy — rate of increase over the corresponding period of the previous year.

Sources: National Statistical Committee, National Bank of the Kyrgyz Republic, IMF, WB.

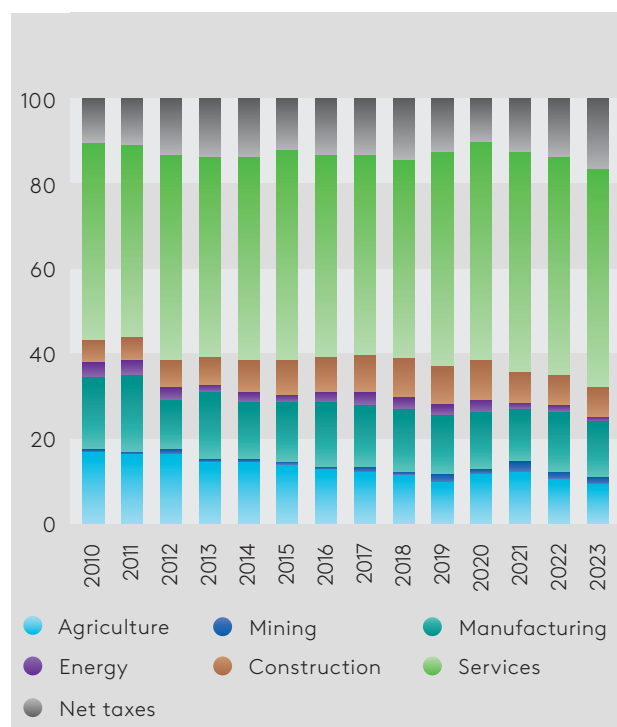
The Kyrgyz Republic is the most open economy in Central Asia, despite the fact that it is a landlocked country with a difficult mountainous terrain. In 2023, its nominal GDP was US\$ 14.0 billion, accounting for 2.8% of the region's total GDP. The Republic's GDP per capita (PPP) in 2023 was US\$ 6,482 (2010: US\$ 3,103), which was one fifth that of Kazakhstan, the region's leader. About 9% of the Central Asian population lives in the Kyrgyz Republic. Its foreign-trade-to-GDP ratio was around 111% for the period 2010–2023 (Table 1.2.).

The Kyrgyz economy is service-driven. In 2010–2023, the economy grew at an average of 3.9% per year. To a significant extent, the service sector has been the key contributor to GDP during the period under review, with a share of 49%. Manufacturing (mainly gold production) and Agriculture accounted for 14% and 13% of GDP, respectively (Figure 1.10.). The volatility of economic growth in the 2010–2013 period has been attributed to changes in gold production. The Kyrgyz Republic suffered the most from the COVID-19 crisis in the region, but recovered quickly. The high economic growth in 2022–2023 was due to the effects of adaptation to the new economic landscape in the region, as well as strong domestic demand.

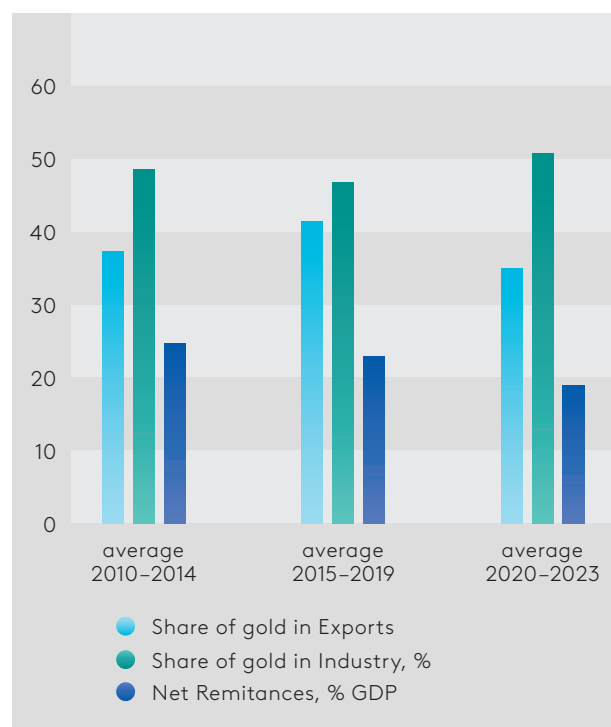
The government of Kyrgyzstan is committed to diversification of the economy, improvement of connectivity, and development of the energy sector. Gold production is substantial for the economy, accounting for 49% and 38% of industrial production and exports, respectively (average for 2010–2023). Remittances are a significant source of foreign income supporting households; however, their importance diminishes as the economy grows. The ratio of remittances to GDP fell from 23.5% in 2010 to 15.3%

in 2023 (Figure 1.11). To reduce exposure to external shocks, the government is working to diversify the economy and improve the connectivity and energy base. The authorities aim to ensure real economic growth averaging 5% per year until 2026. One of the priorities is to increase the inflow of foreign direct investment. The aim is to increase the volume of investment in transport and logistics, water infrastructure, and hydropower.

↓ Figure 1.10. GDP Structure of the Kyrgyz Republic



↓ Figure 1.11. The Importance of Gold and Remittances

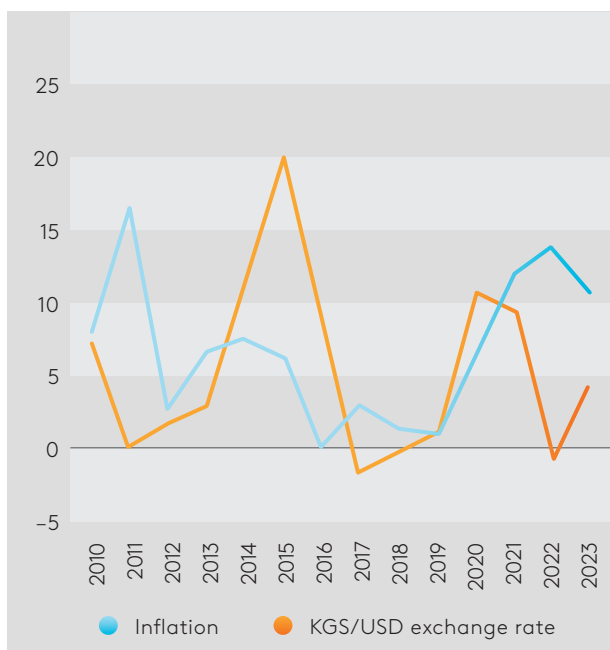


Source: EDB analysts' calculations based on data published by the National Statistical Committee, National Bank.

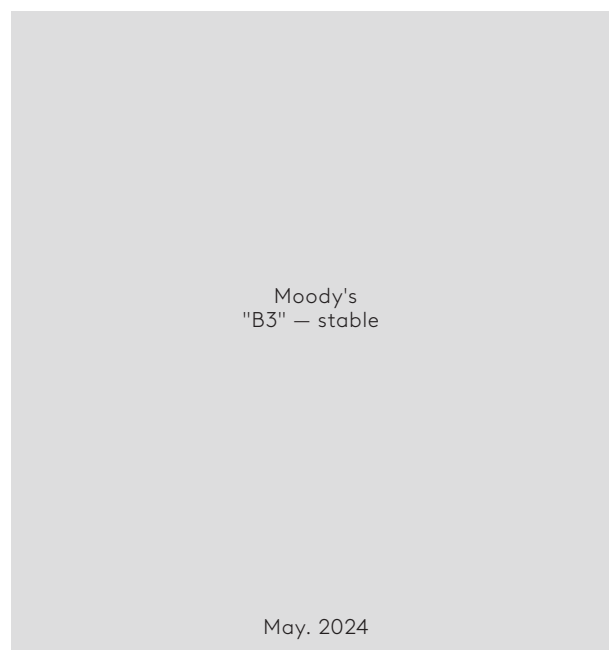
Monetary policy is aimed at price stability. The National Bank of the Kyrgyz Republic has been gradually shifting towards inflation targeting since 2018. The inflation target is set at 5–7%. Low inflation in 2015–2019 was the result of low global grain prices and the real appreciation of the Kyrgyz som. Acceleration of inflation since 2020 is attributable to the turnaround of global food and oil prices as well as disruptions of global value chains (Figure 1.12). In order to curb rising inflation and stabilize inflation expectations, the National Bank gradually raised the policy rate from 5.0% at the end of 2020 to 14.0% in March 2022. With inflation no longer accelerating, the monetary authority cut the policy rate to 13.0% in November 2022. It has been kept at this level to anchor inflation expectations.

The National Bank of the Kyrgyz Republic follows the managed floating exchange rate regime, while intervening in the domestic market to smooth out sharp fluctuations in the exchange rate. The nominal exchange rate against the USD adjusted sharply in 2014–2016 due to the high turbulence in regional financial markets caused by the sharp decline in oil prices, which are important for the Republic's main trade partners, Russia and Kazakhstan (Figure 1.12). After the COVID crisis, fluctuations narrowed and the national currency hovered around its neutral level.

↓ Figure 1.12. Inflation and KGS Exchange Rate (average for the year)



↓ Figure 1.13. Sovereign Ratings of the Kyrgyz Republic



Source: EDB analysts' calculations based on data published by the National Statistical Committee of the KR, National Bank of the Kyrgyz Republic, MF KR

Stable Public Finances

According to IMF estimates, the budget deficit fell from an average of 4.4% GDP in 2010–2017 to an average of 1.1% in 2018–2023. The performance of the public finance sector stabilized relatively quickly after the COVID crisis, with the budget deficit falling from 3.1% of GDP in 2020 to 2% of GDP in 2023. More than 70% of the government's revenue comes from taxes, about 20% is from non-tax revenue, and 7% comes from transfers received. A quarter of government expenditures are spent on education and 11% on social care. The government is also investing in transport, water, and energy infrastructure through a public investment program, which is primarily financed by international development institutions.

Sustainable Public Debt

The public debt was reduced to 49.5% of GDP by the end of 2023, after rising to 63.6% of GDP in 2020 in order to stabilize the economy in response to the COVID crisis (Table 1.2). The public debt is sustainable due to its consensual structure. More than 80% of the public debt consists of loans from multilateral development institutions with long grace periods and low interest rates. The major part of this investment is being channeled into the development of transport, energy, and water infrastructure. Moody's upgraded the credit rating of the Kyrgyz Republic in May 2024 (Figure 1.13). The upgrade of the rating outlook from "negative" to "stable" is due to the return of the balance of risks to a stable level.

TAJIKISTAN

↓ Table 1.3. Key Macroeconomic Indicators of Tajikistan

	2010	2019	2020	2023
Population, millions (end of the period)	7.6	9.3	9.5	10.3
Unemployment, % of workforce	10.8	6.9	7.3	7.0.
GDP, US\$ billion	5.6	8.3	8.1	12.0
GDP, growth % yoy	6.5	7.4	4.4	8.3
Inflation, % yoy (end of the period)	9.8	8.0	9.4	3.8
Key rate, % (end of the period)	8.25	12.25	10.75	10.0
TJS/USD exchange rate (end of the period)	4.40	9.69	11.30	10.96
Government budget balance, % of GDP (IMF estimate)	-2.7	-2.0	-4.3	-1.0
Public debt, % of GDP (IMF estimate)	36.8	43.5	51.8	30.9
Turnover of foreign trade in goods and services, US\$ billion	3.9	4.5	4.6	8.3
Consolidated international reserves*, US\$ billion (end of the period)	0.4	1.5	2.2	3.6

Notes: yoy — rate of increase over the corresponding period of the previous year;

* — total reserves, including gold at market price

Sources: Agency on Statistics under the President of the Republic of Tajikistan, National Bank of Tajikistan, World Bank, IMF

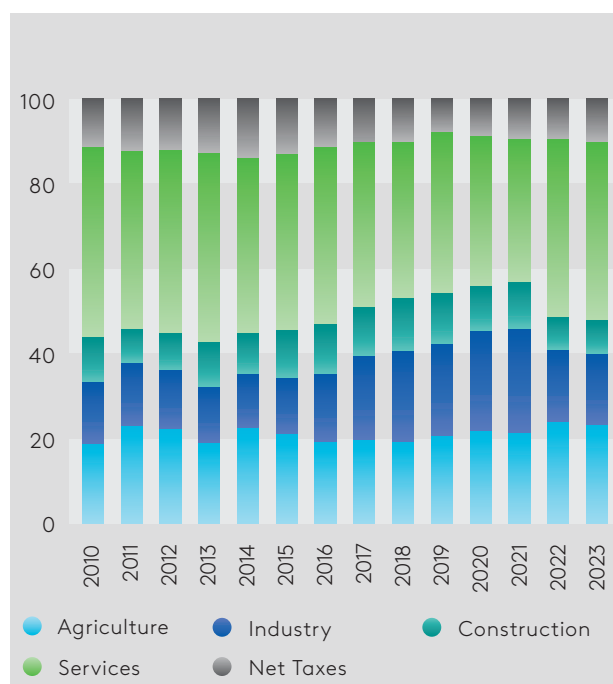
Tajikistan has achieved significant economic success since the turn of the 2010s. The country moved from the low-income group to the lower-middle income group (according to the World Bank's classification). GDP per capita increased by 60% over the 2010–2023 period – from US\$ 738.3 in 2010 to US\$ 1,180 in 2023. By the end of the 2010s, unemployment fell to below 10% for the first time in the history of independent Tajikistan. It remained at 7.3% in 2020 (according to World Bank data, [Table 1.3](#)). The rate of poverty also decreased, from 34.3% in 2013 to 22.5% in 2022.

Tajikistan's economy demonstrates considerable resilience to external shocks. In 2010–2023, the economy grew at an average of 7.2%. All key sectors, including services (40% of GDP on average for 2010–2023), industry (17% of GDP), and agriculture, contributed to that growth, with the structure of the economy being relatively stable ([Figure 1.14](#)). For example, during the global recession caused by the COVID-19 pandemic in 2020, the various sectors of Tajikistan's economy comprising the services sector contracted, while the industrial sector continued to increase its output.

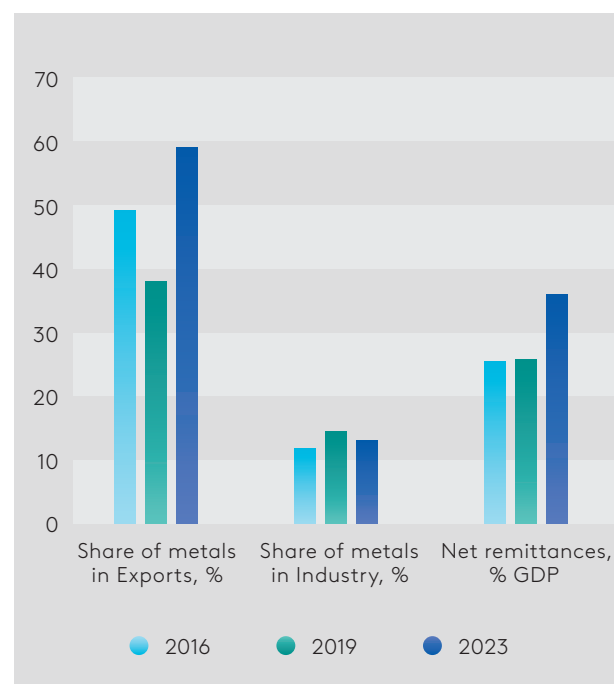
The rapid growth of Tajikistan's economy is largely attributable to the catch-up effect and strong demographics. Over 2010–2023, the country successfully developed industries such as food, textiles, and construction materials — other than metallurgy, which had traditionally played the key role due the country's rich deposits of non-ferrous metals and gold ([Figure 1.15](#)). At the same time, Tajikistan has a rapidly growing pool of labor resources. The population grew from 7.4 million at the beginning

of 2010 to 10.3 million at the beginning of 2024. The economically active population is 2.7 million (expanded by 35% from 2.0 million in 2010). The surplus of labor resources and low wages are behind the steady flow of labor abroad and the inflow of remittances to the country (Figure 1.15). These factors also increase the appeal of investment in labor-intensive sectors of the economy (one example is the fast growth of the textile industry).

↓ Figure 1.14. GDP Structure of Republic of Tajikistan



↓ Figure 1.15. The Importance of Metals and Remittances



Source: EDB analysts' calculations based on data published by the Agency on Statistics under the President of the Republic of Tajikistan

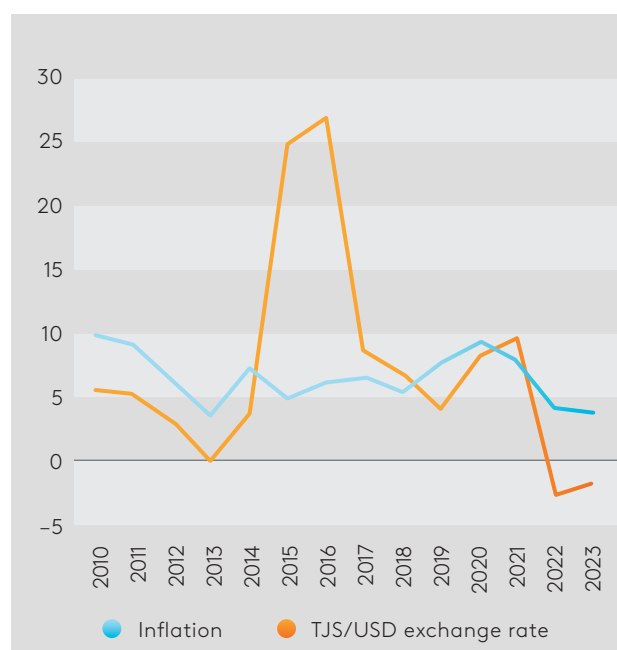
Monetary policy in Tajikistan is in the process of transition to inflation targeting, as envisaged by the Monetary Strategy of the Republic of Tajikistan for 2020–2025 (NBT, 2021). The National Bank of Tajikistan defines its current policy as a “monetary-targeting” regime, where the National Bank of Tajikistan regulates money supply (supply of reserve money) to secure price stability; the target annual inflation range is set at $6\pm 2\%$. The National Bank of Tajikistan policy also involves interventions in the foreign-exchange market to smooth out excessive fluctuations of the somoni exchange rate.

The policy pursued by the National Bank has been fairly successful at controlling inflation. In 2010–2023, the average annual rate of growth of consumer prices in the country was 6.8%. Over the last ten years (2013–2023), year-end inflation rates never exceeded 10% (Figure 1.16). Significant (0.2+ percentage points) breaches of the target range ($6\pm 2\%$) occurred only in 2013, when year-end inflation was too low (at 3.7%), and in 2020 when it rose to 9.4% under the influence of a significant adjustment of the national currency and rise of prices of imported food products caused by the COVID-19 pandemic.

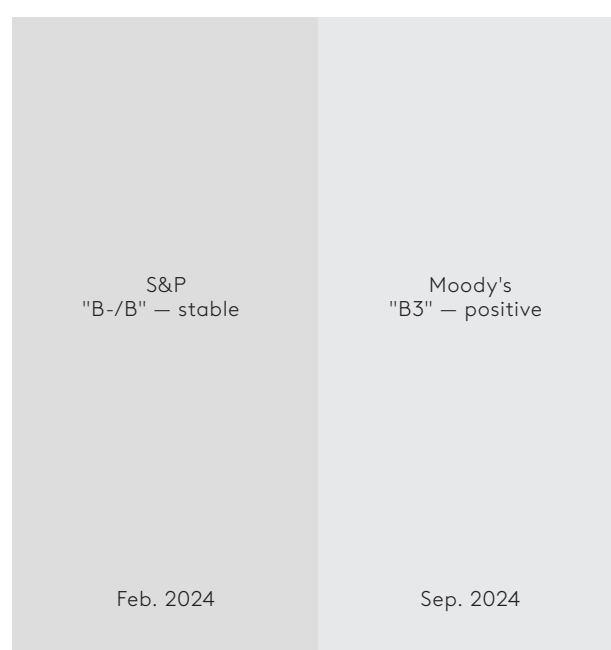
The National Bank of Tajikistan does not officially peg the national currency to currencies or a basket of currencies of other states. The Tajikistani somoni was

allowed to fluctuate widely when the country's economy faced severe external shocks, such as the economic contraction in the region in 2015. During this episode of external disturbance, the somoni exchange-rate adjustment helped the Tajik economy to retain a considerable degree of stability. Similar, but smaller, adjustments took place during the COVID-19 pandemic (Figure 1.16). Against a more beneficial external backdrop, the National Bank of Tajikistan tends to constrain fluctuations of the somoni exchange rate to the dollar. This approach has prevailed, in particular, since Spring 2023, as the growth in Tajikistan's exports of gold and a recovery in remittances from Russia strengthened Tajikistan's balance of payments. The somoni's stability relative to the dollar during the last 12 or more months is a major factor in the slowdown in inflation. Its rate in Tajikistan is currently among the lowest in the EDB's area of operation.

↓ Figure 1.16. Inflation and TJS Exchange Rate (average for the year)



↓ Figure 1.17. Sovereign Ratings of the Republic of Tajikistan



Sources: EDB analysts' calculations based on data published by the Agency on Statistics under the President of the Republic of Tajikistan, National Bank of Tajikistan, rating agencies

Tajikistan's state budget revenues and expenditures amounted to 27% and 29% of GDP, respectively, on the average in 2019–2023. This is within the range for Central Asia. The largest recipients of budget funds are education and social security — they received 18% and 14% of total public spending, respectively, on the average in 2019–2023. Among other articles of the state budget, financing the national energy sector is prominent — it was 18% of total expenditure on the average in 2019–2023, as the country implemented large-scale projects in hydro energy generation.

Tajikistan's sovereign credit ratings by S&P and Moody's remained at B- and B3, respectively (Figure 1.17). Both agencies reaffirmed the ratings recently with stable outlooks (Moody's upgraded the outlook from negative), noting the reduction of risks related to the geopolitical developments in the Eurasian region, Tajikistan's continuing high GDP growth, the recovery of remittance inflows, as well as debt reduction relative to GDP.

TURKMENISTAN

↓ Table 1.4. Key Macroeconomic Indicators of Turkmenistan

	2010	2019	2020	2023
Population, millions (end of the period)	5.1	5.9	6.1	6.3
Unemployment, % of workforce	4.0	4.1	4.5	4.1
GDP, US\$ billion	35.2	53.0	52.4	77.1
Per capita GDP, US\$ thousands	6.7	8.6	8.4	11.8
GDP, growth % yoy:				
• official data	9.2	6.3	5.9	6.3
• IMF estimate	16.0	-3.7	-2.1	2.0
Inflation, % yoy (end of the period)	4.4	13.0	10.0	5.9
TMT/USD exchange rate (end of period)	2.85	3.5	3.5	3.5
Government budget balance, % of GDP (IMF estimate)	1.3	-0.3	-0.1	1.3
Public debt, % of GDP (IMF estimate)	6.2	15.3	13.3	4.7
Turnover of foreign trade in goods, US\$ billion	7.2	13.6	9.7	18.05**
Current account, % of GDP	-8.9	2.9	2.9	4.8

Notes: yoy — rate of increase over the corresponding period of the previous year; * — IMF estimate; ** — Trademap

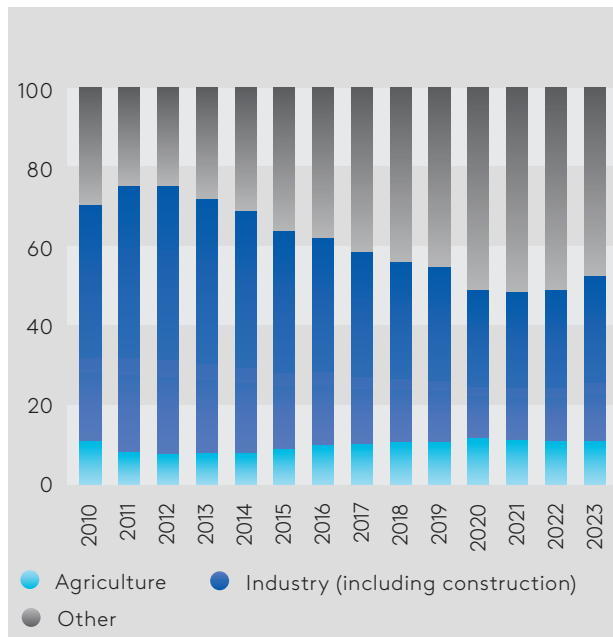
Sources: World Bank, Asian Development Bank, IMF.

According to IMF estimates, Turkmenistan's 2023 GDP was US\$ 77.1 billion (see [Table 1.4](#)). Gas deposits owned by Turkmenistan are ranked as the fourth-largest in the world, at 10% of total global deposits (according to the World Bank). In addition to natural gas, the country is rich in oil, sulfur, iodine, salt, clays, gypsum, and cement — resources used primarily by the chemical industry and construction. The economic growth of the Republic strongly depends on hydrocarbons and associated industries. Exports, the bulk of which are sales of natural gas to China, account for 17.5% of Turkmenistan's GDP.

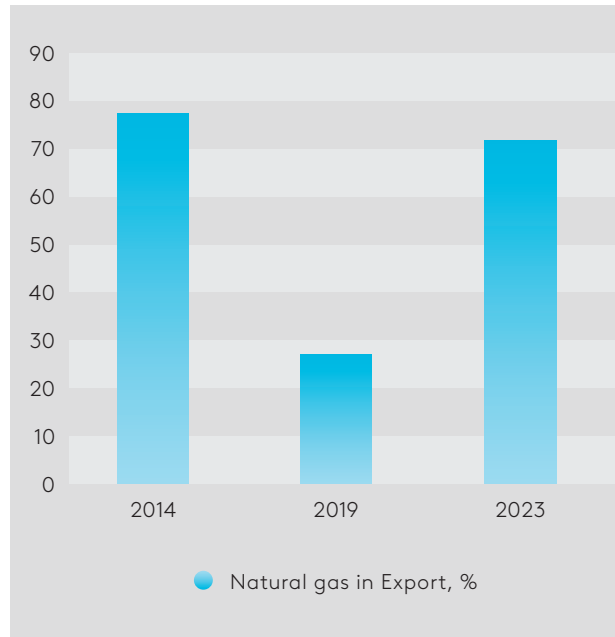
In 2015–2023, economic growth in Turkmenistan dropped to an average of 0.7% per year, compared to 7.5% in 2010–2014. The slowdown was accompanied by a contraction of the industrial sector's share in GDP ([Figure 1.18](#)). These developments were largely because of the decline of global energy prices and cuts in public expenditures and social subsidies.

The economic development process in Turkmenistan is state-driven. For example, the private sector's share in total gross fixed capital formation over 2002–2014 averaged 15%, according to estimates by the [ADB \(2017\)](#). While bank credit as a share of GDP reached 55% in 2016, the share of private sector credit was 20% of GDP (also see [ADB, 2017](#)). The public sector and state monopolies dominate the economy and the formal labor market. Opening of the economy, improvement of business regulations, accelerated privatization of state-owned enterprises, and more active investment in human capital could contribute to development of the private sector.

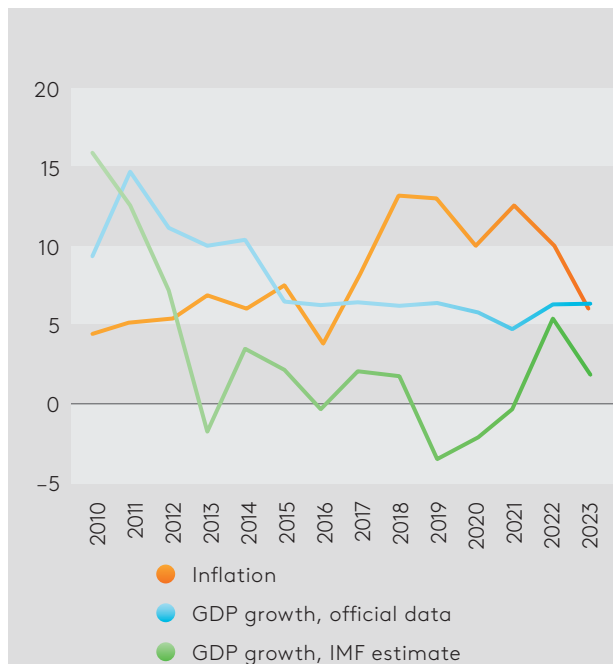
↓ Figure 1.18. GDP Structure of Turkmenistan



↓ Figure 1.19. The Importance of Natural Gas



↓ Figure 1.20. Inflation and GDP Growth



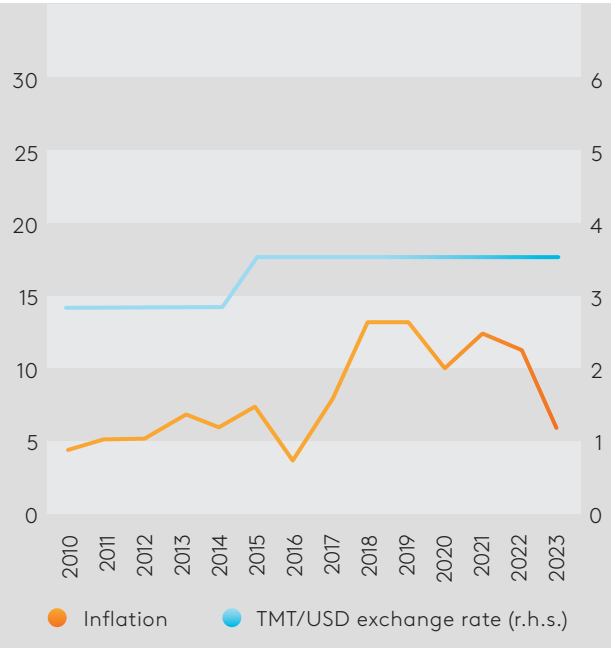
Sources: EDB analysts' calculations based on data published by the World Bank, and Trademap

Turkmenistan uses a fixed exchange rate regime: the manat has been pegged to the US dollar since 2009. In 2009–2014, the official exchange rate had been TMT 2.85/USD 1.00. In January 2015, the Central Bank of Turkmenistan set the exchange rate at TMT 3.50/USD 1.00, and that rate has been used in all official transactions ever since (Figure 1.21). At the beginning of 2022, the unofficial exchange rate was close to TMT 20.00/USD 1.00 (Chronicles of Turkmenistan, 2022). All enterprises in the country are obliged to convert their export revenues and inward foreign investments at the official exchange rate. The maximum amount of foreign currency that an individual can purchase is set at US\$ 500 per month. A number of currency-exchange restrictions

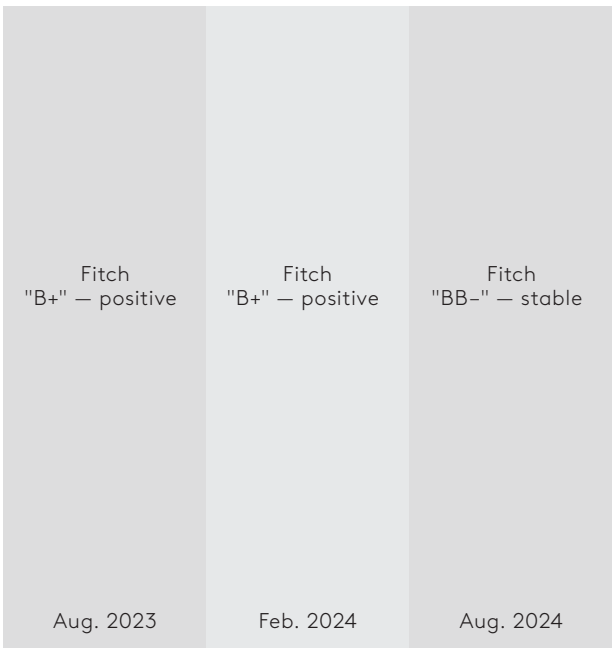
have been in effect since 2016. In 2020, the government established the Reserve Currency Fund, with all foreign exchange revenues to be transferred to that fund. The plan was to concentrate the accounts of the Fund at the Central Bank, and transfer to it all foreign-exchange revenues received by ministries, branch departments, their accountable agencies, and all legal entities with state equity participation.

The Central Bank of Turkmenistan uses credit growth targeting to influence domestic demand. Inflation has not been consistently at single-digits since 2018. Nonetheless, in 2023, it was 5.9% y/y, having decelerated from 11.2% the year before (Figure 1.21). The dynamics of that indicator seem to be affected by the situation in global food markets and the unofficial exchange rate of the manat (Fitch Ratings, 2022).

↓ Figure 1.21. Inflation and TMT Exchange Rate (average for the year)



↓ Figure 1.22. Sovereign Ratings of the Republic of Turkmenistan



Sources: Asian Development Bank, Fitch Ratings

In 2010–2023, the average ratios of Turkmenistan’s public revenues and public expenditures to GDP were 12.2% and 11.5%, respectively. In 2021–2022, external debt contracted in comparison with what it was during the second half of the previous decade. It amounted to 5.1% of GDP in 2023. According to the rating agency Fitch, that was a result of partial repayment of the country’s external debt.

Turkmenistan has a sovereign credit rating with Fitch of BB-, with a stable outlook (Figure 1.22). The credit agency raised the rating on August 2, 2024, noting Turkmenistan’s strengthening sovereign balance sheet, with low debt and high sovereign net foreign assets. According to Fitch, these strong factors are “constrained by weak governance, unconventional and opaque economic policy, particularly the exchange rate framework, a challenging business environment, high commodity dependence and export market concentration.” Fitch anticipates flat gas production in Turkmenistan, and fair GDP growth.

UZBEKISTAN

↓ Table 1.5. Key Macroeconomic Indicators of Uzbekistan

	2010	2019	2020	2023
Population, millions (end of the period)	29.1	33.9	34.6	36.8
Unemployment, % of workforce	5.4	9.0	10.5	8.4
GDP, US\$ billion	49.7	60.3	60.2	90.9
GDP, growth % yoy	7.1	6.0	2.0	6.0
Inflation, % yoy (end of the period)	11.9	15.2	11.2	8.8
Key rate, % (end of the period)	14.0	16.0	14.0	14.0
UZS/USD exchange rate (end of period)	1,640	9,508	10,477	12,339
Government budget balance, % of GDP (IMF estimate)	2.6	-0.3	-3.3	-4.9
Public debt, % of GDP (IMF estimate)	6.6	28.3	37.1	36.3
Turnover of foreign trade in goods and services, US\$ billion	24.7	43.6	37.2	66.6
Consolidated international reserves*, US\$ billion (end of the period)	14.2	29.3	34.9	34.6

Notes: yoy — rate of increase over the corresponding period of the previous year;

* — Total reserves including gold at market price.

Sources: State Statistical Committee of the Republic of Uzbekistan, Central Bank of the Republic of Uzbekistan, IMF (except where noted otherwise)

In 2023, Uzbekistan's GDP was US\$ 90.9 billion (Table 1.5). The country is rich in natural resources (precious metals, copper, uranium, tungsten, coal, natural gas), and has a well-developed production base. The production of metals is one of the drivers of the expanding role of manufacturing in GDP (Figure 1.23). Metals are also a major article of export for the country (Figure 1.24). However, Uzbekistan is underutilizing its resource base, and could expand its presence in the value chain of non-ferrous metallurgy, construction materials, and the chemical and petrochemical industry (Alekseev et al., 2019).

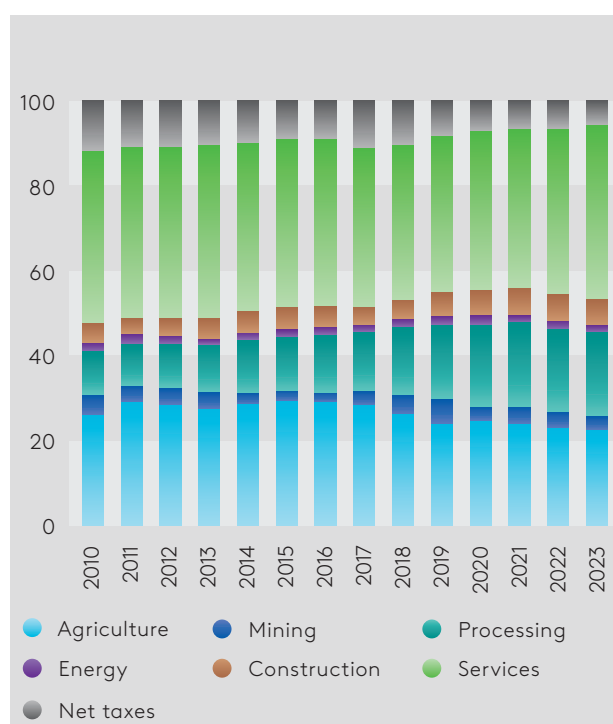
Uzbekistan has significant and competitive labor resources. The population grew from 29.1 million at the beginning of 2010 to 36.8 million in 2023. The economically active population is 15 million — almost half of the whole Central Asian workforce. Abundant labor resources and low wages increase the attractiveness of investing in labor-intensive sectors of Uzbekistan's economy (Alekseev et al., 2019).

The surplus labor market encourages citizens of Uzbekistan to seek employment abroad. As a result, the economy persistently enjoys a significant inflow of remittances (Figure 1.24). In 2023, their share of GDP was close to 15%. Russia remained the main source of personal money transfers to Uzbekistan, with about 80% of the total in 2022 (World Bank, 2023).

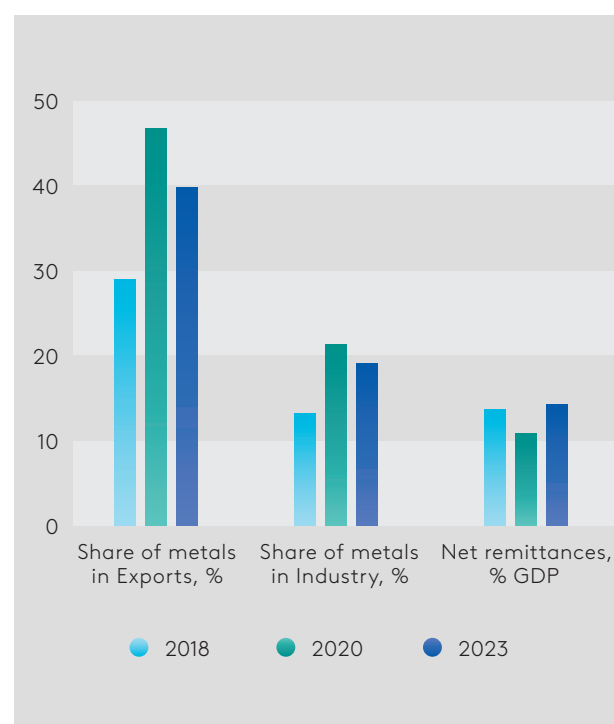
In 2010–2023, the average annual economic growth rate in Uzbekistan was 6.1%. Economic development of Uzbekistan during this period was driven by the services sector, contributing 38% to the GDP on average for the period 2010–2023, followed by agriculture (27%) and industry (19% of GDP) (Figure 1.23).

Dynamic economic development of Uzbekistan is largely attributable to the catch-up effect and the growth of the country’s workforce. However, convergence of Uzbekistan with higher-income countries was also sped up by the structural reforms undertaken since 2017. These included significant opening up of the economy and business environment liberalization. In 2017–2020, the value of fixed capital investments almost doubled relative to the size of the economy. It reached around 40% of GDP in 2019 and stayed above 30% of GDP thereafter. Net foreign direct investment expanded from 2016 by 35% to US\$ 2.3 billion in 2019 and peaked at US\$ 2.6 billion in 2022, before dropping back to US\$ 2.2 billion in 2023.

↓ Figure 1.23. GDP Structure of Republic of Uzbekistan



↓ Figure 1.24. The Importance of Metals and Remittances



Note: Water supply is reported as part of the energy industry.

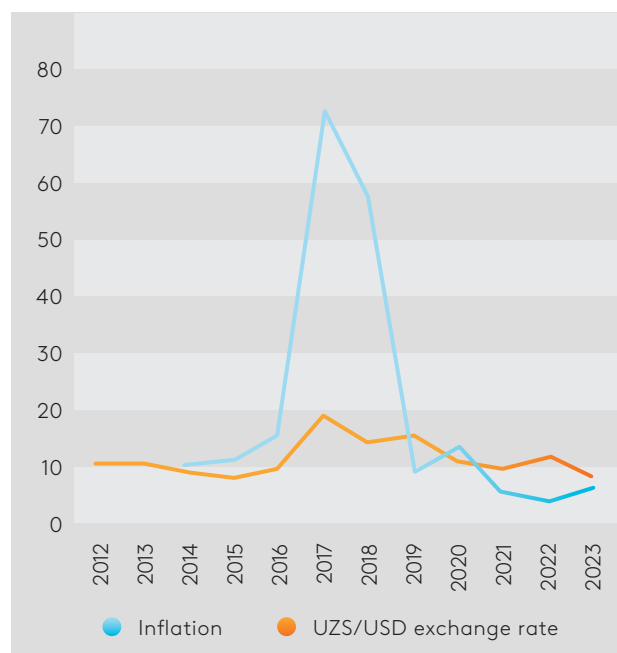
Source: EDB analysts’ calculations based on data published by the State Statistical Committee of the Republic of Uzbekistan.

The Central Bank of the Republic of Uzbekistan (CBRU) allows the exchange rate of the national currency (soum) to the dollar to depreciate with no major short-term volatility. The pace of depreciation was mostly below 10% yoy in 2021–2023. The latest episode of significant exchange-rate fluctuation took place in 2017 in the context of the overall economic liberalization (Figure 1.25), which included shifting to a market-based exchange-rate setting from the earlier practices, which had included heavy regulation of currency exchange operations and multiple exchange

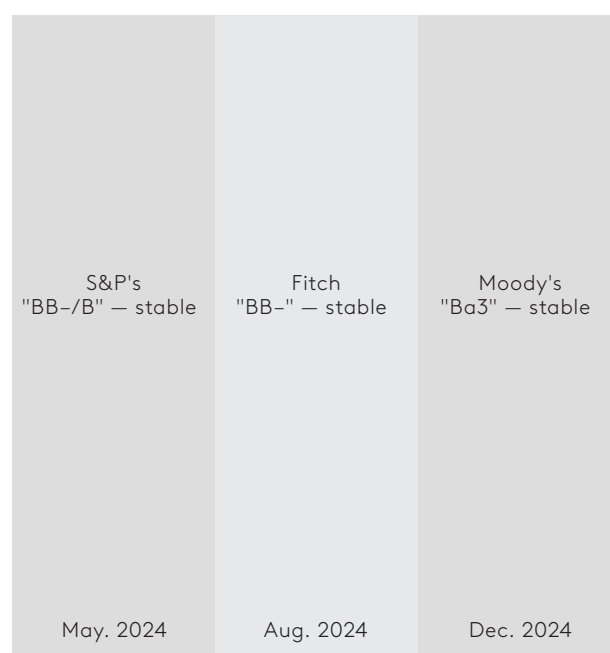
rates. During 2017–2018, the economically justified adjustment of the exchange rate was completed and the CBRU regained the ability to smoothen its path. The state of the country’s balance of payments and official foreign reserves (US\$ 34.6 billion, covering 11 months of imports of goods and services, as of January 1, 2024) suggests no immediate risk of a forced change to the CBRU’s policy of the soum’s gradual depreciation to the dollar.

Monetary policy in Uzbekistan is in the process of transition to inflation targeting. The Central Bank’s Concept of Monetary Policy envisaged bringing inflation to the target level (5% per year) by end-2023. The key rate is the principal monetary policy tool. The Central Bank uses open market operations to ensure that short-term interest rates in the interbank loan market are set at a level close to the key rate within the approved interest rate corridor. The CBRU policy implementation resulted in CPI growth slowly receding from near 20% yoy in 2017 to below 10% yoy since mid-2023, despite the inflationary effects of such factors as the steady devaluation of the soum and hikes in regulated prices and tariffs.

↓ Figure 1.25. Inflation and UZS Exchange Rate (average for the year)



↓ Figure 1.26. Sovereign Ratings of the Republic of Uzbekistan



Sources: EDB analysts’ calculations based on data published by the State Statistical Committee of the Republic of Uzbekistan, Central Bank of the Republic of Uzbekistan, rating agencies

In 2017–2023, the average ratios of Uzbekistan’s public revenues and public expenditures to GDP were 27.1% and 26.8%, respectively. This is within the range for both parameters in Central Asia. The budget heavily contributes to economic development. In 2022, combined budget and off-budget development-related expenditures (through Uzbekistan’s Fund of Reconstruction and Development and other extra-budgetary funds) constituted up to 23.1% of the overall general government spending, as the government subsidized credit and financed investments

in infrastructure and strategically important industries, such as oil and gas, energy, and metals and mining ([ADB, 2021](#)).

Uzbekistan has sovereign credit ratings with all leading agencies — Moody's, S&P, and Fitch remains at Ba3, BB-, and BB- respectively ([Figure 1.26](#)). The agencies reaffirmed the ratings recently with stable outlooks, noting the country's strengths, such as good external and fiscal buffers, planned reforms, including energy subsidy reduction, resilience of Uzbekistan's economy, and stable banking sector, as well as its shortcomings, including chronically high inflation, excessive state interference in the economy, and weaknesses in governance quality.

CHAPTER 2.

MACROECONOMIC OVERVIEW OF INDIA, INCLUDING FOREIGN TRADE AND INVESTMENTS

The global economy has proven to be resilient in the last few years while facing multiple crisis including the COVID-19 pandemic, the geopolitical conflict in Europe and the Middle East, and rising inflation, leading to monetary tightening by central banks. Amidst the uncertain global economic landscape and economic headwinds, India has emerged as a 'bright spot' as the fifth-largest economy in terms of nominal GDP (current prices) at US\$ 3.6 trillion in 2023 ([IMF, 2024](#)). Growth in recent years has been mostly supported by government and private consumption.

The Republic of India is a peninsular South Asian country with a vast coastline touching the Bay of Bengal, the Arabian Sea, and the Indian Ocean, with the grand Himalayan Mountain ranges to its north. With a population of 1.4 billion, it is world's most populous country, with a significant working-age population. According to the IMF, India was the fastest-growing major economy in the world in 2023, growing at 8.2% driven by domestic demand and investment activity. India's economy ranks third globally in purchasing power parity, and it is experiencing rapid growth, aiming to become a developed economy by 2047, marking 100 years since its independence in 1947. Fueled by a young and skilled workforce, India's economic rise is driven by a robust service sector, contributing 53.3% to the Gross Value Added (GVA) in 2022, followed by the industrial sector (28.2%) and agriculture (18.4%) ([UN Statistics, 2024](#)).

The size of the Indian economy has more than doubled from US\$ 1.7 trillion (nominal GDP in current prices) in 2010 to US\$ 3.6 trillion in 2023, growing at an average of 6.1% (real GDP constant prices). This has been supported by growing rural and urban consumer demand, rapid industrialization, and international trade. The government is also actively promoting entrepreneurship and innovation, fostering the growth of startups across various industries. This, coupled with ongoing infrastructure development projects, is creating a more attractive environment for both domestic and foreign investment.

↓ Table 2.1. Macroeconomic Indicators of India

Economic Indicators	2010	2015	2019	2020	2021	2022	2023
GDP, current prices (US\$ billion)	1,675.6	2,103.6	2,835.6	2,674.9	3,167.3	3,353.5	3,567.5
Real GDP Growth (% change)	8.5	8.0	3.9	-5.8	9.7	7.0	8.2
Inflation (avg, % change)	9.4	4.9	4.8	6.2	5.5	6.7	5.4
Population (millions)	1,240.6	1,322.9	1,383.1	1,396.4	1,407.6	1,417.2	1,428.6
Unemployment, (% of total labor force, ILO estimates)	8.3	7.9	6.5	7.9	6.4	4.8	4.7
Official Exchange Rate (INR: US\$, avg of the period)	45.7	64.2	70.4	74.1	73.9	78.6	82.6
Government budget balance (% of Potential GDP)	-9.2	-7.1	-8.7	-9.4	-8.4	-8.9	-8.3
Public debt (% of GDP)	67.7	69.0	75.0	88.4	83.5	81.7	83.0
Foreign trade in goods and services (% of GDP)	49.3	41.9	39.9	37.8	45.7	49.2	-
International reserves (US\$ billion, end of the period)	297.7	351.6	460.2	586.0	633.8	562.7	622.5
Current account balance (% of GDP)	-2.9	-1.1	-0.9	0.9	-1.2	-2.0	-0.7

Note: Hyphen indicates that data has not been released by the source, and negative sign of government budget balance indicates a budget deficit for the respective year.

Source: World Economic Outlook October 2024, IMF; World Bank and India Exim Bank Research

The Indian economy rebounded strongly from the COVID-19 pandemic to become a driver of global growth. The growth contracted to 5.8% in 2020 after witnessing the “Great Lockdown”, followed by rapid recovery of 9.7% in 2021, notwithstanding the localized mobility restrictions and supply-side challenges induced by multiple waves of infections. The growth trajectory slowed to 7% in 2022 owing to base effect as well slowdown in industrial activity. However, removal of mobility restrictions and release of pent-up demand led to recovery of the contact intensive services sectors to pre-pandemic levels, leading to 8.2% real GDP growth in 2023. According to the Ministry of Statistics and Programme Implementation, Government of India, the growth for 2023–24² was 8.2%, underpinned by robust domestic demand, strong investment activity bolstered by the government’s investment in infrastructure, and buoyant private consumption.

Total foreign trade (goods and services) as a percentage of GDP accounted for 45.9% in 2023 slightly decreasing from 49.3% of GDP in 2010, however still reflecting India’s robust trade openness over the years. Merchandise trade as a percentage of GDP made up a significant part of the Indian economy at 30.9% whereas trade in services accounted for 14.5% of the GDP in 2023 (World Bank, 2024). The country’s exports have contributed to making the economy resilient even in the face of global headwinds in the recent years. India accounted for 1.8% of global merchandise exports, ranking 17th among the world exporters; whereas in case of service exports, India was the 7th-largest exporter in 2023, with a global share of 4.3%.

² India’s fiscal year runs from April to March, so 2023–24 implies April 2023 to March 2024.

On the fiscal front, the government's total revenue has been growing steadily over the past decade, facilitated by prudent collection of tax and non-tax revenue in an economically strong environment. The increased government expenditure on social infrastructure and surging capital expenditure has resulted in an overall negative budget balance throughout the period of study. The government budget balance was hovering between -6.4% to -8.7% of potential GDP between 2012 and 2019. It surged to -9.4% of potential GDP in 2020 due to higher government spending on social services, healthcare infrastructure and the vaccination drive in the face of COVID 19 adversities. In the last three years, the budget balance has been towards the higher end, due to increased economic activities. International Monetary Fund (IMF) forecasts suggest that the budget balance is expected to moderate to -7.8% of potential GDP in 2024 before tempering to -6.6% in 2029³.

India's strong external position supports the growth trend of the economy. The international reserves have been consistently increasing from US\$ 297.7 billion in 2010 to US\$ 622.5 billion in 2023 accounting for 11 months of merchandise imports. The Indian rupee (INR) has been classified as an actively traded currency by the Bank for International Settlements (BIS, 2022), because it accounts for more than 1% of global foreign exchange market turnover, indicating its depth in global foreign exchange markets. The Indian rupee exhibited a depreciating trend vis-à-vis the US dollar amid generalized strengthening of the US dollar against currencies. In the recent years, the rupee has depreciated further owing to elevated crude oil prices and foreign portfolio outflows from emerging and developing economies triggered by geopolitical uncertainty. However, the INR has outperformed major EME currencies during recent years amid strong macroeconomic fundamentals, including a moderation in the current account deficit to 0.65% of GDP in 2023 and significant foreign direct investment inflows at US\$ 71 billion (RBI Database). Meanwhile the Reserve Bank of India (India's central monetary authority and financial regulator) has been judiciously monitoring and intervening in the global currency market to maintain stability of the exchange rate.

In 2016, the Reserve Bank of India (RBI) implemented a Flexible Inflation Targeting (FIT) framework to prioritize price stability within its monetary policy. This framework grants the RBI legal authority to maintain stable prices while balancing economic growth. The FIT targets a 4% inflation rate as measured by the Consumer Price Index (CPI), with a tolerance range of +/- 2%. Since the adoption of that policy, the inflation rate has been fluctuating within the band except for the years 2020 and 2022. CPI inflation remained high during the COVID-19 period due to the persistence of supply side disruptions and tenacious volatility of global crude oil prices. The RBI maintained an accommodative stance to support the demand-crunched economy and injected liquidity into the market by the provision of special refinancing facilities for households and small businesses. In 2022, however, the high energy prices due to geopolitical uncertainties and the war-like crises in the Middle East were important factors contributing to India's CPI inflation pressures. This pressure consequently eased to 5.4% in 2023 within the prescribed price band by the RBI (Table 2.1).

³ The negative sign of Government Budget Balance indicates a budget deficit in the given year.

India's sovereign credit ratings have remained unchanged in a decade. India's strong economic growth, healthy external finances, and democratic stability are positive factors for its investment grade credit rating. While the total public debt to GDP ratio has risen from 67.7% in 2010 to 82.7% in 2023, a closer look reveals a more positive outlook for debt sustainability. As of December 2023, India's external debt was 18.7% of GDP (GOI, 2024), which is denominated in foreign currency. The share of that comprising government external debt was close to 22%, thereby significantly mitigating risks associated with exchange-rate fluctuations. The remaining, and larger, portion of the debt is held domestically, suggesting a lower risk of default and potentially greater ease of management. S&P has revised India's credit rating outlook from "stable" to "positive", citing India's robust economic expansion and expected broad policy continuity in economic reforms and fiscal activity (Table 2.2).

↓ Table 2.2. Sovereign Ratings of Republic of India

Credit Rating Agency	Ratings As Of	Rating Action	Outlook
Standards and Poor (S&P Global)	May-24	BBB-	Positive
Moody's Ratings	May-24	Baa3	Stable
Fitch Ratings	Jan-24	BBB-	Stable

Source: Respective Credit Rating Reports and India Exim Bank Research

India's Merchandise Trade Landscape

India is a major player in global trade. According to the World Trade Organization (WTO), India was the 17th-largest merchandise exporter and 8th-largest importer of merchandise globally in 2023, accounting for 2.3% of global merchandise trade in value terms.

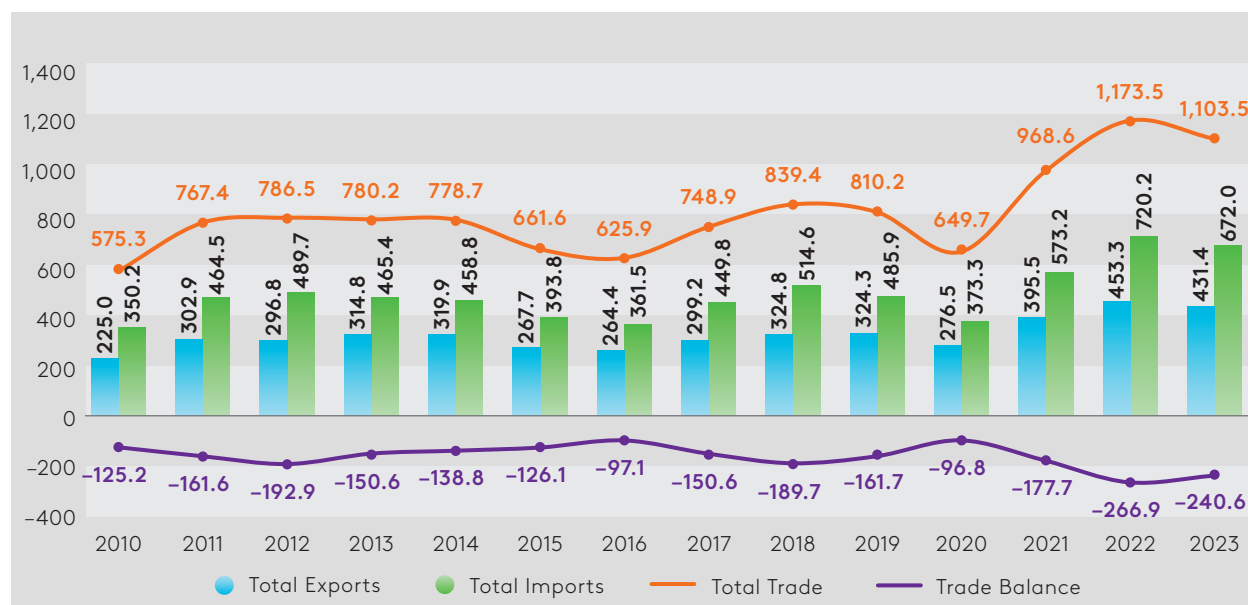
India's total merchandise trade volume, encompassing both exports and imports, has experienced significant growth over the past 13 years. From US\$ 575.3 billion in 2010, it climbed to US\$ 1,103.5 billion in 2023, reflecting an AAGR of 6.7%. However, a closer look reveals a trend of faster import growth compared to exports, resulting in a persistent trade deficit throughout the analyzed period.

India's export profile exhibited a more stable trajectory between 2010 and 2023, registering an AAGR of 6%. The year 2022 witnessed the highest export value at US\$ 453.3 billion, followed by a 4.8% decline to US\$ 431.4 billion in 2023. Notably, the composition of India's export basket remains diversified, comprising mineral fuels and oils (mainly refined), accounting for 20.7% of total exports in 2023. Other major export categories include pearls, precious stones and metals (7.7% of total exports), electrical machinery and equipment (7.5%), machinery and mechanical appliances (6.8%), and pharmaceutical products (4.9%). In 2023, 17.5% of India's exports headed to the US, amounting to US\$ 75.6 billion, making it the single largest export destination

for Indian exports. The UAE was the second-largest destination for Indian exports, worth US\$ 33 billion (7.6% of total exports), followed by the Netherlands (5.4%), China (3.8%), and the UK (2.9%).

In contrast, India's imports witnessed a faster growth pattern, expanding at an AAGR of 7% between 2010 and 2023. This surge is primarily attributed to the rising demand for energy, particularly crude oil, generated by increased industrial activity and household consumption. In 2023, mineral fuels and oils (mainly crude) constituted a staggering 32.8% of India's total imports, significantly outpacing other categories. Electrical machinery and equipment (11.3%), pearls, precious stones and metals (10.8%), machinery and mechanical appliances (8.5%), and organic chemicals (4.1%) followed as the next most prominent import segments. In 2023, China was the single largest source of imports for India. India's merchandise imports from China amounted to US\$ 99.6 billion (14.8% of India's total imports in 2023). Russia followed China as the second-largest source of imports, with imports amounting to US\$ 60.6 billion, with a share of 9% in total imports in 2023. Other major sources of imports include the UAE (6.7% of the total imports), the USA (6.5%), and Saudi Arabia (5%) in 2023 (MOCI Database).

↓ Figure 2.1. Merchandise Trade of India (US\$ billion)



Sources: MOCI Database and India Exim Bank Research

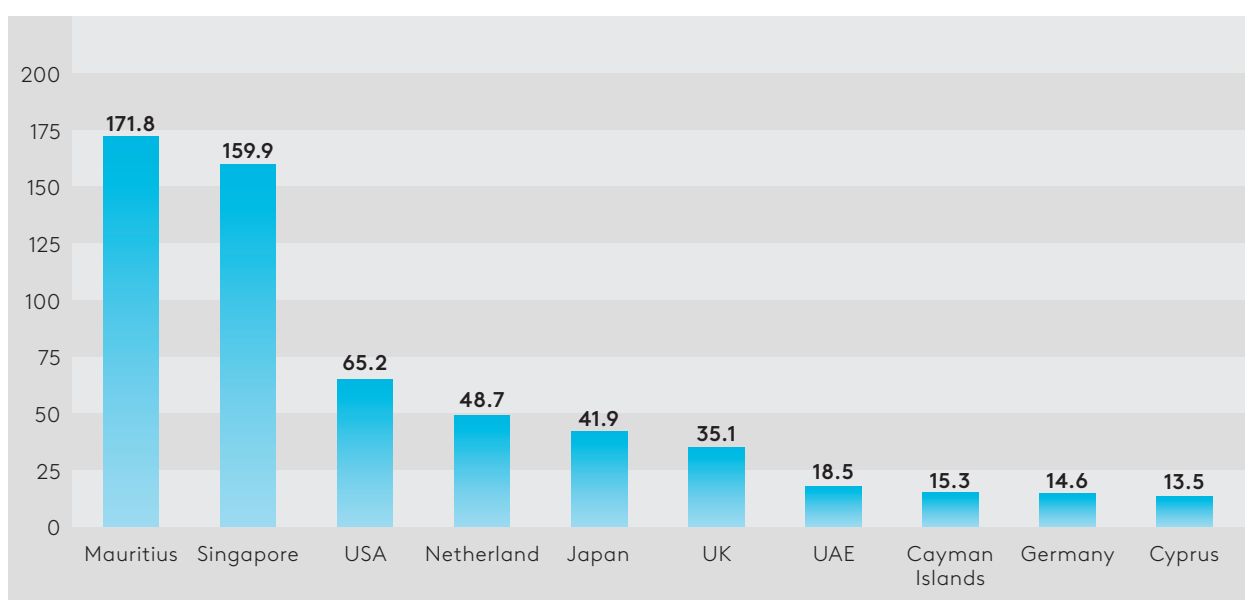
India's Foreign Direct Investment Landscape

According to the UNCTAD World Investment Report 2024, India was ranked among the leading recipients of foreign direct investment (FDI) in 2023, demonstrating strong FDI inflows compared to other developing economies. FDI inflows positioned India as the 15th-largest recipient globally, highlighting its favorable investment climate to foreign investors. The country secured 1,058 greenfield investments, placing

it behind the United States (2,152 projects), UAE (1,323) and the United Kingdom (1,184 projects). Furthermore, India experienced a significant increase in international project finance deals, which jumped by 18.9%, reaching 163 deals, making it the second-largest recipient globally after the US (334 deals). In terms of FDI outflows, India was ranked at 23rd position globally during the same year.

The statistics compiled by the Department for Promotion of Industry and Internal Trade under the Ministry of Commerce and Industry of India reveal that the cumulative FDI inflows⁴ into India from April 2000 to March 2024 amounted to US\$ 990.9 billion. Mauritius invested US\$ 171.8 billion, or 25% of the total FDI equity inflows. Other countries with substantial investments in India include Singapore (24% of total FDI inflows), the US (10%), the Netherlands (7%), and Japan (6%) during the same period (Figure 2.2).

↓ **Figure 2.2. Major Countries Investing in India (Total Cumulative FDI Equity Inflow) (US\$ billion)**



Sources: DPIIT Statistics, Ministry of Commerce and Industry, GOI, and India Exim Bank Research

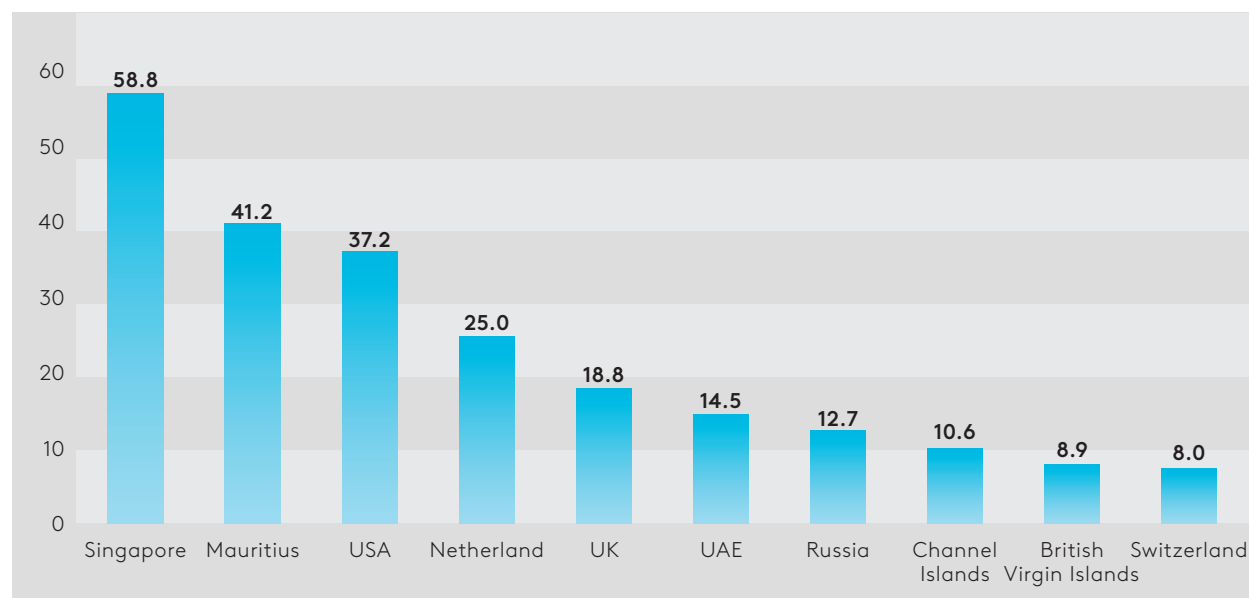
In terms of sector capital investment from April 2000 to March 2024, 16% of the share of total FDI equity inflows was in the service sector, comprising financial, banking, insurance, non-financial / business, outsourcing, research and development, courier, tech testing and analysis, and others. This is followed by computer and IT services (15%), trading and telecommunications (6% each), and automobile industry and infrastructure-related construction (5% each) during the same period.

Besides being one of the major recipients of global foreign direct investment (FDI) inflows, India has increasingly emerged as an important global investor in overseas markets. The FDI outflows from India or Overseas Direct Investments (ODI) details, compiled by the Ministry of Finance of India, shows that the cumulative amount

⁴ Cumulative amount of FDI Inflow = Equity inflow + Re-invested earnings + Other capital

of actual ODI outflows⁵ totaled to US\$ 301.2 billion from April 2000 to March 2024. India invested US\$ 58.8 billion in Singapore, constituting 19.5% of the total ODI since April 2000. This was closely followed by Mauritius with US\$ 41.2 billion (13.6% of the total outflows), the USA (12.4%), the Netherlands (8.3%), and the UK (6.2%) during the same period (Figure 2.3).

↓ Figure 2.3. Major Investment Destinations of India (Total Cumulative ODI) (US\$ billion)



Sources: Ministry of Finance, GOI, and India Exim Bank Research

With respect to sector ODI outflows from April 2021 to April 2024, financial, insurance and business services attracted 41% of the total. This was followed by manufacturing (24%), trade and hospitality (15%), agriculture and mining (5%), and construction (5%) during the same period.

⁵ Cumulative amount of actual ODI Outflows = Equity + Loans + Guarantee Invoked

CHAPTER 3.

INTERNATIONAL TRADE OF CENTRAL ASIAN COUNTRIES

Central Asia — including Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan, being geographically landlocked — remains distant from the major global trade and economic centers, including North America, Western Europe, East and Southeast Asia. Bordered by Russia, China, Afghanistan, Iran, and the Caspian Sea, the Central Asian economies are a mix of upper-middle and lower-middle countries. Expanding international trade is necessary for the overall development of countries in the region; however, such trade remains below its potential, confined by an arid climate, limitations in connectivity, market access issues, limited bilateral engagement, and difficult trade and transport issues.

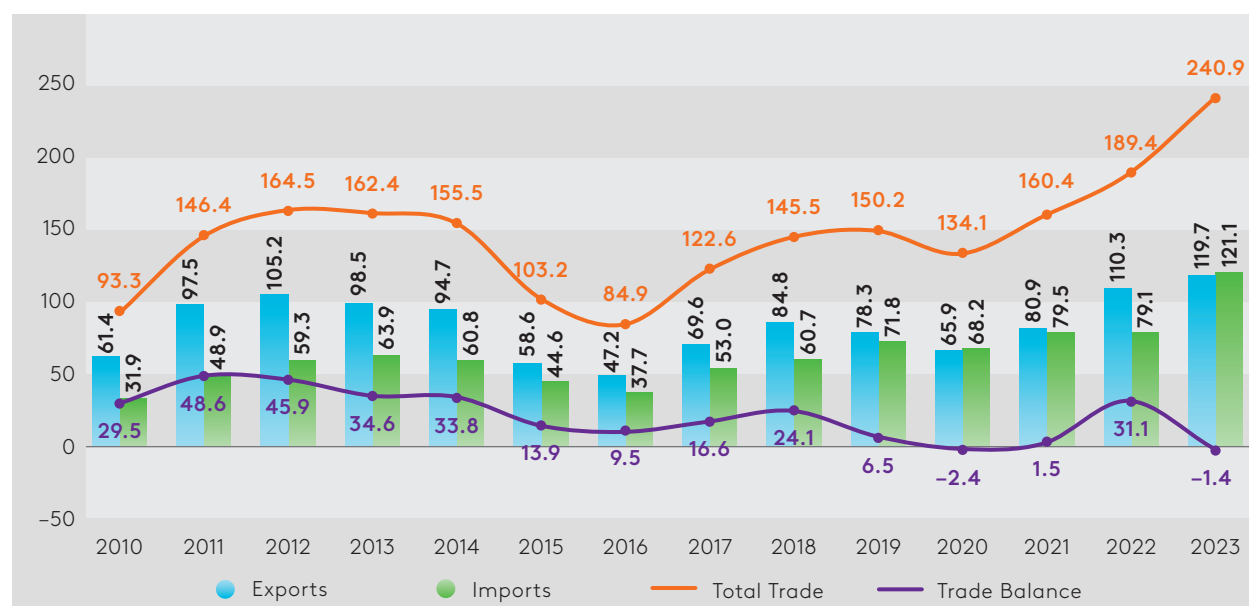
These countries present opportunities for harnessing their abundant natural resources, including oil, natural gas, copper, gold, rare earth elements, and uranium. With mineral resources, increasing diversification of economies, and a growing focus on regional cooperation, these landlocked nations have the potential to become integrated as important players in the global economy.

Central Asia's trade has experienced significant growth in recent years, but this growth has come with some caveats. The recent merchandise trade performance of these group of nations has been characterized by (i) rapid expansion of trade volume; (ii) exports heavily concentrated in a few primary commodities; and (iii) trade partnerships limited to a few countries.

Between 2010 and 2023, overall merchandise trade surged at an AAGR of 10.2%. This expansion was fueled by a significant increase in exports, from US\$ 61.4 billion in 2010 to a staggering US\$ 119.7 billion in 2023, reflecting an AAGR of 8.6%. However, imports witnessed an even more pronounced growth trajectory, expanding at a rate of 13.8% annually, from US\$ 31.9 billion in 2010 to US\$ 121.1 billion in 2023. Notably, with the exception of 2020 and 2023, Central Asia has consistently maintained a positive merchandise trade balance for over a decade and a half, signifying a net export surplus ([Figure 3.1](#)).

Total trade of Central Asia has undergone fluctuations in line with global commodity prices due to resource-intensive exports. The downturn observed between 2014 and 2016 was owing to a 70% decline in international oil prices as a result of supply glut, lower import demand from emerging markets, and booming US shale oil production ([World Bank, 2018](#)). Furthermore, adverse climatic conditions brought about by El Niño in 2015 hampered both mining and agricultural activities in the region, further dampening trade performance. Following a recovery, the impact of the COVID-19 pandemic on international trade cast a temporary shadow on the region's trade dynamics in 2020.

↓ Figure 3.1. International Merchandise Trade of Central Asian Region (US\$ billion)



Sources: ITC Trade Map and India Exim Bank Research

Following the pandemic, total trade in Central Asia exhibited a robust U-shaped recovery, surging from US\$ 134.1 billion in 2020 to a record high of US\$ 240.9 billion in 2023. This reflects an AAGR of 12.9% and 16% for exports and imports, respectively, between 2020 and 2023. Notably, the trade surplus declined from US\$ 31.1 billion in 2022 to a small deficit of US\$ 1.4 billion in 2023. Central Asian economies experienced growth in both exports and imports during 2023. This was largely due to increased imports of goods like machinery and appliances, and vehicles (excluding railway vehicles), as well as higher exports of hydrocarbons, pearls and precious stones. Among the Central Asian nations, Kazakhstan is the leading exporting and importing nation, accounting for 65.7% of the total exports and 60.5% of the total imports by Central Asia to the world in 2023. This is followed by Uzbekistan (17.5% of the region's global exports) and Turkmenistan (12.8%) in the same year. Kyrgyzstan and Tajikistan recorded a modest share of 2.7% and 1.1% of the region's exports in 2023, respectively. Kazakhstan, Uzbekistan, and Kyrgyzstan were the largest importers of the region, accounting for 90.9% of the region's imports (Table 3.1).

↓ Table 3.1. Merchandise Exports and Imports of the Central Asian Nations (US\$ billion)

Country	Exports				Imports				Trade Balance			
	2019	2021	2022	2023	2019	2021	2022	2023	2019	2021	2022	2023
Kazakhstan	57.7	60.3	76.1	78.7	38.4	41.4	31.0	61.2	19.4	18.9	45.2	17.6
Kyrgyzstan	2.0	1.7	2.3	3.3	4.9	5.6	9.8	12.4	-2.9	-3.9	-7.5	-9.0
Tajikistan	1.1	1.8	2.3	1.3	3.3	4.2	5.2	5.7	-2.2	-2.4	-2.9	-4.4
Turkmenistan	3.2	3.1	14.2	15.4	3.4	4.5	4.9	5.3	-0.2	-1.4	9.3	10.1
Uzbekistan	14.3	14.0	15.3	21.0	21.9	23.7	28.3	36.7	-7.5	-9.7	-13.0	-15.6
Central Asian Nations	78.3	80.9	110.3	119.7	71.8	79.5	79.1	121.1	6.5	1.5	31.1	-1.4

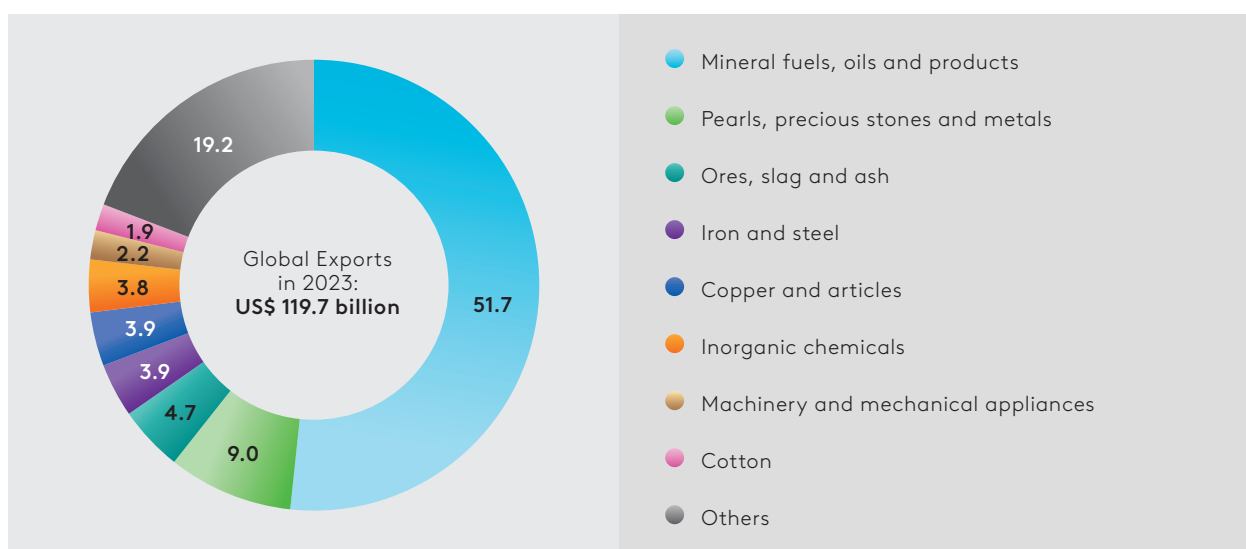
Source: Calculations based on ITC Trade Map and India Exim Bank Research

Merchandise Exports of Central Asians Nations

Central Asian economies suffer from a misalignment between their production and trade structures. This manifests itself in a limited and less diversified manufacturing sector, leading to a disadvantageous position in international trade. Exports are heavily concentrated in raw materials, which typically fetch lower prices, while imports are dominated by manufactured goods, often commanding a higher value.

This was reflected in the export basket composition of the Central Asian nations, with 51.7% of total exports concentrated in mineral fuels and oils valued at US\$ 61.8 billion. This was followed by pearls, precious stones and metals (US\$ 10.7 billion, 9% of the total exports), ores, slag, and ash (US\$ 5.6 billion), iron and steel (US\$ 4.6 billion), and copper and its articles (US\$ 4.5 billion), among others. During the period of 2010 to 2023, the share of mineral fuels and oil declined in Central Asia's global exports from 70% to 51.7%, whereas the share of precious metals increased from 3.1% to 9% during the same period.

↓ Figure 3.2. Major Exported Commodities of Central Asian Nations in 2023 (% of total exports)

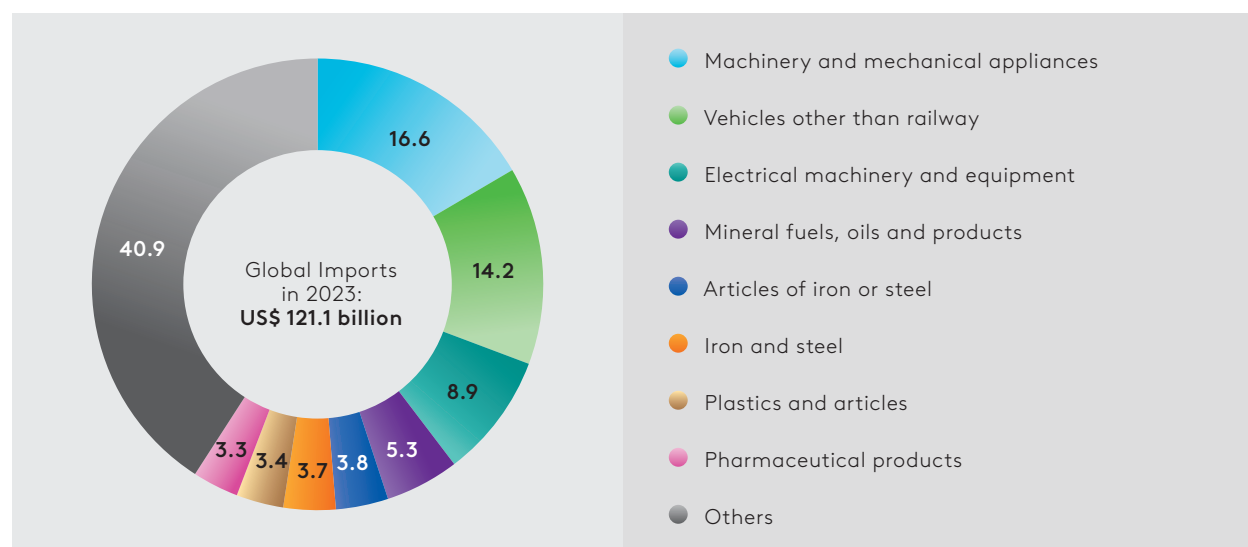


Sources: Calculations based on ITC Trade Map and India Exim Bank Research

Merchandise Imports of Central Asian Nations

Central Asian economies, although varying from one another in terms of national income and trade volumes, share a low level of economic diversification and a high dependence on a relatively small number of trading partners. The nations are largely dependent on imports for consumer goods as well as industrial goods ranging from machinery and electrical appliances to apparels and footwear. Around 16.6% of the total import basket consists of machinery and mechanical appliances valued at US\$ 20.1 billion in 2023. This is closely followed by vehicles other than railways (US\$ 17.2 billion), electrical machinery and equipment (US\$ 10.8 billion), mineral fuels and oils (US\$ 6.4 billion), and articles of iron and steel (US\$ 4.5 billion), among others.

↓ Figure 3.3. Major Imported Commodities of Central Asian Nations in 2023 (% of total imports)

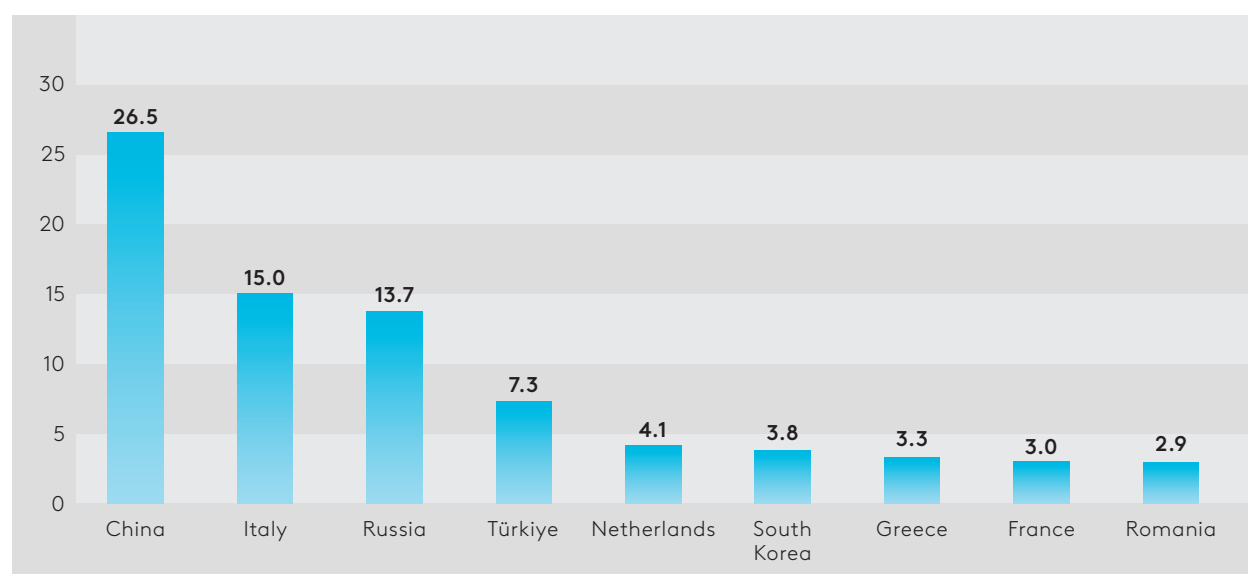


Sources: Calculations based on ITC Trade Map and India Exim Bank Research

Export Destinations of Central Asian Nations

The direction of exports of the Central Asian Nations is presented in Figure 3.4. Central Asian nations primarily trade with neighboring countries in Asia and Europe. Since their independence in 1991, their relations with China have seen significant growth, particularly in energy exports. China's accelerating demand for energy fueled the construction of several oil and gas pipelines over the past two decades. The Belt and Road Initiative (BRI) further bolstered Central Asia's importance for China by establishing a trade connection between China, Europe, and the Middle East. Of the total exports of US\$ 119.7 billion in 2023, exports worth US\$ 26.5 billion (22.2% of total exports) were directed towards China, making it the foremost export destination of the Central Asian region. This was followed by Italy (12.5%), Russia (11.4%), Türkiye (6.1%), and the Netherlands (3.4%) in the same year.

↓ Figure 3.4. Major Merchandise Export Destinations of Central Asian Nations in 2023 (US\$ billion)



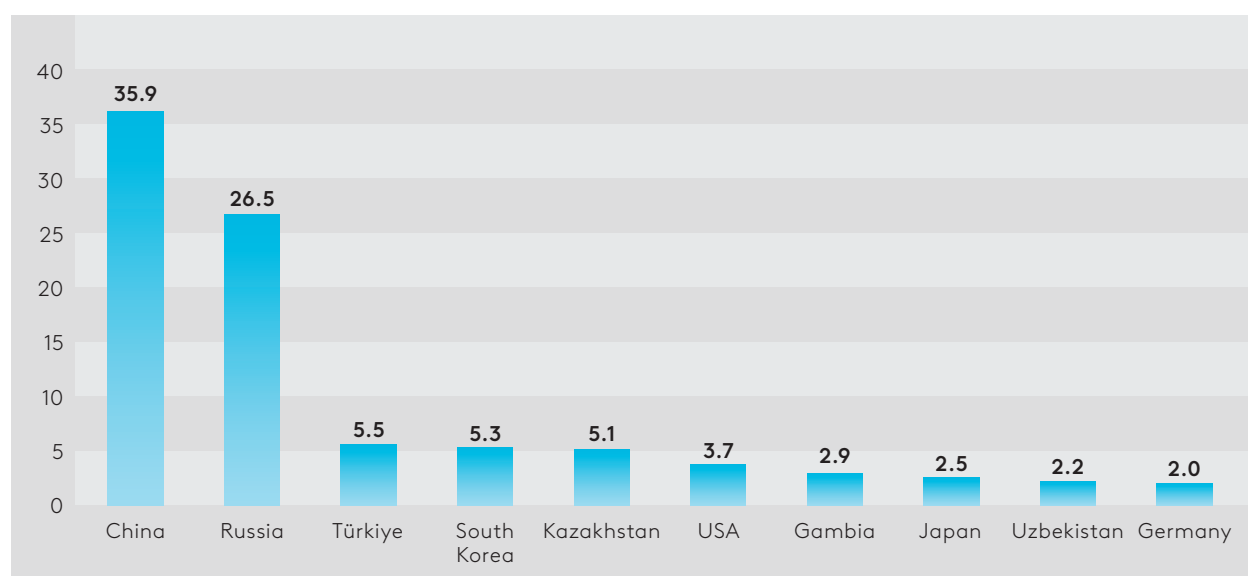
Sources: ITC Trade Map and India Exim Bank Research

Import Sources of Central Asian Nations

Central Asian nations rely heavily on their geographically close neighbors, China, and Russia, to fulfill their import needs. Traditionally, Russia considered Central Asia its “near abroad” and held significant influence in the region. However, China’s rise as a leading economic power has significantly reshaped regional dynamics, prompting a period of reassessment for Central Asian countries. Due to its shared land borders with Central Asia, China is likely to have a dominant economic interest and trade influence over this region.

In 2023, Central Asian nations imported commodities worth US\$ 35.9 billion from China, which was 29.6% of total imports, worth US\$ 121.1 billion in that year. This was followed by Russia (21.8% of the imports), Türkiye (5.5%), South Korea (5.3%), and Kazakhstan (5.1%), among others in 2023.

↓ Figure 3.5. Major Merchandise Import Sources of Central Asian Nations in 2023 (US\$ billion)



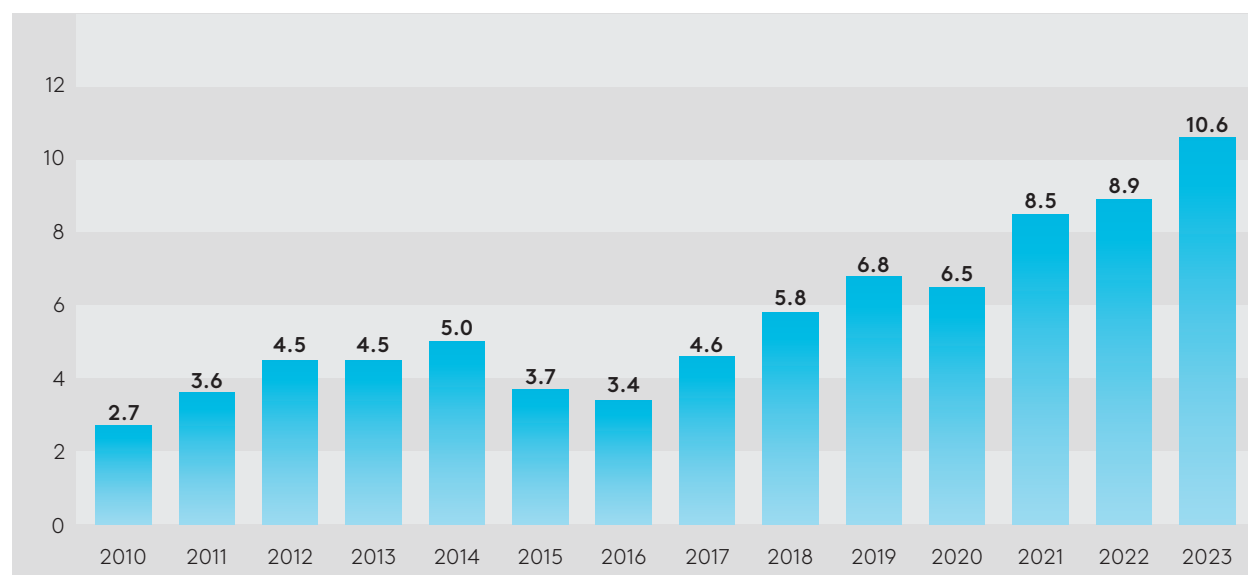
Sources: ITC Trade Map and India Exim Bank Research

Intra-Regional Trade among the Central Asian Nations

The Central Asian region has made significant progress over the last one and a half decades, with consistent economic growth and a surge in its total intra-regional trade activities. The intensity of regionalization processes in Central Asia has resulted in increased trade among the countries. The total intra-regional exports which were recorded at a meager US\$ 2.7 billion in 2010 have surged to US\$ 10.6 billion in 2023, thereby growing at an AAGR of 12.6% (Figure 3.6).

In terms of the composition of intra-regional trade, mineral fuels and oils accounted for the largest share of traded commodities among the Central Asian nations, accounting for 16.1% of all intra-regional exports in 2023. Other key traded goods were cereals (12.4%), iron and steel (8.3%), vehicles other than railway (5.3%), and ore, slag and ash (5.1%), among others (Table 3.2).

↓ Figure 3.6. Intra-Regional Exports among the Central Asian Nations (US\$ billion)



Sources: Calculations based on ITC Trade Map and India Exim Bank Research

↓ Table 3.2. Intra-Regional Exports — Major Commodities (US\$ million)

HS Code	Product	2010	2015	2019	2020	2022	2023	% share in 2023
	All products	2,715.9	3,689.7	6,843.5	6,453.8	8,926.7	10,585.9	100.0
27	Mineral fuels, oils and products	1,009.2	669.6	1,406.8	1,021.4	1,356.6	1,704.7	16.1
10	Cereals	202.0	490.1	696.8	910.8	1,342.6	1,314.1	12.4
72	Iron and steel	152.3	214.8	606.6	516.3	216.1	883.6	8.3
87	Vehicles other than railway	49.5	63.0	175.5	325.7	365.8	556.7	5.3
26	Ores, slag, and ash	72.4	187.3	584.3	354.7	919.8	536.4	5.1
84	Machinery and mechanical appliances	35.4	69.1	147.2	96.8	313.1	484.1	4.6
85	Electrical machinery and equipment	31.9	71.1	106.4	100.2	184.5	432.9	4.1
31	Fertilizers	46.3	68.3	136.7	175.6	200.3	282.9	2.7
71	Pearls, precious stones and metals	0.2	19.6	27.5	15.0	33.2	272.7	2.6
39	Plastics and articles thereof	41.8	53.8	225.7	202.1	252.8	257.9	2.4

Sources: Calculations based on ITC Trade Map and India Exim Bank Research

Kazakhstan accounted for 51.7% of intra-regional exports in 2023, followed by Uzbekistan (26.2%) and Kyrgyzstan (11.1%) (Table 3.3). During 2023, Uzbekistan accounted for 44.7% of total intra-regional imports, followed by Kazakhstan (22.9%) and Kyrgyzstan (13.5%).

↓ Table 3.3. Intra-Regional Exports among the Central Asian Nations (US\$ million)

Exporters	Exported value in 2010	Exported value in 2015	Exported value in 2019	Exported value in 2020	Exported value in 2022	Exported value in 2023	% share in 2023
Central Asian Intra-Regional Exports	2,715.9	3,689.7	6,843.5	6,453.8	8,926.7	10,585.9	100.0
Kazakhstan	1,876.8	1,994.2	3,354.5	3,465.5	3,951.4	5,477.6	51.7
Uzbekistan	567.1	790.5	2,114.3	1,803.3	2,703.5	2,773.6	26.2
Kyrgyzstan	10.7	172.2	435.5	460.9	949.5	1,174.4	11.1
Tajikistan	242.0	567.2	536.6	479.0	655.6	752.1	7.1
Turkmenistan	19.3	165.6	402.6	245.0	666.7	408.2	3.9

Source: ITC Trade Map and India Exim Bank Research

Trade composition of Central Asian Nations

Central Asian nations exhibit a remarkable degree of trade openness, with Kyrgyzstan accounting for 111.9% of its GDP in merchandise trade in 2023. This is owing to Kyrgyzstan's high imports in comparison to its GDP. Uzbekistan (62.5%), Tajikistan (61.9%), Kazakhstan (53.2%), and Turkmenistan (22.4%) ([World Bank, 2024](#)) follow suit, highlighting their significant integration into the global trading system. Despite their diverse geographical landscapes, these countries share a common thread in their trading patterns.

Mineral fuels and oils and precious stones and metals dominate the export basket for the Central Asian nations, reflecting the region's rich resource endowment. The export basket also features a variety of base metals and ores, chemicals, and cotton. In contrast, the import profile across all countries prioritizes machinery and mechanical appliances, vehicles (excluding railway), and electrical machinery and equipment.

Trade flows exhibit a strong regional concentration. While Kazakhstan boasts the most diversified export and import destinations, minimizing its reliance on intra-regional trade, the other nations demonstrate a greater inclination towards regional commerce. Notably, Kazakhstan consistently features among the top five export destinations or import sources for most of its neighbors.

Beyond the region, China stands out as a major export destination in Asia, while Türkiye and Switzerland represent key markets in Europe. For imports, Central Asian countries rely heavily on Russia, China, and South Korea in Asia, and Türkiye and Greece in Europe.

↓ Table 3.4. Composition and Direction of Trade for the Central Asian Nations (2023)

Country	Major Products Exported	Major Exports Destinations	Major Products Imported	Major Import Sources
Kazakhstan	Mineral fuels and oils (58.9%), Ores, slag, and ash (6.3%), Inorganic chemicals (5.5%), Iron and steel (5.4%), Copper and copper articles (4.1%)	Italy (18.8%), China (18.7%), Russia (12.4%), The Netherlands (5.2%), Türkiye (5%)	Machinery and mechanical appliances (15.7%), Vehicles other than railways (12.7%), Electrical machinery and equipment (9.6%), Articles of iron and steel (4.4%), Plastics and plastic articles (3.4%)	China (27.4%), Russia (26.5%), Gambia (4.8%), USA (4.2%), Korea (3.6%)
Kyrgyzstan	Pearls, precious stones and metals (38.9%), Ores, slags, and ash (7.1%), Mineral fuels and oils (6.1%), Machinery and mechanical appliances (5.9%), Electrical machinery and equipment (4.7%)	Switzerland (33%), Russia (22.6%), Kazakhstan (13.8%), Uzbekistan (8.8%), UAE (5.7%)	Vehicles other than railways (25.9%), Machinery and mechanical appliances (20.9%), Mineral fuels and oils (7.2%), Electrical machinery and equipment (5.2%), Knitted and crocheted fabrics (3.5%)	China (43.3%), Russia (17.6%), Kazakhstan (6.8%), Korea (4.5%), Türkiye (3.7%)
Tajikistan	Pearls, precious stones and metals (35.7%), Ores, slag and ash (30.1%), Other base metals (7.8%), Cotton (7.6%), Aluminum and articles made thereof (7.3%)	Switzerland (24.7%), Kazakhstan (20.8%), China (15.8%), Türkiye (7.7%), Uzbekistan (7.6%)	Machinery and mechanical appliances (11.2%), Vehicles other than railways (11.1%), Electrical machinery and equipment (7.1%), Footwear (5.7%), Cereals (5%)	Russia (30.6%), Kazakhstan (18.5%), China (16.2%), Uzbekistan (7.6%), Türkiye (3.3%)
Turkmenistan	Mineral fuels and oils (93.3%), Fertilizers (4.2%), Cotton (0.9%), Edible vegetables and roots (0.3%), Inorganic chemicals (0.2%)	Türkiye (27.7%), China (26.7%), Kazakhstan (11%), Germany (5.9%), Japan (4.9%)	Machinery and mechanical appliances (18.8%), Electrical machinery and equipment (12.6%), Vehicles other than railways (9%), Articles of iron and steel (8.1%), Cereals (4.9%)	China (67.8%), Türkiye (11.7%), Greece (7.3%), Azerbaijan (4.8%), Ukraine (1.6%)
Uzbekistan	Pearls, precious stones and metals (62.5%), Copper and articles (6.1%), Fertilizers (4.9%), Cotton (4.5%), Mineral fuels and oils (3.5%)	Russia (17%), China (11.5%), Türkiye (9.5%), Kazakhstan (8.2%), Kyrgyzstan (8.2%)	Machinery and mechanical appliances (19.9%), Vehicles other than railways (19.3%), Electrical machinery and equipment (14%), Iron and steel (3.4%), Plastics and plastic articles (3.2%)	China (22.4%), Russia (21.4%), Kazakhstan (11.4%), Korea (7.7%), Türkiye (5.9%)

Note: Figures in parentheses are percentage share (%) of total export or imports, respectively.

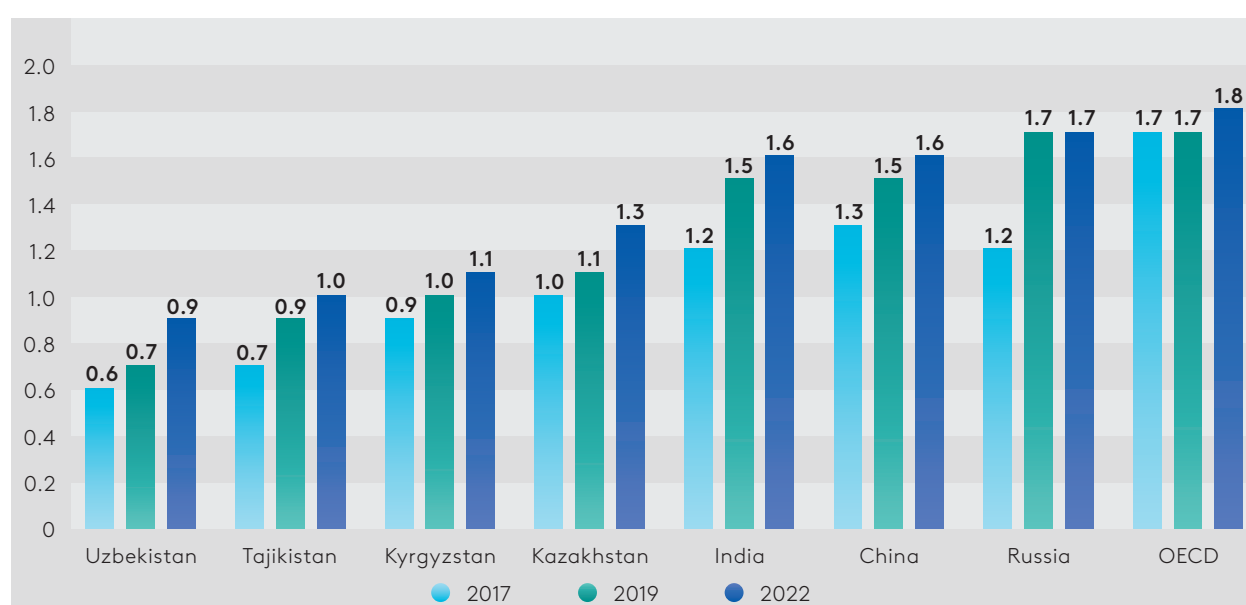
Sources: Calculations based on ITC Trade Map and India Exim Bank Research

Trade Facilitation

Trade Facilitation Indicators (TFIs) of the Central Asian countries, estimated by the OECD, have increased in recent years (OECD, 2023). TFIs cover the wide spectrum of border procedures, from advance rulings to transit guarantees, for 163 countries. Average TFIs of Central Asian countries have increased from 0.783 in 2017 to 1.056 in 2022 (see Figure 3.7).

The Central Asian countries still have potential for improvements. Average TFI of Central Asia are relatively less when compared to the economies such as India (1.552 in 2022), China (1.606), Russia (1.689), and OECD countries (1.763).

↓ Figure 3.7. Average Trade Facilitation Performance



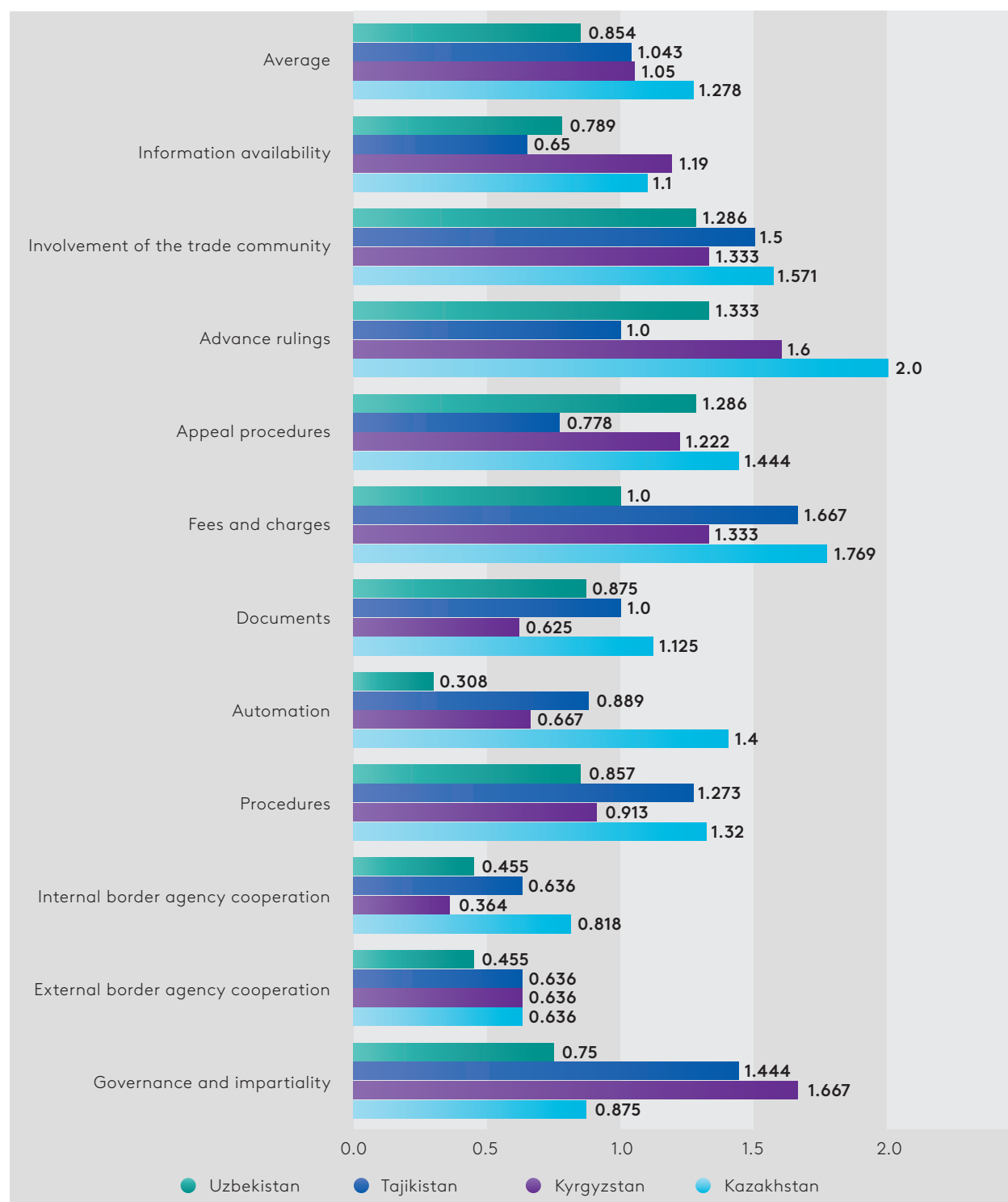
Note: the scale is from 0 to 2

Source: OECD Trade Facilitation performance

In 2022, the best TFIs of Central Asia were “appeal procedures” (averages for the Central Asian countries, except Turkmenistan being 1.48), “fees and charges” (1.44), and “involvement of the trade community” (1.42). Across all TFIs, in Central Asia the most significant advancements since 2019 have been in “governance and impartiality”, “involvement of the trade community”, enhancements in “information availability”, “internal and external border cooperation”, and simplification of “trade-related documents”.

Kazakhstan leads in the region in most TFIs. The average TFI of the country was 1.278 in 2022 (Figure 3.8). The country has already demonstrated a high degree of implementation across multiple initiatives, including an automated customs system, the submission of customs declarations in electronic format, and electronic payment of customs duties and fees (CATF, 2024).

↓ Figure 3.8. Central Asia's Trade Facilitation Performance in 2022



Note: the scale is from 0 to 2

Source: OECD Trade Facilitation performance.

Kyrgyzstan leads in *governance and impartiality* indicator. Tajikistan's best indicator turned out to be *fees and charges*. Uzbekistan's best trade facilitation indicators in 2022 were *advance rulings*, *involvement of the trade community*, and *appeal procedures*. Uzbekistan and Tajikistan had the highest growth rate in Central Asia in 2022, with 42.6% and 55.7% respectively, in comparison with 2017.

The Central Asian countries apply joint efforts to develop mechanisms of trade procedures facilitation with the participation of international development institutions.

Central Asia Trade Forum is one of the most important event in addressing trade facilitation issues in the region (CATF, 2024). The Forum actively explores new trade markets, identifies opportunities in value chains, discusses the digitalization of customs and logistics procedures, and touches on various aspects of trade regulation, including regional trade agreements, World Trade Organization (WTO) standards, harmonization, and other relevant standards.

Regular reunions of National Trade Facilitation Committees (NTFCs) from Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan contribute to trade facilitation in the region. At the Central Asia Trade Forum of 2024, the NTFCs discussed a joint action plan with its focus on a roadmap for digitalizing data and document exchange, and digital initiatives such as E-Phyto for electronic phytosanitary certificates (CATF, 2024).

The platform “Central Asia Gateway” was launched in 2023 in order to increase the accessibility of information. It was created with the support of the International Trade Centre (ITC) within the framework of the European Union-funded Ready4Trade Central Asia project (ITC, 2023). The platform aggregates trade-related information from each national portal of all the Central Asian countries and gives users easy access to information (EU, 2023). The portal displays information on export, import, and transit procedures for various modes of transport such as road, rail, sea, and air. For each procedure, the Gateway provides users with contact persons, required documents, forms, associated costs, legal justifications, and avenues for addressing issues.

The main German development agency, GIZ, has implemented a regional project, “Trade Facilitation in Central Asia”, since 2020. The term of the project’s current stage is from 2024 to 2026. The main objective is to facilitate cross-border trade along regional trade routes and enhance digitalization of procedures (GIZ, 2024). By 2023, after the first stage of the project, an information system, “Sanarip Tamga”, was integrated in Kyrgyzstan, which already connects five border control institutions for easier data exchange. Uzbekistan has reduced the time spent for border crossing by 50% through the “E-Transit” electronic system. In 2024, GIZ and executing agencies of all the CA countries focused on digital transformation of trade and border crossing processes.

CHAPTER 4.

TRENDS IN FOREIGN INVESTMENTS IN CENTRAL ASIA

Central Asia can be a strategic location for various industries, since it offers a unique advantage due to its proximity to both European and Asian markets. Foreign direct investment inward stock accumulated by the Central Asian countries reached US\$ 222 billion in 2023, which represents 50.2% of the regional GDP of the same year (Table 4.1). The share of FDI in Central Asian GDP is above the global average (47%) and the average share of FDI in developing countries' GDP (38%). During 2010–2023, the FDI received by five Central Asian countries more than doubled.

Kazakhstan's FDI inward stock reached US\$ 157.2 billion as of the end of 2023. The same year, Turkmenistan took second place with US\$ 42.9 billion. Uzbekistan has shown the highest rate of attraction of FDI in the region, having increased more than five-fold from US\$2.6 billion in 2010 to US\$ 14.8 billion in 2023. FDI inward stock in Kyrgyzstan at the end of 2023 amounted to US\$ 3.8 billion, while in Tajikistan it was US\$ 3.3 billion.

↓ Table 4.1. FDI Inward Stock in Central Asian Countries

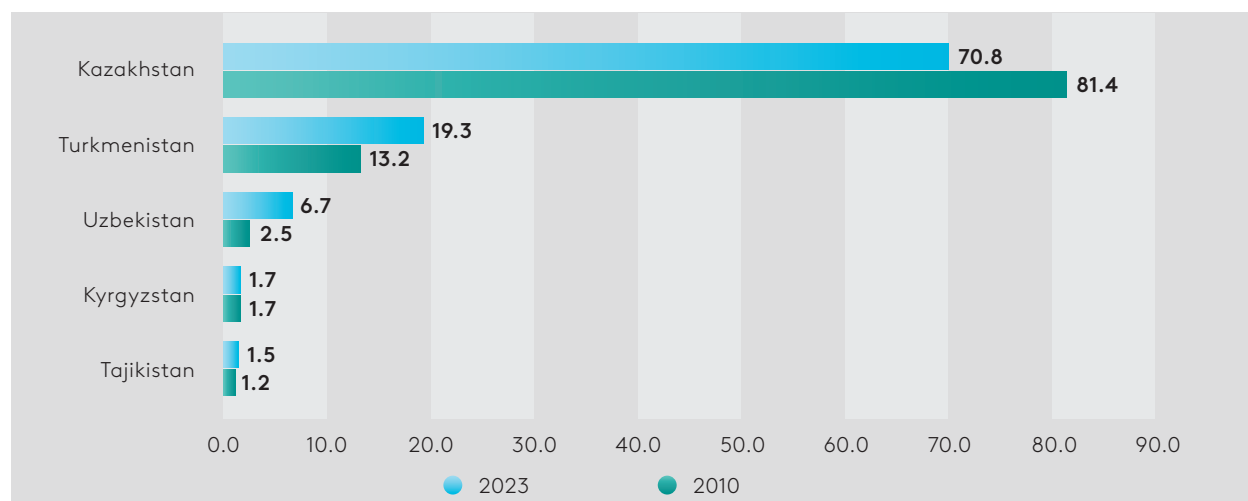
	2010	2010	2023	2023
	US\$ million	% of GDP	US\$ million	% of GDP
Kazakhstan	82,648	55.8	157,198	60.4
Kyrgyzstan	1,698	35.4	3,810	31.4
Tajikistan	1,226	21.7	3,333	28.3
Turkmenistan	13,442	59.5	42,915	62.5
Uzbekistan	2,564	5.1	14,804	16.5
Central Asia	101,577	44.0	222,059	50.2

Source: EDB analysts' calculations based on data published by UNCTAD (2024)

Kazakhstan's share in Central Asia's total inward FDI stock decreased by nearly 10 percentage points (p.p.) from 81% in 2010 to 71% in 2023 due to the increase of Turkmenistan and Uzbekistan's share (Figure 4.1). The share of Turkmenistan increased by 6.1 p.p. from 13.2% in 2010 to 19.3% in 2023. Uzbekistan's share went up 4.2 p.p. from 2.5% in 2010 to 6.7% in 2023. The smallest share of FDI inward stock was accumulated by Kyrgyzstan and Tajikistan (1.72% and 1.5%, respectively), and they have increased slightly since 2010.

FDI outward stock data from Central Asian countries shows the region's limited participation in international investment activities. All five Central Asian countries are net importers of FDI. However, the FDI outward stock of Central Asian countries rose to US\$ 17.9 billion in 2023, having increased 9.6% against 2010. Kazakhstan has always been the leading exporter of FDI in the region and its share in the Central Asia's FDI outward stock was at 96.9% in 2023.

↓ **Figure 4.1. Structure of FDI Inward Stock in Central Asia in 2010 and 2023 (% of total)**



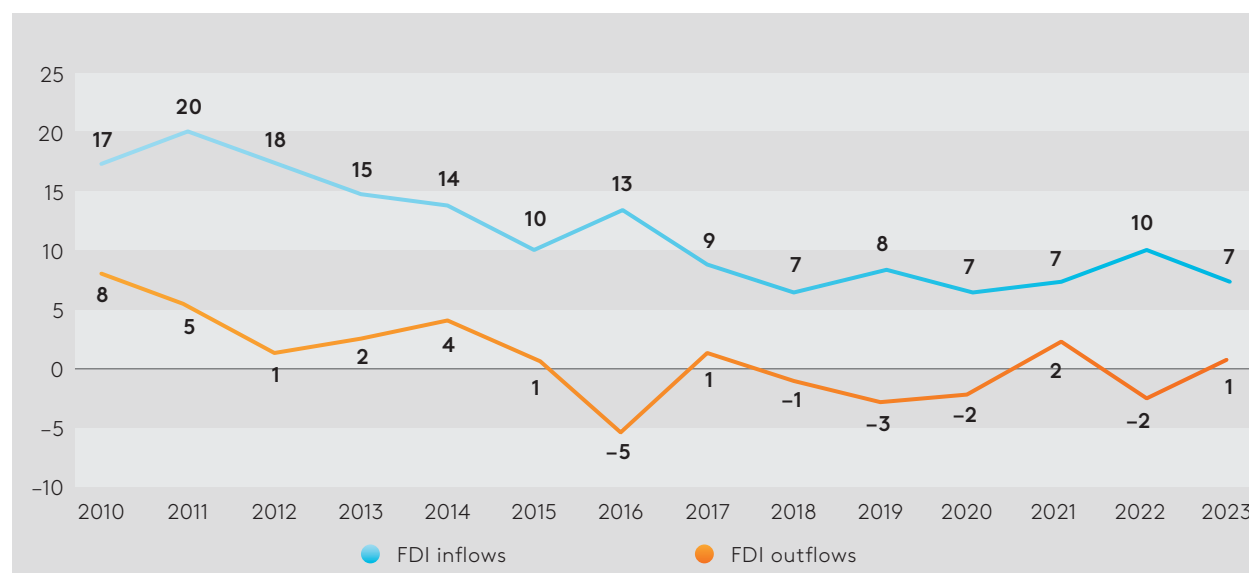
Source: EDB analysts' calculations based on data published by UNCTAD (2024)

Central Asia's FDI inflows in 2010–2023 amounted to US\$ 162 billion, 61% of which was received by Kazakhstan. In 2022, annual FDI flows to Central Asia had increased by 42%, as FDI to Kazakhstan almost doubled to US\$ 6.5 billion. This was driven mainly by the extractive industries, primarily from multinational enterprises (MNEs) in the Netherlands and the United States. However, foreign direct investment in the Central Asian region declined to US\$ 7.4 billion in 2023 from US\$ 10.2 billion a year before, mainly due to lower investment inflows into Kazakhstan (UNCTAD, 2024).

Kazakhstan remained the biggest recipient among its regional peers, accounting for 43.4% of total investment inflows and amounting to US\$ 3.2 billion in 2023 vis-à-vis US\$ 6.5 billion in 2022. Uzbekistan's FDI inflows recorded a year-on-year decreased by 14.2% to US\$ 2.2 billion in 2023. Recognizing the importance of attracting foreign investment, Uzbekistan implemented several key reforms in 2023. The introduction of dedicated "investment managers" within the Ministry of Investments, Industry, and Trade signifies a commitment to providing personalized support to investors. Additionally, the establishment of a physical one-stop shop aims to simplify the entry process and facilitate visa procedures. Kyrgyzstan, Tajikistan, and Turkmenistan received US\$ 490 million, US\$ 141 million, and US\$ 1.4 billion of FDI inflows, respectively. The total number of announced greenfield projects increased by 222% in Central Asia, from 49 projects in 2022 to 158 projects in 2023. Kazakhstan and Uzbekistan were the top destinations for greenfield projects in 2023. The majority of them were in the renewables sector.

The region recorded a positive capital outflow of US\$ 966 million in 2023 as against negative capital outflows⁶ of US\$ 2 billion in 2022 (Figure 4.2). Kazakhstan led with US\$ 913 million in outflows, followed by Tajikistan with US\$ 40 million. Kyrgyzstan's and Uzbekistan's outflows were at US\$ 2 million and US\$ 12 million, respectively, while there was negligible outflow from Turkmenistan in 2023.

↓ Figure 4.2. FDI Inflows and Outflows in Central Asia, 2010–2023, US\$ billion



Source: EDB analysts' calculations based on data published by UNCTAD (2024)

Within the region, Kazakhstan leads in FDI per capita, with US\$ 8,018 in 2023, primarily attributed to its status as the foremost importer of FDI in Central Asia. In the region, Turkmenistan follows with FDI per capita of US\$ 6,586, Kyrgyzstan with US\$ 566, Uzbekistan with US\$ 421, and Tajikistan with US\$ 329 (UNCTAD, 2024).

Global rankings have always presented a mixed picture of the competitiveness of Central Asia. Kazakhstan has been the only Central Asian country selected for the World Competitiveness Ranking (IMD) and was ranked 37th globally in 2023. This relatively high ranking was attributed to its strong economic fundamentals, infrastructure development, and investment climate. Kazakhstan improved its competitiveness indicator by five ranking positions in comparison with 2020, when it was at 42nd place.

The Global Innovation Index (GII, produced by the World Intellectual Property Organization, WIPO) also provides useful tools to measure national competitiveness. In the 2023 GI rankings for Central Asian countries, Kazakhstan secured the highest position, at 81st place, followed closely by Uzbekistan at 82nd (Table 4.2). Kyrgyzstan and Tajikistan lagged behind at 106th and 111th, respectively out of the 132 countries. In comparison with the ranking published three years earlier, Uzbekistan

⁶ FDI flows with a negative sign indicate that at least one of the three components of FDI (equity capital, reinvested earnings, or intra-company loans) is negative and not offset by positive amounts of the remaining components. These are instances of reverse investment or disinvestment.

showed improvements in the GII. Data unavailability on many economic indicators of Turkmenistan explains its non-participation in many global indices. Although some Central Asian countries have seen improvements in their index rankings, there is still significant potential for economic growth across all five nations.

In order to unlock the potential of the region, the Central Asian countries need to cooperate to overcome regional challenges such as inadequate cooperation in the water and energy complex, bottlenecks in the infrastructural sectors, climate-related risks, and vulnerability to external shocks (Vinokurov et al., 2022).

↓ Table 4.2. Global Index Rankings of Central Asian Countries

	Global Competitiveness Index (GCI)		Global Innovation Index (GII)	
	2020	2023	2020	2023
Kazakhstan	42	37	77	81
Kyrgyzstan	–	–	94	106
Tajikistan	–	–	109	111
Turkmenistan	–	–	–	–
Uzbekistan	–	–	93	82

Sources: EDB analysts' calculations based on data published by IMD (2020, 2023) and WIPO (2020, 2023)

Mutual FDI stock in Central Asia has been growing. Mutual FDI in the Central Asian region increased by 46.6% to US\$ 812 million in 2023 against 2016. Kyrgyzstan took first place as the leading importer of mutual FDI, followed by Uzbekistan. Kazakhstan has always been the leading exporter of mutual FDI in Central Asia and recently the country joined the group of importers of mutual investments in the region as well. Since 2019, Uzbekistan started actively exporting FDI to other Central Asian countries. Since then, Kazakhstan and Uzbekistan have been the sole exporters of mutual FDI in the region.

Financial services continued being the most attractive sector for mutual FDI in Central Asia, especially considering Kazakhstan's investments in this sector. There was a notable increase in the share of the manufacturing sector over the last several years. However, the share of commodity sector, which had always been among the most attractive sectors for mutual FDI in the region, has not changed in the last couple of years.

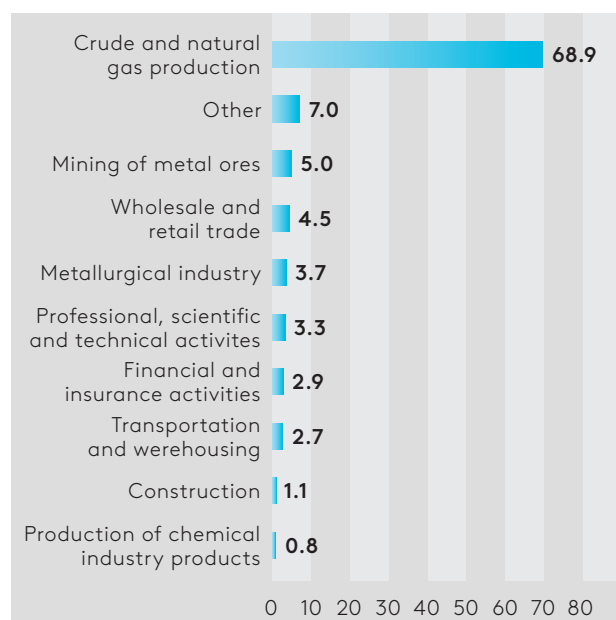
KAZAKHSTAN

Kazakhstan's FDI inward stock almost doubled since 2010, amounting to US\$ 157.2 billion as of the end of 2023 (Table 4.1). The share of FDI in national GDP is 60.4%, which is 10 p.p. more than the regional share. Furthermore, Kazakhstan has always been the leading importer of FDI among Central Asian countries. In 2023, Kazakhstan attracted US\$ 3.2 billion in FDI inflow. In terms of FDI outflows, Kazakhstan has been the largest investor among Central Asian countries. Outward investment from Kazakhstan strongly mirrors the FDI outflows of the region, with a 99% share in 2010 and 95% share in 2023.

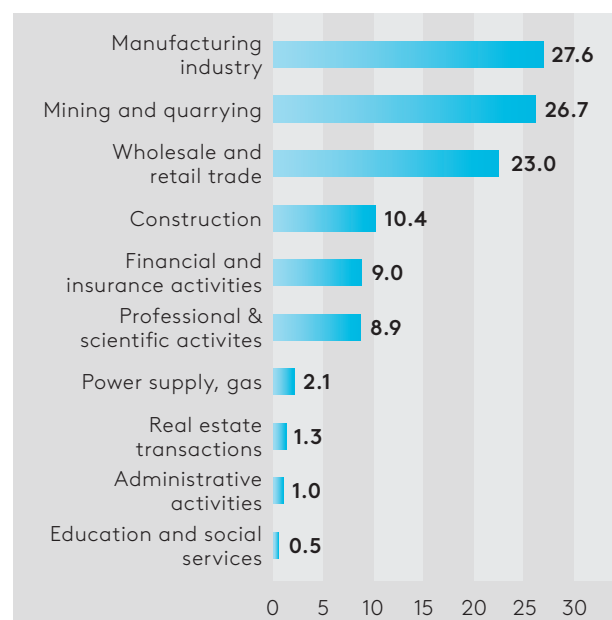
In terms of FDI stock in Kazakhstan, the leading sector is crude oil and natural gas production, which accounts for almost 70% of all investments (US\$ 119.7 billion). The mining of metal ores (5%) and wholesale and retail trade (4.5%) were the next most attractive sectors, with US\$ 8.8 billion and US\$ 7.9 billion in 2023 (Figure 4.3). Sectors in Kazakhstan with the least FDI stock are transportation (2.7%), construction (1.1%), and production of chemical products (0.8%).

In 2021–2023, the manufacturing industry was the major recipient sector of investment in Kazakhstan, with 27.6% of total FDI inflow received in the last three years (Figure 4.4), followed by mining (26.7%), and the wholesale and retail trade (23%). In 2021–2023, the sectors least invested with FDI inflow were education and social services (0.5%), administrative activities (1%), and real estate (1.3%).

↓ Figure 4.3. Sectors Attracting FDI Inward Stock in Kazakhstan in 2023, % of total



↓ Figure 4.4. Sectors Attracting FDI Inflow to Kazakhstan, Average for 2021–2023, % of total

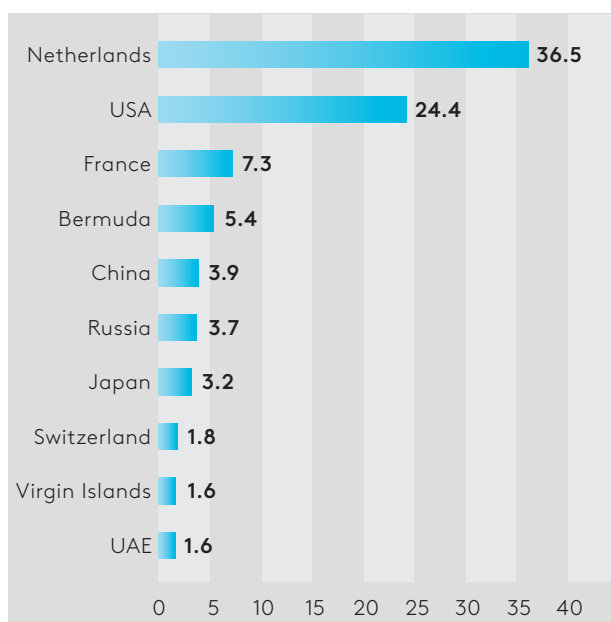


Source: EDB analysts' calculations based on data published by National Bank of Kazakhstan (2024)

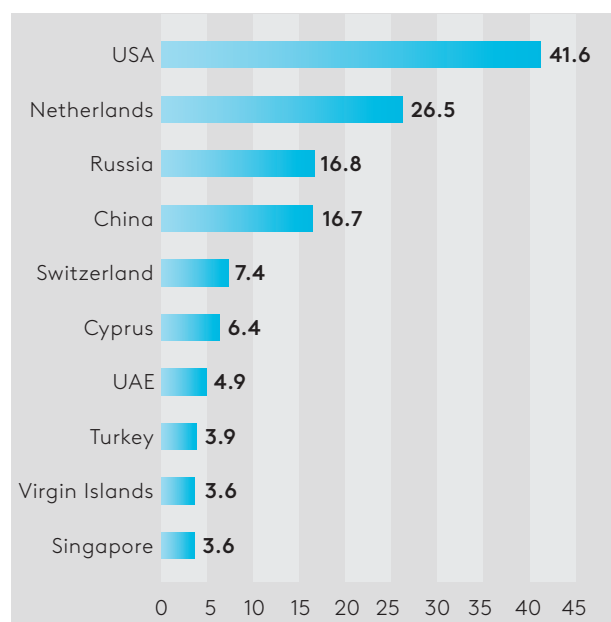
Among FDI investing countries in Kazakhstan, the Netherlands holds the top position at US\$ 63.5 billion (36.5%), followed by the USA (24.4%) and France (7.3%), with US\$ 42.4 billion and US\$ 12.7 billion, respectively (Figure 4.5). More than 900 companies with Dutch capital operate in the Kazakh market (Kazakh Invest, 2023). Moreover, offshore zones such as Bermuda (US\$ 9.5 billion, 5.4%), the Virgin Islands (US\$ 2.8 billion, 1.6%), and Cyprus (US\$ 2.5 billion, 1.6%) have also made significant investments in Kazakhstan. India has invested US\$ 51.9 million in FDI stock in Kazakhstan as of the end of 2023 (with a share of 0.03%).

The USA was the largest investor in Kazakhstan, accounting for 41.6% of total FDI into Kazakhstan in 2021–2023 (Figure 4.6). In this three-year average, other major investors were the Netherlands (26.5%), Russia (16.8%), China (16.7%) and Switzerland (7.4%). Luxemburg and Germany were also among the biggest investing countries in 2023.

↓ Figure 4.5. Top 10 FDI Inward Stock Investing Countries in Kazakhstan in 2023, % of total



↓ Figure 4.6. Top 10 FDI Inflow Investing Countries in Kazakhstan, Average for 2021–2023, % of total⁷



Source: EDB analysts' calculations based on data published by National Bank of Kazakhstan (2024)

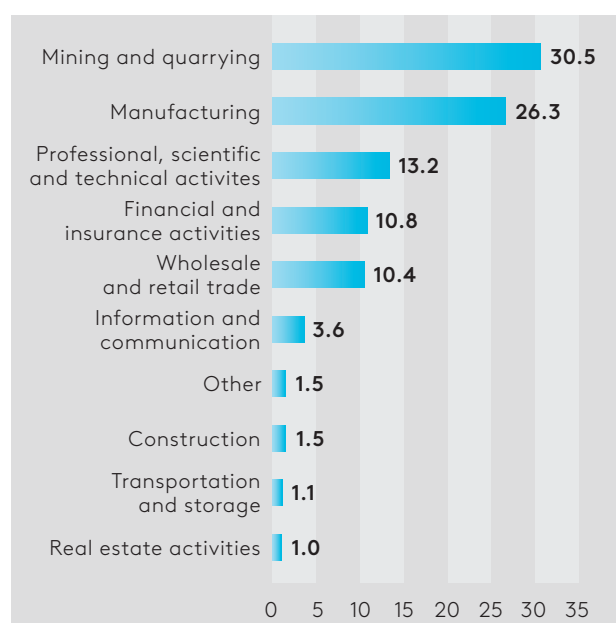
⁷ The share of top 10 FDI inflow investing countries exceeds 100% due to negative FDI inflow from other investing countries into Kazakhstan.

KYRGYZ REPUBLIC

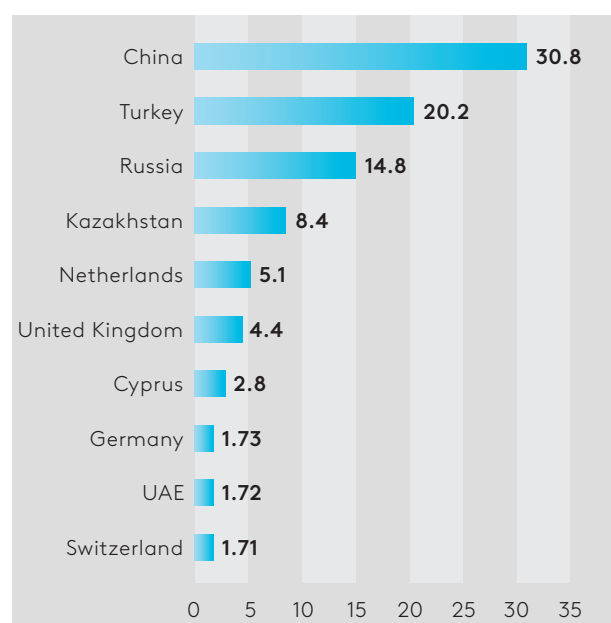
FDI inward stock of Kyrgyzstan more than doubled from 2010 to the end of 2023 (see [Table 4.1](#)). FDI stock in Kyrgyzstan accounts for 31.4% of the national GDP. Kyrgyzstan's FDI has been steadily increasing over the past few years. From 2010 to 2023, total FDI inflow accumulated by Kyrgyzstan amounted to more than US\$ 3.8 billion.

In 2021–2023 on average, mining and quarrying was the most attractive sector with 30.5% of total FDI inflow in Kyrgyzstan ([Figure 4.7](#)). Manufacturing was in second place with 26.3%. The professional, scientific, and technical activities' sector was in third place, accounting for 13.2% of the total. In terms of FDI inflow to the country, in 2021–2023 the least invested sectors of Kyrgyzstan were construction (1.5%), transportation and storage (1.1%), and real estate (1%).

↓ **Figure 4.7. Sectors Attracting FDI Inflow in Kyrgyzstan, Average for 2021–2023, % of total**



↓ **Figure 4.8. Top 10 FDI Inflow Investing Countries in Kyrgyzstan, Average for 2021–2023, % of total**



Sources: EDB analysts' calculations based on data published by National Statistical Committee of Kyrgyz Republic (2024) and National Bank of Kyrgyzstan (2024)

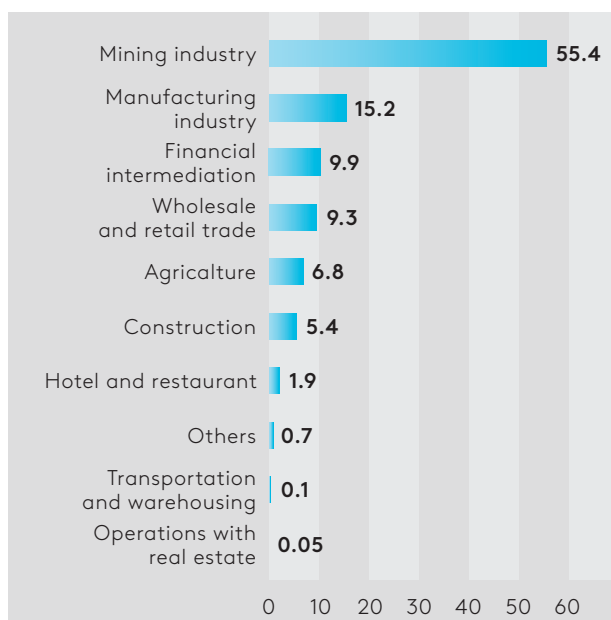
China was the largest investor, accounting for the 30.8% of FDI inflow in 2021–2023, which proved China's growing importance as one of the largest investors in the region ([Figure 4.8](#)). China became the largest investor in Kyrgyzstan in 2012, with US\$ 141.2 million, and leaving behind Canada and Russia, the previous leading FDI investors ([National Statistical Committee of the Kyrgyz Republic, 2023](#)). In 2023, China invested US\$ 280.7 million in Kyrgyzstan (33.2% of total FDI inflow that year). In the three-year average from 2021 till 2023, Turkey was placed second (20.2%), more than 10 p.p. lower than China. Eurasian Economic Union members, Russia and Kazakhstan, took the third and the fourth positions on the pedestal, with 14.8% and 8.4%, respectively. In 2023, India's FDI inflow to Kyrgyzstan amounted to US\$ 0.4 million in 2023 (0.1%).

TAJIKISTAN

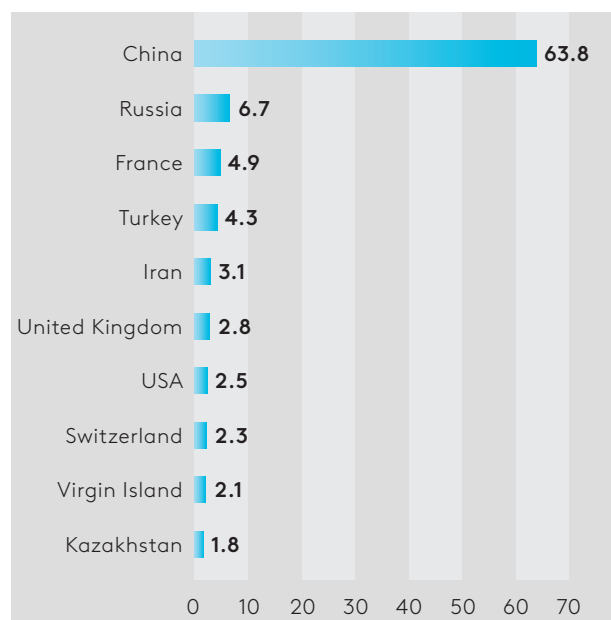
Tajikistan is positioned fifth among the Central Asian countries in FDI inward stock, with US\$ 3.3 billion as of the end of 2023 (Table 4.1). Since 2010, the FDI inward stock of Tajikistan almost tripled. In 2023, the FDI inflow decreased notably by 40% to US\$ 284 million.

The mining industry was the most attractive sector in Tajikistan 2021–2023; on average its share in total FDI inflow amounted to 55.4%. Manufacturing was the second-most attractive sector, with 15.2% (Figure 4.9). The sector of financial intermediation was positioned third with 9.9%. Sectors such as operations with real estate, transportation and warehousing, and hospitality on average received the least amount of FDI inflow in Tajikistan.

↓ Figure 4.9. Sectors Attracting FDI Inflow in Tajikistan, Average for 2021–2023, % of total



↓ Figure 4.10. Top 10 FDI Inflow Investing Countries in Tajikistan, Average for 2021–2023, % of total



Source: EDB analysts' calculations based on data published by National Bank of Tajikistan (2024)

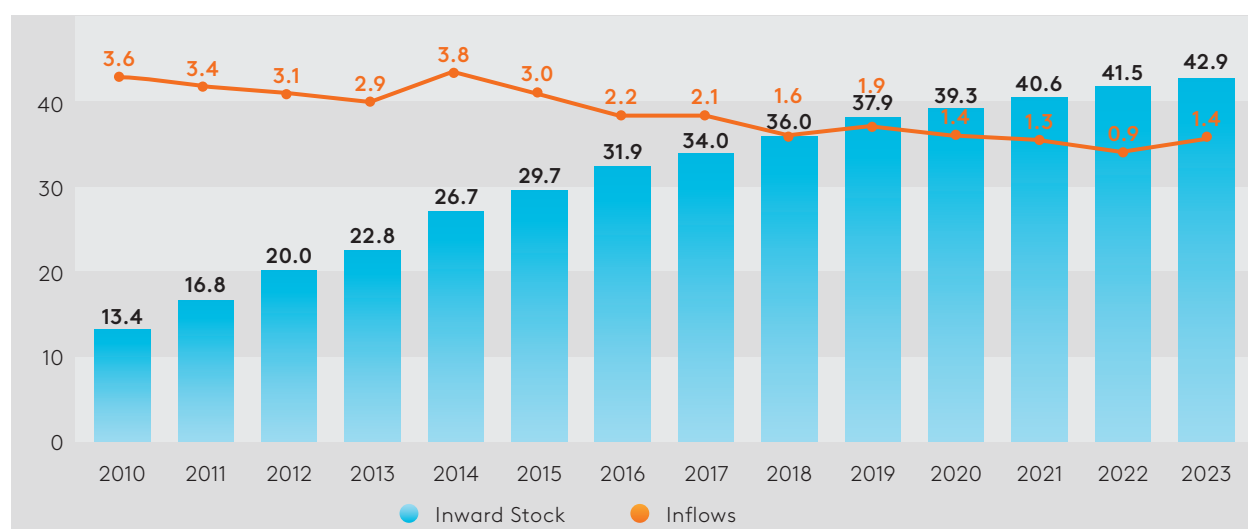
China was by far the largest investing country in Tajikistan; its share in the total FDI inflow in 2021–2023 was for 63.8% (Figure 4.10). China has always been the largest investor in the country. In 2021–2023, Russia and France were the second- and third-biggest investors in Tajikistan, with 6.7% and 4.9%, respectively. Kazakhstan, as the largest FDI exporter within the Central Asian region, closed the top-10 with 1.8% of total FDI in Tajikistan.

TURKMENISTAN

Turkmenistan is the second-largest importer of FDI in Central Asia. Turkmenistan's FDI inward stock more than tripled since 2010 and amounted to US\$ 42.9 billion as of the end of 2023 (Table 4.1). The volume of FDI inflow into Turkmenistan decreased year by year to US\$ 1.4 billion in 2023. Outward FDI, both stock and flow, has always been at zero, which makes Turkmenistan a net importer of FDI.

The FDI inflows to Turkmenistan have been slowing down since 2010 (Figure 4.11). The FDI inward stock into the country has been growing consistently since 2010, with an annual growth rate of about 8.6%.

↓ Figure 4.11. Turkmenistan's FDI Inward Stock and FDI Inflows, 2010–2023 (US\$ billion)



Source: EDB analysts' calculations based on data published by UNCTAD

Despite the unavailability of detailed information on Turkmenistan's FDI, it is estimated that China was the country's largest investor, followed by Russia, Kazakhstan, and Uzbekistan (OECD, 2019).

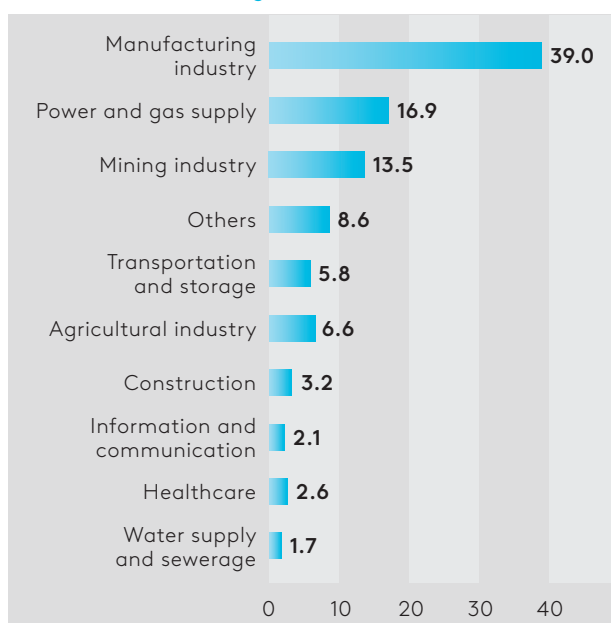
The most attractive sectors for FDI inflow in Turkmenistan have been the oil and gas sector, agriculture, and construction. Furthermore, there has been an interest in Turkmenistan's manufacturing sector (Lloyds Bank, 2023).

UZBEKISTAN

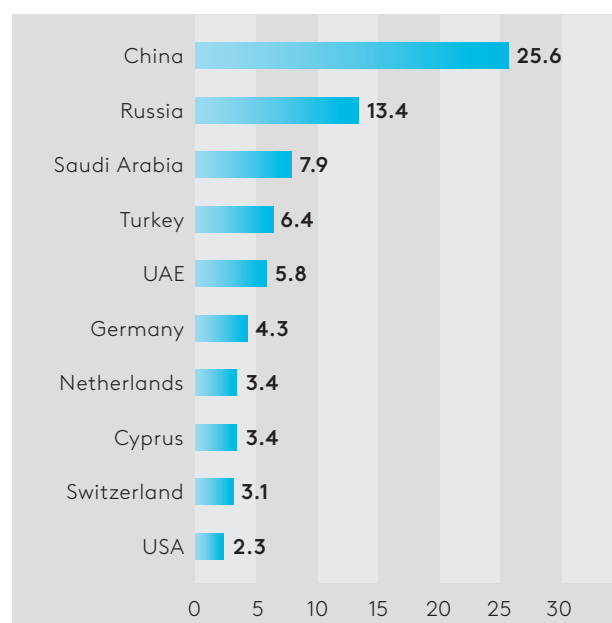
Uzbekistan's FDI inward stock increased almost six-fold in 2010–2023, amounting to US\$ 14.8 billion as of the end of 2023 (Table 4.1). The growth rate of FDI inward stock in Uzbekistan was the highest in Central Asia. It received US\$ 2.2 billion in 2023, which represents 29% of all FDI inflows to Central Asia that year. In 2019, Uzbekistan's share in FDI inflow into Central Asia expanded, and since then Uzbekistan has been the second largest importer of FDI inflow in the region.

In 2021–2023, the manufacturing industry was the most invested sector, with an average of 39% of all FDI received in the country (Figure 4.12). The share of power and gas supply was almost half of that and was placed second, amounting to 16.9%. The mining industry was the third-most attractive sector, with 13.5% recorded in the three-year average. In terms of FDI inflow, the least invested sectors in the last three years were information and communication, healthcare, water supply and sewerage.

↓ Figure 4.12. Sectors Attracting FDI Inflow in Uzbekistan, Average for 2021–2023, % of total



↓ Figure 4.13. Top 10 FDI Inflow Investing Countries in Uzbekistan in 2023, % of total



Source: EDB analysts' calculations based on data published by the Statistics Agency of the Republic of Uzbekistan (2021, 2024)

China was the largest investor in Uzbekistan in 2023 by a long shot, with 25.6% of total FDI inflow. Russia, as the main investment donor among the post-Soviet states, was placed second at 13.4% (Figure 4.13). Saudi Arabia claimed the third place with 7.9%, exceeding Turkey by 1.5 p.p. Switzerland and the USA were at the bottom of the top 10 investors of FDI, with 3.1% and 2.3% respectively.

CHAPTER 5.

INDIA'S BILATERAL TRADE RELATIONS WITH CENTRAL ASIAN COUNTRIES

India's ties with Central Asia date back several centuries, to a period when both regions thrived along the famous Silk Road. This fabled artery of commerce served not only as a conduit for the exchange of goods — silk, textiles, and spices — but also as a bridge for the dissemination of ideas, philosophies, and religious traditions. Central Asia's strategic location as a land bridge between Asia and Europe imbues it with undeniable geopolitical significance for India. Recognizing this, India has actively cultivated a multifaceted partnership with the five Central Asian republics — Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan. This partnership encompasses a broad spectrum of shared interests, including security, energy, and other economic and commercial opportunities.

Central Asia's rich endowment of natural resources, including petroleum, natural gas, and an abundance of minerals — antimony, aluminum, gold, and uranium — presents a compelling proposition for India's burgeoning energy and other industrial needs. Furthermore, the vast swathes of uncultivated yet fertile land in the region offer immense potential to produce pulses, foodgrains, and cotton. While Central Asia's agri-exports are mainly dominated by wheat, particularly from Kazakhstan, Indian agribusinesses, armed with cutting-edge expertise, could establish commercial agro-industrial complexes, leveraging their experience to revolutionize Central Asian agriculture.

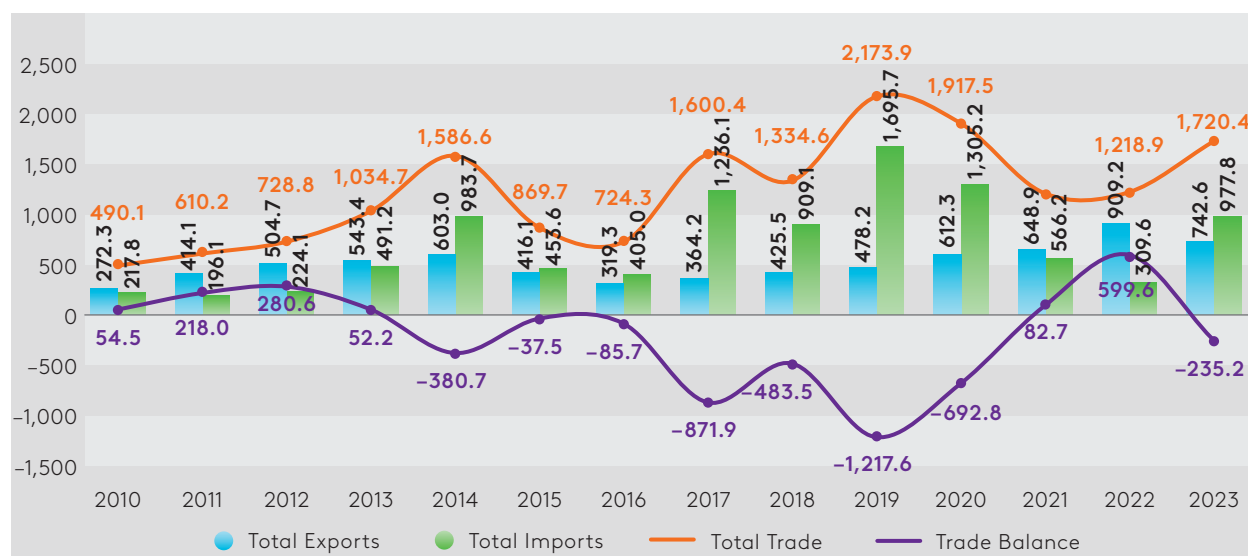
India's own remarkable economic growth has spurred a construction boom across the nation, creating a plethora of opportunities for Indian companies. From financial services to contracting, engineering, and management consultancy, Indian firms possess the expertise and manpower to contribute significantly to Central Asia's infrastructure development. Moreover, India can be a vital source of goods exports and technical know-how in diverse sectors such as infrastructure, hospitality, and medical equipment.

Composition and Direction of Trade between India and Central Asia

India's trade relationship with Central Asian nations has exhibited an upward pattern, ranging between US\$ 490.1 million in 2010 and US\$ 1,720.4 million in 2023. Notably, Indian exports have demonstrated consistency throughout the observed period, achieving an AAGR of 10.6% from 2010 to 2023. In contrast, India's imports from Central Asia displayed greater volatility during this timeframe, with an AAGR of 39.6%. Imports peaked at nearly US\$ 1.7 billion in 2019 before moderating to US\$ 1.3 billion the succeeding

year. The trade balance initially showed a modest surplus of US\$ 54.5 million in 2010. However, it transitioned to a trade deficit between 2014 and 2020 reaching its peak of US\$ 1.2 billion during 2019. This trend reversed post-pandemic, with India experiencing a trade surplus in 2021 and 2022, driven by a surge in exports relative to imports. In 2023, imports overtook exports resulting in a net deficit of US\$ 235.2 million (Figure 5.1).

↓ Figure 5.1. India's Bilateral Trade with Central Asian Nations (US\$ million)



Source: ITC Trade Map and India Exim Bank Research

India's exports to Central Asia declined by 18.3% in 2023 vis-à-vis 2022. Pharmaceutical products accounted for 37.9% of total exports to Central Asian region, followed by electrical machinery and equipment (12.1% of total exports), machinery and mechanical appliances (10.4%), edible meat (5%), and fruits and nuts (3.2%), among other goods. On the other hand, imports from the region surged three-fold in 2023 to US\$ 977.8 million. Mineral fuels and oils were the major commodity imported by India, accounting for 35.3% of total imports from the region, followed by fertilizers (21.3% of total imports), inorganic chemicals (13%), salts, lime and cement (7.2%) and ores, slag, and ash (7.1%) in 2023 (ITC Trademap).

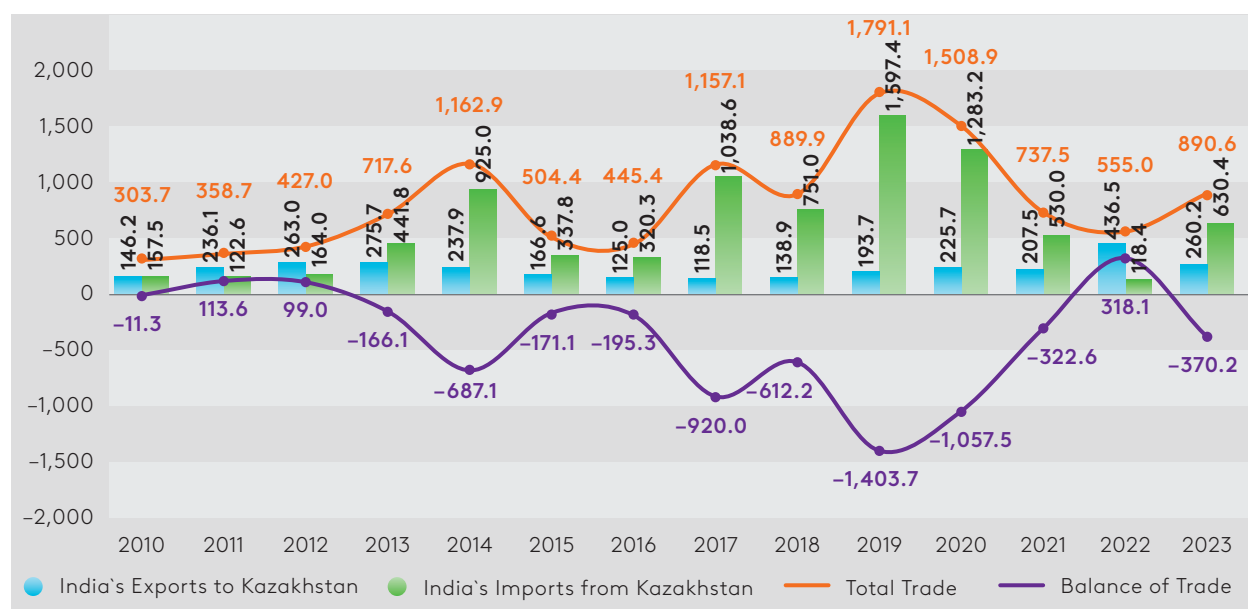
India's trade relations with Central Asia underwent a significant shift in the past decade. Uzbekistan emerged as the preeminent export destination, capturing a substantial 45.3% of India's total exports to the region. This marked a notable ascendancy from its previous position, eclipsing Kazakhstan, which had traditionally held the top position until 2017. Kazakhstan, while maintaining a robust presence, accounted for 35% of India's exports to the region in 2023. Tajikistan, Kyrgyzstan, and Turkmenistan followed with shares of 6.9%, 6.6%, and 6.1%, respectively.

The import landscape presented a different picture. Kazakhstan was India's primary supplier from the region, contributing over 64.5% to the region's total imports in 2023. Turkmenistan commanded a decent 21.7% share. Uzbekistan contributed 10.6% to India's imports from the region, while Tajikistan and Kyrgyzstan had more modest shares of 2% and 1.2%, respectively.

KAZAKHSTAN

Kazakhstan secured the position of India's second-largest export market within the Central Asian region in 2023. Between 2010 and 2023, total trade with Kazakhstan exhibited a steady growth trajectory, expanding at an AAGR of 23.5%. While exports witnessed a consistent upward trend, from US\$ 146.2 billion in 2010 to US\$ 260.2 billion in 2023 with an AAGR of 10.7%, imports from Kazakhstan displayed a more volatile pattern. Imports surged, witnessing an AAGR of 62.1% from US\$ 157.5 million in 2010 to US\$ 630.4 million in 2023, with a peak of US\$ 1.6 billion in 2019. The bilateral trade balance experienced fluctuations, witnessing significant deficit of US\$ 1.4 billion in 2019, but subsequently, the trade balance has been on a recovery path, culminating in a modest deficit of US\$ 370.2 million in 2023 (Figure 5.2).

↓ Figure 5.2. India's Trade with Kazakhstan, 2010 to 2023 (US\$ million)



Source: Calculations based on ITC Trade Map and India Exim Bank Research

Pharmaceutical products, electronic machinery and equipment, machinery and mechanical appliances, tea and coffee, and optical instruments primarily constituted India's export basket to Kazakhstan in 2023. These items accounted for a substantial 81% of the total exports to the country. Notably, pharmaceutical products alone emerged as a dominant export category, capturing over one-third of the overall export value (Table 5.1).

Regarding India's imports from Kazakhstan, which is the largest import source for India in the region, the import basket is dominated by mineral fuels and oils, which accounted for 54.8% of India's total imports from the country during 2023. Other major imported commodities include inorganic chemicals (16.2%), salts, sulfur, and lime (10.8%), pearls, precious stones, and metals (9.5%), and iron and steel (5.9%)

in 2023. However, India's imports from Kazakhstan drastically decreased in 2021 and 2022, primarily due to a significant decline in mineral fuels and oils, particularly coal, briquettes (HS Code 2701), and crude petroleum oil (HS 2709), resulting in a slippage of overall imports from the country (Table 5.2).

↓ Table 5.1. India's Major Exports of Commodities to Kazakhstan (US\$ million)

HS Code	Product	2010	2015	2019	2020	2022	2023	% share in 2023
	All products	146.2	166.6	193.7	225.7	436.5	260.2	100.0
30	Pharmaceutical products	46.9	48.3	51.4	83.3	72.7	86.4	33.2
85	Electrical machinery and equipment	1.6	2.1	64.1	53.4	258.7	76.6	29.4
84	Machinery and mechanical appliances	5.1	15.6	25.2	31.7	19.9	21.1	8.1
9	Coffee, tea, maté, and spices	42.8	32.8	23.6	26.9	19.8	17.8	6.8
90	Optical, photographic, cinematographic instruments	0.6	1.3	3.5	3.4	13.8	8.8	3.4
69	Ceramic products	2.1	4.7	1.9	4.1	8.0	8.3	3.2
29	Organic chemicals	1.5	1.1	1.8	5.0	7.7	6.0	2.3
87	Vehicles other than railway	0.2	0.2	0.3	0.2	9.3	4.2	1.6
21	Miscellaneous edible preparations	0.4	0.4	0.7	0.8	1.2	2.7	1.0
73	Articles of iron or steel	0.7	1.0	1.2	1.1	2.9	2.7	1.0

Source: Calculations based on ITC Trade Map and India Exim Bank Research

↓ Table 5.2. India's Major Imports of Commodities from Kazakhstan (US\$ million)

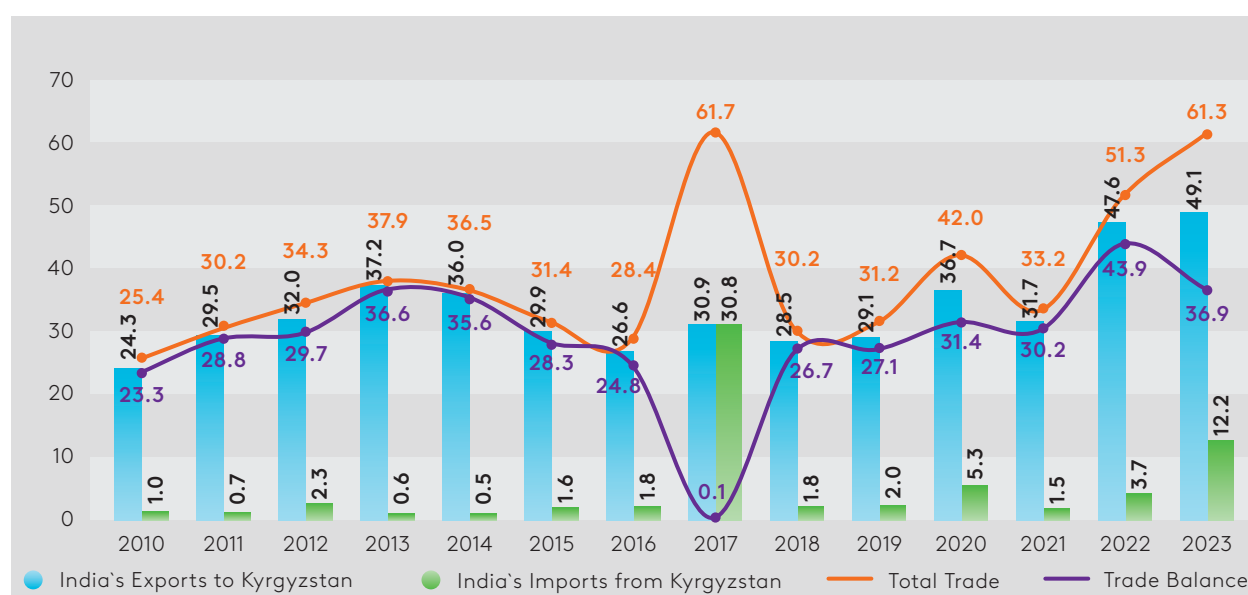
HS Code	Product	2010	2015	2019	2020	2022	2023	% share in 2023
	All products	157.5	337.8	1597.4	1283.2	118.4	630.4	100.0
27	Mineral fuels, oils and products	0.0	234.5	1487.6	1252.3	0.0	345.6	54.8
28	Inorganic chemicals	6.4	5.6	7.5	4.6	7.3	102.4	16.2
25	Salt, sulfur; lime and cement	29.0	59.8	3.8	4.0	14.0	67.9	10.8
71	Pearls, precious stones, precious metals	30.6	5.7	91.9	17.9	86.9	59.7	9.5
72	Iron and steel	28.6	8.4	1.7	3.9	3.7	37.4	5.9
81	Other base metals	0.4	2.2	0.6	0.3	2.9	10.4	1.6
41	Raw hides and skins and leather	1.1	0.4	0.2	0.0	0.1	3.6	0.6
11	Products of the milling industry	0.0	0.0	0.0	0.0	0.0	1.2	0.2
13	Lac, gums, resins, and extracts	1.4	0.0	0.0	0.0	1.8	1.0	0.2
29	Organic chemicals	0.0	0.1	0.0	0.0	0.3	0.3	0.0

Source: Calculations based on ITC Trade Map and India Exim Bank Research

KYRGYZ REPUBLIC

India's commercial trade ties with Kyrgyzstan have remained relatively modest over the analyzed period. Bilateral trade, which escalated to a peak of US\$ 61.7 million in 2017 from a base of US\$ 25.4 million in 2010, subsequently declined to US\$ 61.3 million by 2023. India's exports to Kyrgyzstan grew at a steady 7% AAGR, increasing from US\$ 24.3 million in 2010 to US\$ 49.1 million in 2023. Imports from Kyrgyzstan, on the other hand, have been highly volatile, surging to US\$ 30.8 million in 2017, primarily due to crude oil purchases (ITC Trade Map), before plummeting to less than US\$ 6 million in subsequent years, except 2023. This asymmetrical trade pattern has significantly contributed to India's persistent trade surplus. India's trade balance with Kyrgyzstan has consistently favored the former, ranging from a surplus of US\$ 23.3 million in 2010 to US\$ 36.9 million in 2023 (Figure 5.3).

↓ Figure 5.3. India's Trade with Kyrgyzstan, 2010 to 2023 (US\$ million)



Sources: ITC Trade Map and India Exim Bank Research

India's exports to Kyrgyzstan primarily accounted for pharmaceutical products worth US\$ 15.4 million, or 31.5% of total exports to Kyrgyzstan in 2023. Other major exported commodities include apparel and clothing accessories (25.5%), ships, boats, and floating structures (6.4%), and organic chemicals (6%) in the same year (Table 5.3).

India's import profile from Kyrgyzstan has witnessed a significant transformation over the past decade. While leather and skins, base metals, machinery and mechanical equipment, mineral fuels, and electrical equipment dominated imports in 2010, the pattern had shifted dramatically by 2023. Edible vegetables and roots emerged as the primary import, constituting about 80% of the total imports. Inorganic chemicals accounted for 16.4% of total imports, with gums and resins, edible fruits and nuts, and electrical machinery contributing 2.3%, 1.6%, and 0.8%, respectively (Table 5.4).

↓ Table 5.3. India's Major Exports of Commodities to Kyrgyzstan (US\$ million)

HS Code	Product	2010	2015	2019	2020	2022	2023	% share in 2023
	All products	24.3	29.9	29.1	36.7	47.6	49.1	100.0
30	Pharmaceutical products	4.5	8.3	9.0	13.6	16.1	15.4	31.5
62	Apparel, not knitted or crocheted	3.5	7.1	9.2	9.1	12.5	9.4	19.1
61	Apparel, knitted or crocheted	8.3	8.6	4.2	3.0	5.4	3.1	6.4
89	Ships, boats, and floating structures	0.00	0.00	0.00	4.87	0.00	3.12	6.4
29	Organic chemicals	0.10	0.17	0.04	0.15	1.67	2.96	6.0
2	Meat and edible meat offal	0.00	0.14	0.08	0.04	0.88	2.60	5.3
84	Machinery and mechanical appliances	1.75	0.38	0.12	0.12	0.40	2.17	4.4
90	Optical, photographic, cinematographic instruments	0.13	0.42	0.69	1.87	0.64	1.33	2.7
57	Carpets and floor coverings	0.00	0.19	0.15	0.08	1.89	1.24	2.5
85	Electrical machinery and equipment	1.30	0.65	0.08	0.25	0.38	0.97	2.0

Source: Calculations based on ITC Trade Map and India Exim Bank Research

↓ Table 5.4. India's Major Imports of Commodities from Kyrgyzstan (US\$ million)

HS Code	Product	2010	2015	2019	2020	2022	2023	% share in 2023
	All products	1.0	1.6	2.0	5.3	3.7	12.2	100.0
7	Edible vegetables and certain roots and tubers	–	1.1	1.2	0.3	1.0	9.6	78.7
28	Inorganic chemicals	–	–	–	–	–	2.0	16.4
13	Lac; gums, resins and other vegetable saps	–	–	0.3	–	2.4	0.3	2.3
8	Edible fruit and nuts	–	0.16	0.06	0.08	0.10	0.20	1.6
85	Electrical machinery and equipment	0.01	–	0.10	–	0.12	0.10	0.8
39	Plastics and articles thereof	–	–	–	–	–	0.05	0.4

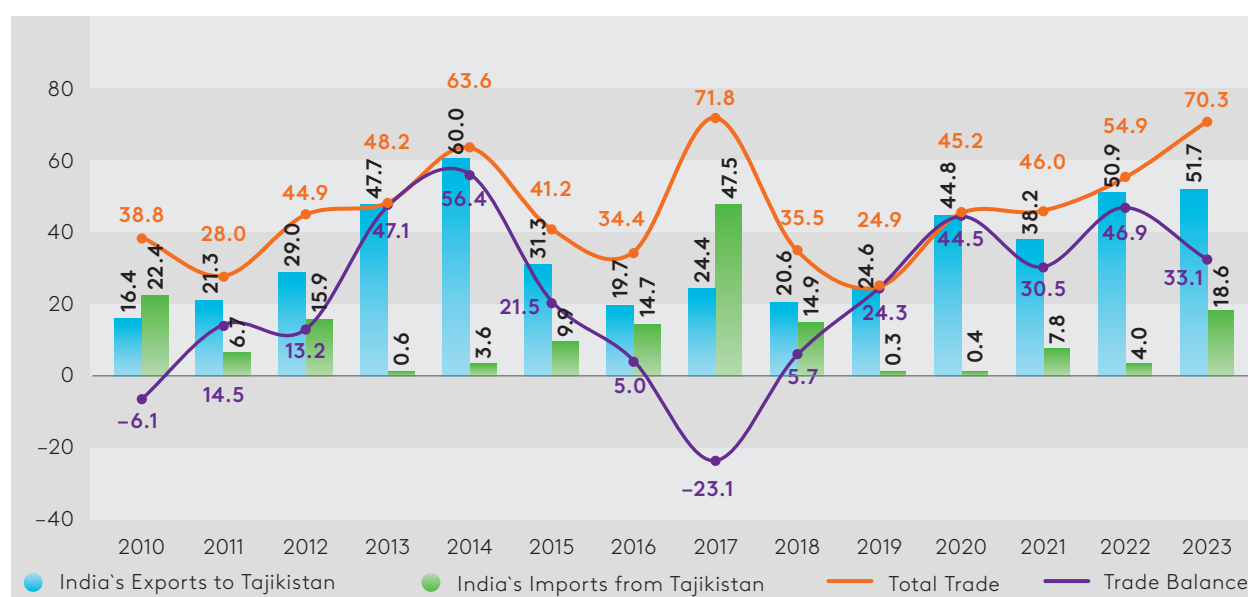
Note: Hyphen denotes not available or negligible.

Source: Calculations based on ITC Trade Map and India Exim Bank Research

TAJIKISTAN

India's trade with Tajikistan fluctuated between US\$ 38.8 million and US\$ 70.3 million from 2010 to 2023, peaking at US\$ 71.8 million in 2017 due to soaring global aluminum prices driven by Chinese demand. Subsequently, total trade contracted to a low of US\$ 24.9 million in 2019. Indian exports to Tajikistan grew steadily at an AAGR of 15.5%, reaching US\$ 51.7 million in 2023, while imports amounted to US\$ 18.6 million. India consistently enjoyed a trade surplus, except for deficits of US\$ 6.1 million in 2010 and US\$ 23.1 million in 2017. In 2023, Tajikistan accounted for 6.9% of India's total exports to Central Asia, but only 2% of its imports.

↓ Figure 5.4. India's Trade with Tajikistan, 2010 to 2023 (US\$ million)



Sources: ITC Trade Map and India Exim Bank Research

Pharmaceuticals remained the dominant Indian export to Tajikistan in 2023, mirroring the export pattern to other Central Asian countries. These commodities constituted a substantial 68.5% of the total exports. Other key export items included sugar and confectionery (15.8%), iron and steel products (2.1%), cereals, and cinematographic equipment (1.9% each), and machinery and mechanical appliances (1.4%) (Table 5.5).

India's imports from Tajikistan plummeted from US\$ 22.4 million in 2010 to US\$ 18.6 million in 2023. This dramatic decline was driven by a sharp reduction in imports of aluminum products, and cotton, which were significant imports in 2010. By 2023, the import basket had drastically changed, with ores, slag, and ash accounting for a dominant 89.4% of the total imports, while the remaining portion was attributed to aluminum and articles made thereof (Table 5.6).

↓ Table 5.5. India's Major Exports of Commodities to Tajikistan (US\$ million)

HS Code	Product	2010	2015	2019	2020	2022	2023	% share in 2023
	All products	16.4	31.3	24.6	44.8	50.9	51.7	100.0
30	Pharmaceutical products	7.6	14.7	17.9	24.2	27.3	35.4	68.5
17	Sugars and sugar confectionery	0.01	0.3	0.01	–	15.1	8.2	15.8
73	Articles of iron or steel	–	0.2	1.3	13.7	0.03	1.1	2.1
10	Cereals	–	0.02	–	0.1	0.05	1.0	1.9
90	Optical, photographic, cinematographic instruments	0.1	0.2	0.5	0.7	0.6	1.0	1.9
84	Machinery and mechanical appliances	2.5	0.3	0.03	0.1	1.7	0.7	1.4
68	Articles of stone, plaster, cement	0.03	–	0.01	0.02	0.7	0.7	1.3
21	Miscellaneous edible preparations	0.05	0.01	0.02	0.1	0.6	0.6	1.2
40	Rubber and articles thereof	–	0.2	0.4	0.2	0.1	0.5	1.0
9	Coffee, tea, maté, and spices	0.3	0.6	1.5	1.5	0.9	0.5	0.9

Note: Hyphen denotes not available or negligible.

Source: Calculations based on ITC Trade Maps and India Exim Bank Research

↓ Table 5.6. India's Major Imports of Commodities from Tajikistan (US\$ million)

HS Code	Product	2010	2015	2019	2020	2022	2023	% share in 2023
	All products	22.4	9.9	0.3	0.4	4.0	18.6	100.0
26	Ores, slag, and ash	–	9.6	–	–	3.5	16.6	89.4
76	Aluminum and articles made thereof	21.5	–	1	1	15	1.9	10.5

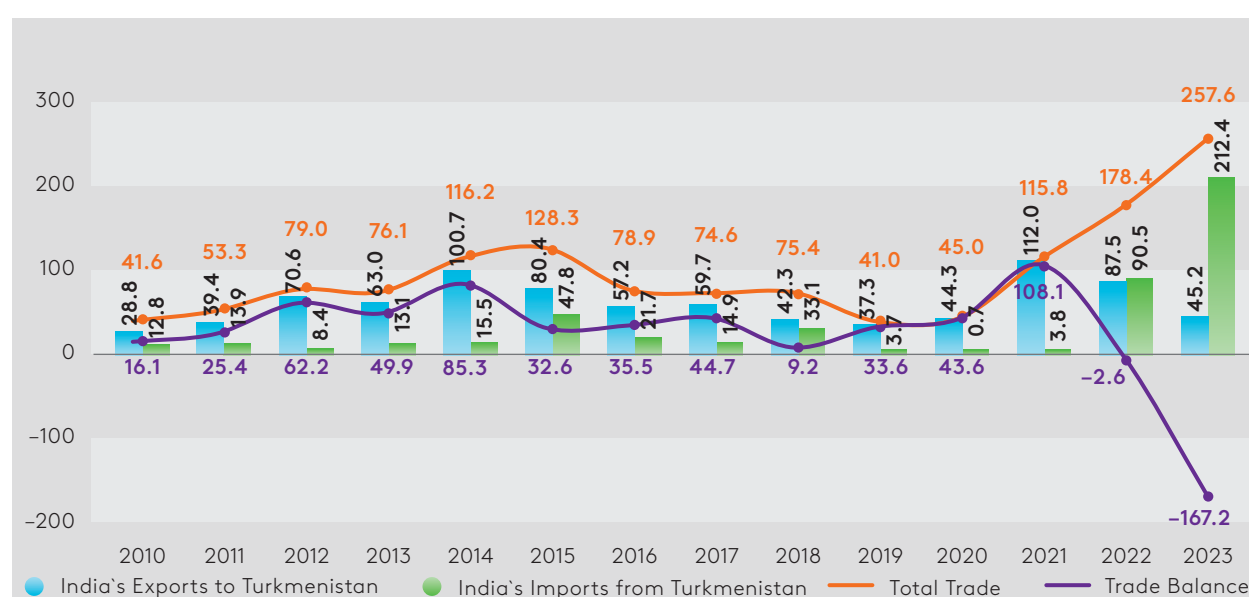
Note: Hyphen denotes not available or negligible.

Source: Calculations based on ITC Trade Maps and India Exim Bank Research

TURKMENISTAN

India's trade with Turkmenistan experienced a volatile trajectory. It climbed steadily from US\$ 41.6 million in 2010 to a peak of US\$ 128.3 million in 2015, followed by a decline to US\$ 41 million in 2019. A subsequent resurgence led to a new high of US\$ 257.6 million in 2023. Indian exports grew at a consistent 13.9% annual rate, reaching US\$ 45.2 million in 2023. Imports, on the other hand, fluctuated between US\$ 12.8 million and US\$ 212.4 million, with a record high in 2023. While India traditionally held a trade surplus, the past two years saw deficits due to rising fertilizer imports from Turkmenistan (Figure 5.5).

↓ Figure 5.5. India's Trade with Turkmenistan, 2010 to 2023 (US\$ million)



Sources: ITC Trade Map and India Exim Bank Research

India's export basket to Turkmenistan is dominated by pharmaceuticals and machinery and mechanical appliances, which together accounted for 69.8% of the total exports to Turkmenistan in 2023 (Table 5.7). Other exports to Turkmenistan included organic chemical (5.9% of the total exports), sugar and confectionery (5.3%), and edible preparations (3.3%) in 2023.

India's import basket from Turkmenistan has undergone a significant transformation since 2010. While inorganic chemicals and natural/man-made fibers were the primary imports in 2010, the composition shifted dramatically in 2023. Fertilizers emerged as the dominant import, accounting for a substantial 88.4% of the total, followed by inorganic chemicals at 10.5%. Notably, overall imports from Turkmenistan rebounded sharply from a mere US\$ 0.7 million in 2020 to US\$ 212.4 million in 2023 (Table 5.8).

↓ Table 5.7. India's Major Exports of Commodities to Turkmenistan (US\$ million)

HS Code	Product	2010	2015	2019	2020	2022	2023	% share in 2023
	All products	28.8	80.4	37.3	44.3	87.9	45.2	100.0
30	Pharmaceutical products	7.6	17.3	20.6	25.0	26.6	28.4	62.8
84	Machinery and mechanical appliances	6.2	9.2	3.1	2.3	9.0	3.2	7.0
29	Organic chemicals	0.3	0.5	1.2	0.6	2.3	2.7	5.9
17	Sugars and sugar confectionery	0.5	–	3.3	0.0	30.7	2.4	5.3
21	Miscellaneous edible preparations	0.1	0.3	0.4	0.6	0.6	1.5	3.3
40	Rubber and articles thereof	0.5	1.0	1.0	1.6	1.7	1.3	3.0
85	Electrical machinery and equipment	0.5	1.6	0.7	0.2	0.4	1.1	2.5
72	Iron and steel	0.5	0.9	0.2	–	2.1	1.1	2.5
90	Optical, photographic, cinematographic instruments	0.2	0.5	0.7	0.9	1.7	1.0	2.3
39	Plastics and plastic articles	4.9	0.4	0.2	0.1	0.1	0.4	0.9

Note: Hyphen denotes not available or negligible.

Source: Calculations based on ITC Trade Map and India Exim Bank Research

↓ Table 5.8. India's Major Imports of Commodities from Turkmenistan (US\$ million)

HS Code	Product	2010	2015	2019	2020	2022	2023	% share in 2023
	All products	12.8	47.8	3.7	0.7	90.5	212.4	100.0
31	Fertilizers	0.0	0.0	0.0	0.0	81.9	187.8	88.4
28	Inorganic chemicals	6.9	2.5	1.6	0.6	6.9	22.3	10.5
25	Salt; sulfur, plastering materials	–	2.3	1.6	0.0	1.5	1.7	0.8
51	Wool, yarn, and woven fabric	0.1	0.2	0.02	–	0.1	0.4	0.2
13	Lac, resins and other vegetable saps	–	–	–	–	–	0.1	0.0

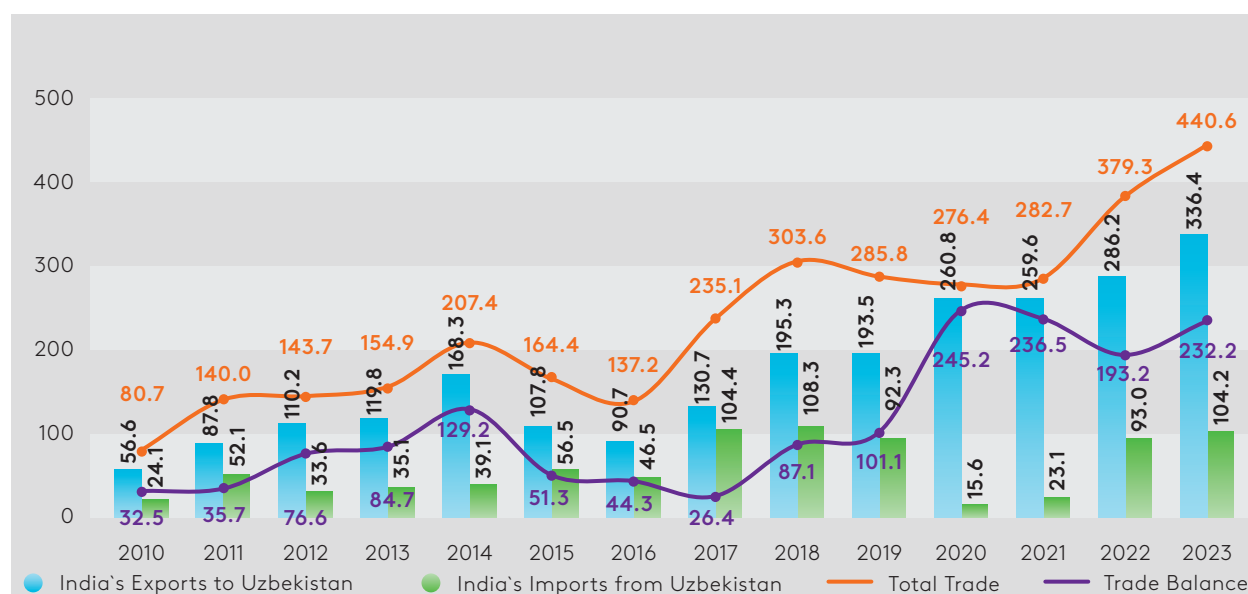
Note: Hyphen denotes not available or negligible.

Source: Calculations based on ITC Trade Map and India Exim Bank Research

UZBEKISTAN

India's trade with Uzbekistan expanded significantly, quintupling from US\$ 80.7 million in 2010 to US\$ 440.6 million in 2023. Exports to Uzbekistan grew steadily at a 17.9% annual rate, reaching US\$ 336.4 million by 2023. While imports also increased, their growth was more volatile, rising from US\$ 24.1 million in 2010 to a peak of US\$ 108.3 million in 2018 before declining to US\$ 104.2 million in 2023. Despite import fluctuations, India consistently maintained a trade surplus throughout the period (Figure 5.6).

↓ Figure 5.6. India's Trade with Uzbekistan, 2010 to 2023 (US\$ million)



Source: Calculations based on ITC Trade Maps and India Exim Bank Research

India's exports to Uzbekistan amounted to US\$ 336.4 million in 2023, increasing from US\$ 56.6 million in 2010, driven mainly by exports of pharmaceutical products and machinery and mechanical appliances, which together accounted for 49% of India's exports to Uzbekistan during 2023. Other major exports to Uzbekistan include meat and edible meat offal (9.6% of total exports), edible fruits and nuts (7%), and tanning or dyeing extracts (5.2%) in 2023 (Table 5.9).

India's import profile from Uzbekistan has undergone a significant transformation since 2010. While fertilizers, edible vegetables and roots, and silk were key imports in 2010, the composition shifted markedly by 2023. Ores, slag, and ash emerged as the dominant import category, constituting nearly 50% of the total. Fertilizers remained a significant import item, accounting for 20.1% of total imports, followed by lac, resin, and gum extracts (12%), wood pulp at (3.7%), and other base metals at (2.8%) (Table 5.10).

↓ Table 5.9. India's Major Exports of Commodities to Uzbekistan (US\$ million)

HS Code	Product	2010	2015	2019	2020	2022	2023	% share in 2023
	All products	56.6	107.8	193.5	260.8	286.2	336.4	100.0
30	Pharmaceutical products	31.2	49.9	79.4	167.7	128.2	115.6	34.4
84	Machinery and mechanical appliances	7.9	14.7	64.2	37.2	41.6	49.0	14.6
2	Meat and edible meat offal	1.5	0.2	0.9	1.0	9.6	32.4	9.6
8	Edible fruit and nuts	–	–	0.03	–	10.6	23.5	7.0
32	Tanning or dyeing extracts	1.2	1.2	6.6	6.8	15.0	17.3	5.2
85	Electrical machinery and equipment	0.2	4.4	2.5	3.7	6.5	12.1	3.6
90	Optical, photographic, cinematographic instruments	3.6	3.0	4.0	3.3	5.8	7.5	2.2
33	Cosmetic or toiletry preparations	0.4	0.8	2.0	1.0	1.8	6.1	1.8
29	Organic chemicals	0.5	1.7	2.5	3.2	6.6	6.1	1.8
69	Ceramic products	0.1	0.1	0.8	0.8	6.3	5.6	1.7

Note: Hyphen denotes not available or negligible.

Source: Calculations based on ITC Trade Map and India Exim Bank Research

↓ Table 5.10. India's Major Imports of Commodities from Uzbekistan (US\$ million)

HS Code	Product	2010	2015	2019	2020	2022	2023	% share in 2023
	All products	24.1	56.5	92.3	15.6	93.0	104.2	100.0
26	Ores, slag and ash	0.1	–	0.1	–	–	53.2	51.1
31	Fertilizers	7.9	25.5	–	3.5	3.3	20.9	20.1
13	Lac; gums extracts	1.8	5.6	1.1	3.5	18.5	12.5	12.0
47	Wood pulp or other fibrous cellulosic material	–	–	–	0.2	1.4	3.9	3.7
81	Other base metals	–	0.1	–	0.7	–	2.9	2.8
85	Electrical machinery and equipment	–	–	–	–	2.4	2.7	2.6
79	Zinc and articles thereof	–	–	6.2	1.6	3.5	2.2	2.1
7	Edible vegetables and roots	5.4	10.9	0.9	0.5	1.5	1.8	1.8
50	Silk	2.9	0.5	1.1	2.8	4.6	0.7	0.7
28	Inorganic chemicals	–	–	0.0	0.7	–	0.5	0.5

Note: Hyphen denotes not available or negligible.

Source: Calculations based on ITC Trade Map and India Exim Bank Research

CHAPTER 6.

INDIA'S BILATERAL INVESTMENT RELATIONS WITH CENTRAL ASIAN COUNTRIES

Many developing countries seek foreign investment as a key to economic growth. The Central Asian countries are working to improve their economies and are looking for ways to create more opportunities. Nestled at the crossroads of Eurasia, these economies have emerged as a key player in India's foreign policy landscape. Their geographical closeness, strategic positioning, and abundant mineral resources elevates their importance for India.

India–Central Asia Bilateral Investment Relations

According to the Overseas Direct Investments (ODI) statistics published by the Ministry of Finance, Government of India, a cumulative amount of US\$ 392 million was invested in Kazakhstan between April 2000 and March 2024. This was followed by Kyrgyzstan (US\$ 24 million) and Uzbekistan (US\$ 18 million) and Tajikistan (US\$ 5 million). No investments were made in Turkmenistan in this period. The total investment in the Central Asian region accounted for 0.1% of the total ODI of India from April 2000 to March 2024.

To get an understanding of the trends in Indian overseas investments in Central Asia, this study has drawn upon the data collated by the *Financial Times* through its online database tracking cross-border greenfield investment, viz. fDi Markets. According to fDi Markets, during January 2010 to December 2023, India was the 16th-largest investor in Central Asia, with a total capital expenditure of US\$ 1.5 billion in 10 projects. Bilateral investments in Central Asian nations were active between 2011 to 2019 and have been dormant since 2020.

Kazakhstan was the top recipient, attracting the largest share (78.4%) of Indian investment during this period. Tajikistan followed with 17.8%, and Uzbekistan received 3.7% of the total investment from India. Notably, fDi Markets data indicates that no Indian investments were recorded in Kyrgyzstan or Turkmenistan during the specified timeframe ([Table 6.1](#)).

↓ Table 6.1. Tracked Indian FDI Inflows to Central Asia, 2011–2023 (US\$ million)

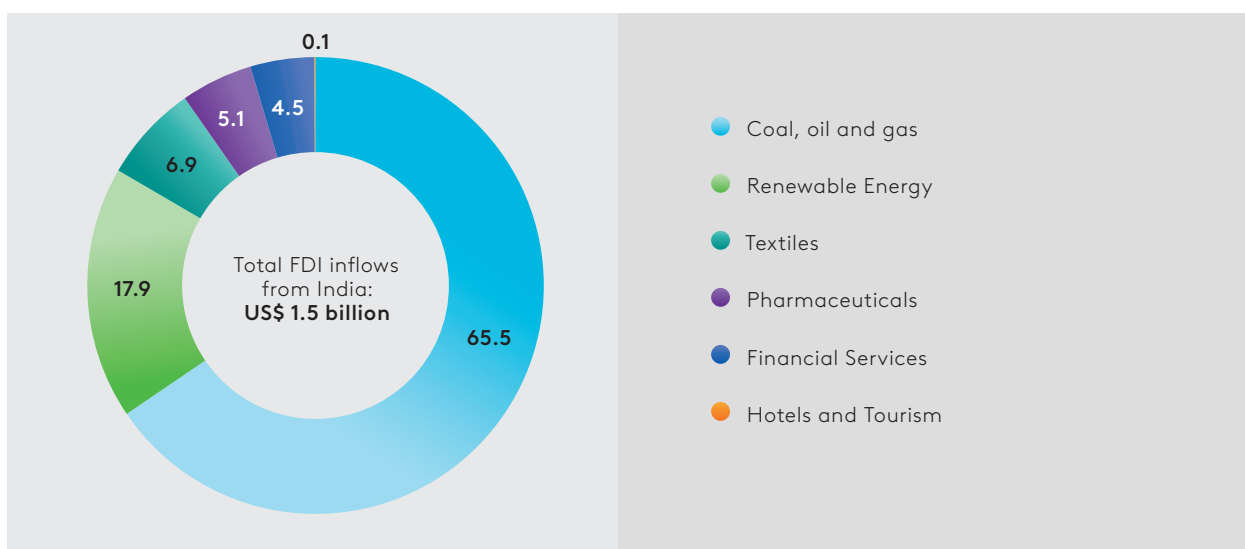
Country	2011	2012	2015	2016	2018	2019	Total	No. of Projects	No. of Indian Companies
Kazakhstan	69.6		1,014.7	1.7	129.0	–	1,215.0	6	5
Tajikistan	–	276.6	–	–	–	–	276.6	1	1
Uzbekistan	–		2.6	–	5.0	50.0	57.6	3	3
Total	69.6	276.6	1,017.3	1.7	134.0	50.0	1,549.2	10	9

Note: No investments were recorded in any of the Central Asian nations from India in 2013, 2014, 2017, and 2020 to 2023.

Sources: Calculations based on data published by fDi Markets and India Exim Bank Research

The Central Asian resource sector proved attractive to Indian investors, with the coal, oil, and gas industry receiving the largest share of investment at US\$ 1,014.7 million. Renewable energy followed at a distant second with US\$ 276.6 million. Other sectors attracting Indian investment, though to a lesser extent, included textiles (US\$ 107.2 million), pharmaceuticals (US\$ 79.5 million), financial services (US\$ 69.6 million), and hotels and tourism (US\$ 1.7 million) (Figure 6.1). The pharmaceutical sector saw the most investment in terms of the number of projects with four, followed by financial services with two projects. All other sectors had only one project each.

↓ Figure 6.1. Major Sectors Attracting Indian Investment in Central Asia during 2010–2023 (%)



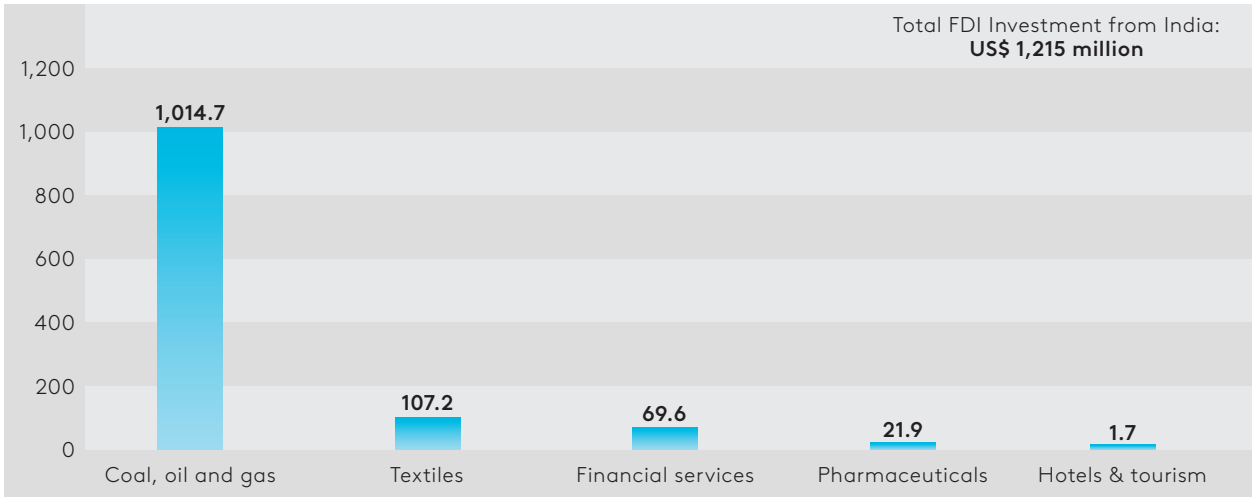
Sources: Calculations based on data published by fDi Markets and India Exim Bank Research

Kazakhstan

Aligning with the global trend, Indian investments were highest in Kazakhstan, as it has made considerable progress towards creating a market economy. Between 2010 and 2023, Indian companies invested US\$ 1.2 billion in Kazakhstan through six foreign direct investment projects.

The energy sector, encompassing coal, oil, and gas, dominated Indian investment in Kazakhstan between 2010 and 2023, attracting a significant share of 83.5% of the total inflows. Other sectors receiving Indian investment included textiles (8.8%), financial services (5.7%), pharmaceuticals (1.8%), and hotels and tourism (0.1%) (Figure 6.2).

↓ Figure 6.2. Indian Investment in Major Sectors in Kazakhstan during 2010 to 2023 (US\$ million)



Sources: Calculations based on data published by fDi Markets and India Exim Bank Research

Tajikistan

Between 2010 and 2023, India contributed US\$ 276.6 million in capital investment in Tajikistan in the renewable energy sector.

Uzbekistan

Indian companies invested US\$ 57.6 million in Uzbekistan’s pharmaceutical sector through three FDI projects between 2010 and 2023. This investment aligns with Uzbekistan’s projected growth in the pharmaceutical sector for the coming decade, fueled by rising demand for patented medicines and government initiatives to modernize the industry.

Investment Flows into India from Central Asia

FDI inflows into India from Central Asia have been modest. According to FDI statistics of the India’s Department for Promotion of Industry and Internal Trade, Government of India, during the period April 2000 to March 2024, Kazakhstan invested around US\$ 27.3 million in India. This was followed by Tajikistan (US\$ 1.4 million), Kyrgyzstan (US\$ 0.003 million), and Turkmenistan (US\$ 0.002 million). According to the statistics, Uzbekistan has no investments in India so far.

CHAPTER 7.

PRESENCE OF THE EXPORT-IMPORT BANK OF INDIA AND THE EURASIAN DEVELOPMENT BANK IN CENTRAL ASIA

The Eurasian Development Bank's Presence in Central Asia

In line with EDB's strategy, over US\$ 4 billion is targeted by the EDB in cumulative new investment for 2022 through 2026 in Kazakhstan, Kyrgyzstan, and Tajikistan to support countries' development objectives, to boost their economic growth and employment, with the bulk of the target — up to US\$ 3.8 billion — in investment in Kazakhstan.

Between 2022 and 2026, it is estimated that joint investments by the EDB and other participants in the Central Asian members of the EDB will be around US\$ 11 billion (over US\$ 10 billion in Kazakhstan, US\$ 0.5 billion in Kyrgyzstan, and US\$ 0.15 billion in Tajikistan).

↓ Table 7.1. Current Investment Portfolio of the EDB per annum

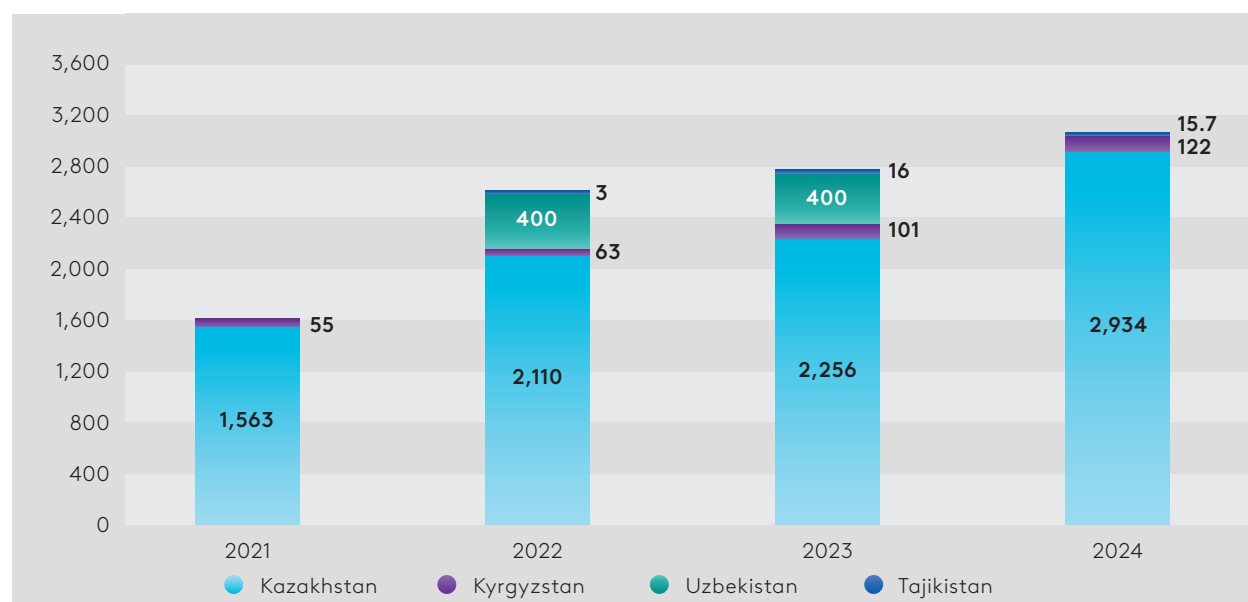
Indicator	2021	2022	2023	2024
Current investment portfolio, US\$ million	4,513	5,013	4,773	4,633
<i>within Central Asia</i>	1,618	2,576	2,774	3,072
Share of current investment portfolio in Central Asia, %	35.9	51.4	58.1	66.3

Source: EDB, 2025.

The EDB's current investment portfolio⁸ in Central Asia at the end of 2024 totaled US\$ 3,072 million, almost 2 times that of 2021 (US\$ 1,618 million). The share of the current investment portfolio in Central Asian countries in the current investment portfolio of the Bank amounted to 66.3%.

⁸ The "current investment portfolio" refers to the amount of the balance-sheet portfolio and off-balance-sheet liabilities (loan facilities and guarantees issued) relating to ongoing projects that are included in the Bank's investment portfolio.

↓ Figure 7.1. EDB Current Investment Portfolio in Central Asia (US\$ million)



Source: EDB, 2025.

The EDB is focusing on three strategic pillars in the Central Asia:

1. Eurasian Transport Network

The location of Central Asia region is a strategic advantage in strengthening Eurasian connectivity through belt and road initiative. The Eurasian Transport Network is a system of international transport corridors crossing the Eurasian landmass along East–West and North–South axes. The Eurasian transport corridors extend as far as China, India, and the European Union, enabling the network to become a tangible foundation for a Greater Eurasia. Unlocking the full potential of the Eurasian continent’s economy relies on the seamless transport connectivity that digitalizing transport can provide. The EDB participated in financing projects as part of the Eurasian Transport Network totaling over US\$ 400 million, which included modernization of Almaty International Airport.

2. Central Asian Water and Energy Complex

The energy balance of Central Asia region is not diversified, over 60% of electricity generation is coal based. Central Asian countries set an ambition targets on renewable energy. The EDB is a development bank with significant expertise in the region and a cumulative portfolio exceeding US\$ 600 million, with significant climate impact. The Bank is planning to invest over US\$ 400 million in the development of the water and energy complex of Central Asia over the next three years. In 2023–2024, the EDB started financing the construction of the 100 MW HPP in Kyrgyz Republic, 50 MW and 150 MW wind farms in the Republic of Kazakhstan and is currently conducting negotiations on financing a number of renewable energy projects in Central Asia.

3. Eurasian Agricultural Goods Distribution System

Central Asia region's agriculture is currently characterized by low productivity, which requires to make a deep-dive research into using of modern inputs and technologies that could catalyze productivity substantially. In this regard, the EDB launched this project. It will conduct analytical studies, including a comprehensive cross-country study of trade turnover, trade balances of food products, and existing infrastructure; identify transport and logistics corridors and prerequisites for the operation of wholesale and distribution centers; and prepare proposals for the creation of a common digital platform and harmonized legislation.

Kazakhstan

As of the end of 2024, the EDB's current investment portfolio in Kazakhstan amounted to US\$ 2,934 million. Projects in Kazakhstan account for 63.3% of the Bank's current investment portfolio. The cumulative portfolio of the Bank's investments projects in the Republic of Kazakhstan exceeded US\$ 7,242 million (projects in energy, the financial sector, mining, agriculture, transport, metallurgy, chemical sector, machinery and engineering, construction, and other sectors).

The largest investment projects in Kazakhstan included in the EDB's investment portfolio in recent years are:

- US\$ 411 million — bond financing of for the modernisation of Almaty CHPP-3 (500 MW, switch from coal to gas) (2023);
- US\$ 300 million — financing the investment program of Kazakhmys Corporation LLP (2023);
- US\$ 240 million — modernization, expansion, reconstruction of Karaganda CHPP-3 (2024);
- US\$ 150 million — support for the activities of the gas chemical complex of Kazakhstan Petrochemical Industries Inc. LLP before reaching the design (2023);
- US\$ 150 million — financing the investment program of Shubarkol Komir JSC (2023);
- US\$ 135 million — construction and operation of the BAKAD (2020);
- US\$ 134.3 million — construction, operation, and management of the Turkistan international airport (2020);
- US\$ 100 million — financing for the Kazakhmys Corporation LLP (2022);
- US\$ 100 million — financing the construction of the 100 MW windfarm in the Republic of Kazakhstan.

According to the EDB 2022–2026 Strategy, the estimated volumes of investment will be distributed within the framework of infrastructure development tasks (US\$ 1.9–2.1 billion), for the development of competitive innovative production (US\$ 0.6–0.8 billion), for promoting the transition to a green economy (US\$ 0.7–0.9 billion), for the development of the agro-industrial complex (US\$ 0.3–0.4 billion), and development of the financial market (US\$ 0.3–0.8 billion).

Kyrgyz Republic

As of end of 2024, the EDB's current investment portfolio in the Kyrgyz Republic amounted to US\$ 122 million, comprising projects in the financial sector, energy, and construction. The Kyrgyz Republic accounted for 2.6% of the current investment portfolio. The cumulative portfolio of the Bank's investments projects in the Kyrgyz Republic exceeded US\$ 266 million (projects in energy, the financial sector, and transport).

The largest investment projects in Kyrgyzstan included in the EDB's investment portfolio in recent years are:

- US\$ 48 million — financing the costs of Kant Cement Plant OJSC for the construction of a new modern technological line for dry clinker firing with a production capacity of 2,500 tons per day in order to improve the environmental cleanliness of cement production in the Kyrgyz Republic, reduce emissions (2023);
- US\$ 44 million — construction and operation of the Kulanak hydroelectric power station, with a capacity of 100 MW (2023).

Under the EDB 2022–2026 Strategy, total indicative funding on priority projects in the Kyrgyz Republic will exceed US\$ 160 million. The indicative investment will be split among different objectives: infrastructure development (US\$ 42 million), promotion of economic diversification (US\$ 85 million), agriculture (US\$ 34 million), and digitalization (US\$ 2 million).

Tajikistan

As of the end of 2024, the EDB's US\$ 15.7 million current investment portfolio in the Republic of Tajikistan. The cumulative portfolio of the Bank's investments projects in the Republic of Tajikistan exceeded US\$ 69.7 million (projects in the financial sector, agriculture, and other sectors). According to the strategy of the EDB, the bulk of the EDB's investment in Tajikistan will be used to promote food security and industrial diversification.

Uzbekistan

As of the end of 2024, Uzbekistan was not a member country of the Bank. The EDB's investments in Uzbekistan amounted to US\$ 400 million, consisting of financing provided to a mining company. The project was completed at the end of 2024.

Box 7.1. Eurasian Development Bank's Investments in India

In 2023, the EDB provided a bank guarantee for the return of an advance payment for the Indian company VA Tech Wabag, Ltd., to fulfill its obligations under the contract in the amount of US\$ 35 million. At the end of 2024, the EDB's investment portfolio in India amounted to US\$ 7 million.

India Exim Bank's Presence in Central Asia

As the apex financial institution in India, financing, promoting and facilitating India's international trade and investments, the Export-Import Bank of India (India Exim Bank)'s vision has evolved from financing, facilitating, and promoting trade and investment, to a conscious and systematic effort at creating export capabilities. Since India Exim Bank commenced operations in 1982, the emerging and developing, and least developed countries have always been a focus area, and thus formed a critical component of India Exim Bank's strategy to promote and support South-South cooperation, trade, and investment. India Exim Bank's commitment towards building relationships and fostering cooperation among southern countries is reflected in the various activities and programs that India Exim Bank has set in place. India Exim Bank operates a comprehensive range of financing, advisory, and support programs to promote and facilitate India's trade and investment.

Lines of Credit

India Exim Bank extends Lines of Credit (LOCs) to governments, parastatal organizations, financial institutions, commercial banks, and regional development banks to support export of eligible goods and services on deferred payment terms. India Exim Bank also extends and operates, at the behest of and with the support of the Government of India, LOCs to countries in the developing world.

Support for Project Exports

India Exim Bank extends both funded and non-funded facilities to Indian project exporters for overseas industrial turnkey projects, civil construction contracts, supplies as well as technical and consultancy services contracts. In the region, Indian project exporters had secured project export contracts comprising infrastructure development and power generation and transmission projects in Kazakhstan, Tajikistan, and Turkmenistan.

Finance for Joint Ventures

With a view to support Indian companies in their endeavor to globalize their operations, India Exim Bank operates a program to support overseas investments by Indian companies through joint ventures (JVs) and wholly owned subsidiary (WOS). Such support includes loans and guarantees, equity finance, and in select cases direct participation in equity along with the Indian promoter, to set up such ventures overseas. India Exim Bank has supported Indian companies towards setting up joint ventures in countries including Uzbekistan and Kazakhstan in the Central Asian region, in pharmaceuticals, healthcare services, and construction sectors with a sanctioned amount of INR 550 million.

Institutional Linkages

With a view to identifying opportunities and fostering a conducive environment for enhancing bilateral trade and investment relations with countries in the region, India Exim Bank has signed Memoranda of Understanding with institutions in the region such as UZBEKINVEST, the National Export-Import Insurance Company and National Bank for Foreign Economic Activity in Uzbekistan, and the Investment Promotion and Protection Agency of the Kyrgyz Republic.

Trade Assistance Programme

To address the widening global trade finance gap, India Exim Bank introduced a new trade finance product, Trade Assistance Programme (TAP). Under the aegis of TAP, India Exim Bank provides support through credit enhancement to trade instrument(s), thereby enhancing the capacity of commercial banks / financial institutions to support cross-border trade transactions involving untapped markets, where trade lines are constrained or where the potential has not been harnessed, and transactions may not materialize in the absence of such support. Presently all five Central Asian countries are covered under the TAP, as focus countries. Under TAP, transactions have been supported in Tajikistan aggregating to US\$ 7.3 million, facilitating export of textbooks and equipment from India, as well as for transmission lines in Tajikistan.

Representative Office

India Exim Bank has a representative office in Dubai, United Arab Emirates, which seeks to establish and maintain relationships with multilateral agencies, regional development institutions, trade and investment promotion bodies, international banks, chambers of commerce, government departments and institutions, and to identify areas of cooperation in the region, along with the countries in West and Central Asia. The representative office also plays a role in facilitating India's economic cooperation with Central Asian Republics, while keeping close coordination with Indian Missions in the region. The office projects the Bank's capabilities in financing India's international trade and investment, and also keeps the Bank abreast of developments in the economic and banking/ financial sectors of the region.

CHAPTER 8.

POTENTIAL FOR ENHANCING INDIA'S TRADE AND INVESTMENT RELATIONS WITH CENTRAL ASIAN COUNTRIES

India and the Central Asian countries offer natural synergy for expanding economic cooperation due to their bilateral complementarities across a spectrum of sectors. The agricultural landscape, encompassing related activities, food processing, and textiles, presents prospective areas for collaboration. Additionally, India's pharmaceutical expertise, coupled with Central Asia's resource-rich environment — encompassing mining, metallurgy, and hydrocarbons — presents mutually beneficial opportunities.

Beyond these established areas, the potential for synergistic partnerships extends to mineral processing, infrastructure development, construction, and the chemicals sector. A comprehensive analysis of India's export capabilities and the Central Asian counterparts' specific demand profiles can further illuminate high-potential sub-sectors ripe for investment and trade. By capitalizing on these complementary strengths, both parties could create mutually rewarding economic relationships.

Identification of Potential Commodities

Certain criteria were considered to identify the commodities with potential for exports from India to the Central Asian Nations, which include:

- Analysis of the import basket composition of the Central Asian Republics (CAR) and matching it with India's export capability (based on HS code at 2-digit level).
- Selection of potential export items, based on India's modest share in Central Asian Republics' import basket of major commodities and keeping in view India's global export capabilities. This would entail identification of potential export items up to the 2-digit commodity code.

↓ Table 8.1. Major Commodities in India-CAR Bilateral Trade in 2023

India's Exports to CAR (US\$ million)		
Pharmaceutical products (30)	281.2	37.9%
Electrical machinery and equipment (85)	89.8	12.1%
Machinery and mechanical appliances (84)	77.5	10.4%
Total	742.8	100.0%
CAR's Exports to India (US\$ million)		
Mineral fuels and mineral oils (27)	345.6	35.3%
Fertilizers (31)	208.7	21.3%
Inorganic chemicals (28)	127.2	13.0%
Total	977.8	100.0%

Source: ITC Trade Map.

India's Export Potential to Central Asian Nations

Kazakhstan

Kazakhstan constituted a significant portion of India's trade with Central Asia in 2023, accounting for 35% of India's total exports to Central Asia and 40.6% of India's total imports from the region. Despite this, India's market share in Kazakhstan's global imports across key product categories remains minimal.

Table 8.2 outlines Kazakhstan's major import items and India's corresponding share, highlighting the substantial untapped export potential. This is particularly evident given India's position as a global exporter of several of these products. Notably, several of these import items align with India's export strengths, indicating a promising potential for trade growth. The potential export items from India to Kazakhstan would include machinery; vehicles other than railway or tramway; electrical and electronic equipment; articles of iron or steel; pharmaceuticals; apparel; optical, photographic, medical or surgical instruments; iron and steel.

↓ Table 8.2. Kazakhstan's Major Global Imports and India's Share, 2023

HS Code	Product	Kazakhstan's imports from the world (US\$ mn)	India's exports to Kazakhstan (US\$ mn)	India's share in Kazakhstan's global imports (%)	India's exports to the world (US\$ mn)	Share of Kazakhstan in India's exports (%)
	All products	61,160.5	260.2	0.4	431,418.5	0.1
84	Machinery and mechanical appliances	9,637.6	21.1	0.2	29,303.3	0.1
87	Vehicles other than railway	7,763.3	4.2	0.1	20,816.6	–
85	Electrical machinery and equipment	5,854.9	75.5	1.3	32,315.5	0.2

73	Articles of iron or steel	2,673.3	2.7	0.1	9,742.0	–
39	Plastics and plastic articles	2,087.3	2.0	0.1	7,117.2	–
30	Pharmaceutical products	1,951.7	86.4	4.4	21,295.0	0.4
27	Mineral fuels and oils	1,817.1	–	–	89,332.9	–
62	Apparel, not knitted or crocheted	1,800.6	0.9	–	7,840.5	–
72	Iron and steel	1,743.2	–	–	11,823.5	–
61	Apparel, knitted or crocheted	1,659.4	0.3	–	6,664.2	–
90	Optical, photographic, cinematographic instruments	1,644.0	8.8	0.5	5,051.9	0.2
26	Ores, slag, and ash	1,201.2	–	–	3,982.3	–
88	Aircraft, spacecraft, and parts	1,158.3	–	–	1,933.3	–
40	Rubber and rubber articles	1,030.0	1.5	0.1	4,414.1	–
64	Footwear	964.1	1.1	0.1	2,533.9	–

Note: Hyphen denotes not available/ negligible

Source: ITC Trade Map and India Exim Bank Research

Kyrgyzstan

Kyrgyzstan accounted for 6.6% of India's total exports to the Central Asian Region in 2023. A great potential exists to further enhance India's exports, based on the import demand in Kyrgyzstan and India's export capability.

Table 8.3 details Kyrgyzstan's primary imports and India's corresponding share. While India holds a relatively strong position in pharmaceuticals (6.8% of Kyrgyzstan's global imports during 2023), its presence in other major import sectors is minimal. Considering India's export capabilities in these areas, there is scope to increase exports to Kyrgyzstan to meet the country's substantial import demand. Moreover, India enjoys a relatively robust export capability in most of these items which are among Kyrgyzstan's major imports. This would highlight the potential to further enhance these exports to Kyrgyzstan, in line with the huge import demand in the country.

The potential export items from India to Kyrgyzstan would mainly include vehicles other than railway; machinery; electrical machinery and equipment; iron and steel; articles of iron or steel; apparel.

↓ Table 8.3. Kyrgyzstan's Major Global Imports and India's Share, 2023

HS Code	Product	Kyrgyzstan's imports from the world (US\$ mn)	India's exports to Kyrgyzstan (US\$ mn)	India's share in Kyrgyzstan's global imports (%)	India's exports to the world (US\$ mn)	Share of Kyrgyzstan in India's exports (%)
	All products	12,350.4	49.1	0.4	431,418.5	0.01
87	Vehicles other than railway	3,200.2	0.9	–	20,816.6	–
84	Machinery and mechanical appliances	2,582.3	2.2	0.1	29,303.3	0.01
27	Mineral fuels and oils	893.8	–	–	89,332.9	–
85	Electrical machinery and equipment	648.6	1.0	0.1	32,315.5	–
60	Knitted or crocheted fabrics	429.9	–	–	458.8	–
72	Iron and steel	307.3	–	–	11,823.5	–
64	Footwear	286.1	–	–	2,533.9	–
39	Plastics and plastic articles	261.4	–	–	7,117.2	–
30	Pharmaceutical products	228.2	15.4	6.8	21,295.0	0.07
83	Miscellaneous articles of base metal	208.5	–	–	850.3	–
73	Articles of iron or steel	154.8	–	–	9,742.0	–
61	Apparel, knitted or crocheted	144.7	3.1	2.2	6,664.2	0.05
54	Man-made textile materials	142.1	–	–	1,795.2	–
08	Edible fruit and nuts	138.2	0.2	0.1	1,507.5	0.01
88	Aircraft, spacecraft, and parts	132.2	–	–	1,933.3	–

Note: Hyphen denotes not available/ negligible.

Sources: ITC Trade Map and India Exim Bank Research

Tajikistan

Tajikistan accounts for 6.9% of India's total exports to the Central Asian Region. While at present, bilateral trade is modest, with India's exports to the country amounting to only US\$ 51.8 million during 2023, there exists a significant potential to enhance these exports, based on the import demand in Tajikistan and India's export capability.

Table 8.4 presents Tajikistan's major import items, in terms of 2-digit HS code, and India's share in Tajikistan's global imports of these items. India's share in almost all of Tajikistan's major imports except for pharmaceutical products (38.3% share

in Tajikistan's global imports) and sugars and confectionery (7%) is marginal. India has a huge export capability in most of Tajikistan's major imports. This would highlight the potential to further enhance these exports to Tajikistan, in line with the huge import demand in the country.

The potential export items from India to Tajikistan would thus mainly include petroleum products; vehicles other than railway; machinery; cereals; iron and steel; electrical equipment; articles of iron and steel; and pharmaceutical products.

↓ Table 8.4. Tajikistan's Major Global Imports and India's Share, 2023

HS Code	Product	Tajikistan's imports from the world (US\$ mn)	India's exports to Tajikistan (US\$ mn)	India's share in Tajikistan's global imports (%)	India's exports to the world (US\$ mn)	Share of Tajikistan in India's exports (%)
	All products	5,704.4	51.7	0.9	431,418.5	0.01
27	Mineral fuels and oils	957.5	–	–	89,332.9	–
87	Vehicles other than railway	755.1	–	–	20,816.6	–
84	Machinery and mechanical appliances	501.5	0.7	0.1	29,303.3	–
10	Cereals	332.7	1.0	0.3	11,293.3	0.01
72	Iron and steel	322.3	–	–	11,823.5	–
44	Wood and articles of wood	247.3	–	–	620.9	–
85	Electrical machinery and equipment	246.6	0.1	–	32,315.5	–
39	Plastics and plastic articles	175.7	–	–	7,117.2	–
15	Animal, vegetable fats and oils	141.2	–	–	1,911.6	–
73	Articles of iron or steel	137.6	1.1	0.8	9,742.0	0.01
28	Inorganic chemicals	123.5	–	–	3,243.7	–
17	Sugars and sugar confectionery	116.3	8.2	7.0	4,279.3	0.19
88	Aircraft, spacecraft, and parts	96.6	–	–	1,933.3	–
30	Pharmaceutical products	92.5	35.4	38.3	21,295.0	0.17
23	Residues and waste from the food industries	87.0	–	–	3,009.3	–

Note: Hyphen denotes not available/ negligible.

Sources: ITC Trade Map and India Exim Bank Research

Turkmenistan

Turkmenistan comprised 6.1% of India's total exports to Central Asia in 2023, yet India's market penetration in Turkmenistan remains limited. Table 8.5 indicates that while India holds a substantial 28.5% share in Turkmenistan's pharmaceutical imports, its presence in other key import categories is minimal. Given India's export capabilities in these areas, there is considerable potential to expand exports to Turkmenistan to align with the country's significant import demand.

Potential export items to Turkmenistan would include machinery; electrical equipment; vehicles other than railway; articles of iron or steel; cereals; iron and steel; miscellaneous chemical products; plastics and plastic articles; and pharmaceutical products.

↓ Table 8.5. Turkmenistan's Major Global Imports and India's Share, 2023

HS Code	Product	Turkmenistan's imports from the world (US\$ mn)	India's exports to Turkmenistan (US\$ mn)	India's share in Turkmenistan's global imports (%)	India's exports to the world (US\$ mn)	Share of Turkmenistan in India's exports (%)
	All products	3,610.8	45.2	1.3	431,418.5	0.01
84	Machinery and mechanical appliances	681.0	3.2	0.5	29,303.3	0.01
85	Electrical machinery and equipment	456.2	1.1	0.3	32,315.5	–
87	Vehicles other than railway	324.3	0.1	–	20,816.6	–
73	Articles of iron or steel	292.0	0.2	0.1	9,742.0	–
10	Cereals	178.0	–	–	11,293.3	–
38	Miscellaneous chemical products	123.0	0.2	0.2	6,638.0	–
39	Plastics and articles thereof	102.6	0.4	0.4	7,117.2	0.01
30	Pharmaceutical products	99.7	28.4	28.5	21,295.0	0.13
90	Optical, photographic, cinematographic instruments	98.8	1.0	1.0	5,051.9	0.02
94	Furniture	87.5	–	–	2,339.5	–
40	Rubber and rubber articles	75.9	1.3	1.8	4,414.1	0.03
76	Aluminum and articles made thereof	71.8	0.1	0.2	7,334.8	–
72	Iron and steel	67.0	1.1	1.7	11,823.5	0.01
33	Essential oils and toilet preparations	43.2	0.1	0.2	2,873.8	–
27	Mineral fuels and oils	41.0	–	–	89,332.9	–

Note: Hyphen denotes not available/ negligible.

Source: ITC Trade Map and India Exim Bank Research

Uzbekistan

Uzbekistan emerged as India's primary export destination in Central Asia in 2023, accounting for 45.3% of total regional exports. Despite this, India's market share in Uzbekistan's key imports remains relatively small.

Table 8.6 presents Uzbekistan's major import items, in terms of 2-digit HS code, and India's share in Uzbekistan's global imports of these items. While India holds a moderate share in Uzbekistan's pharmaceuticals sector (12.6% of Uzbekistan's global imports), its presence in other major import categories is minimal. Given India's robust export capabilities in these areas, there is considerable potential to expand exports to Uzbekistan, aligned with the country's substantial import demand.

The potential export items from India to Uzbekistan would mainly include machinery; vehicles other than railway; electrical equipment; iron and steel; plastics and plastic articles; pharmaceutical products; optical, photographic, cinematographic, and medical equipment; cereals; and articles of iron or steel.

↓ Table 8.6. Uzbekistan's Major Global Imports and India's Share, 2023

HS Code	Product	Uzbekistan's imports from the world (US\$ mn)	India's exports to Uzbekistan (US\$ mn)	India's share in Uzbekistan's global imports (%)	India's exports to the world (US\$ mn)	Share of Uzbekistan in India's exports (%)
	All products	28,677.3	336.4	1.2	431,418.5	0.08
84	Machinery and mechanical appliances	5,677.4	49.0	0.9	29,303.3	0.17
87	Vehicles other than railway	5,510.2	5.3	0.1	20,816.6	0.03
85	Electrical machinery and equipment	3,990.3	12.1	0.3	32,315.5	0.04
72	Iron and steel	975.0	0.4	–	11,823.5	–
39	Plastics and plastic articles	924.3	2.6	0.3	7,117.2	0.04
30	Pharmaceutical products	921.2	115.6	12.6	21,295.0	0.54
10	Cereals	873.5	0.3	–	11,293.3	–
73	Articles of iron or steel	783.9	1.0	0.1	9,742.0	0.01
90	Optical, photographic, cinematographic instruments	575.2	7.5	1.3	5,051.9	0.15
88	Aircraft, spacecraft, and parts	503.0	0.2	–	1,933.3	0.01

40	Rubber and rubber articles	490.6	4.0	0.8	4,414.1	0.09
27	Mineral fuels and oils	442.2	4.5	1.0	89,332.9	–
38	Miscellaneous chemical products	361.0	5.3	1.5	6,638.0	0.08
60	Knitted or crocheted fabrics	338.3	–	–	458.8	–
54	Man-made textile materials	334.4	4.8	1.4	1,795.2	0.27

Note: Hyphen denotes not available/ negligible.

Sources: ITC Trade Map and India Exim Bank Research

India's Import Potential from Central Asian Countries

The Central Asian nations are diverse economies with immense development scope when provided with a suitable ecosystem. There exists huge export potential in these nations, stemming from their abundance of minerals and deposits of metals. [Table 8.7](#) lists potential export commodities of Central Asian nations based on India's import demand and the export capabilities of the Central Asian countries.

Petroleum oils, oils from bituminous minerals, and crude were the single largest imported product by India under the mineral fuels and mineral oils category. India's global imports for mineral fuels and oil stood at US\$ 220.6 billion in 2023, out of which the CARs accounted for a marginal share of 0.2% at US\$ 345.6 million. Following crude oil imports, the other commodities which account for a considerable share of India's imports from CARs are fertilizers, inorganic chemicals and iron and steel. CARs have huge deposits of rare minerals and gases; however, due to limited technology the exploration has moved at a slow pace. There exists potential for enhancing exports of inorganic chemicals from CARs to India. Other than these, products including copper and articles made of it also present immense opportunities of mutual gain for both India and the CARs.

The Union Budget of India 2024–25 aims to integrate nuclear energy and set up small reactors in partnership with the private sector. Central Asian countries could act as reliable partners in supplying rare earth minerals like uranium used for generation of nuclear energy.

↓ Table 8.7. India's Global Imports and Central Asia's Share, 2023

HS Code	Products	India's imports from the world (US\$ mn)	CARs exports to India (US\$ mn)	CARs share in India's global imports (%)	CARs exports to the world (US\$ mn)	Share of India in CAR's global exports (%)
	All products	671,997.3	977.8	0.1	115,817.3	0.8
27	Mineral fuels and mineral oils	220,572.2	345.6	0.2	60,710.3	0.6
85	Electrical machinery and equipment	76,040.9	2.8	0.0	1,479.1	0.2
71	Pearls, precious or semi-precious stones, precious metals	72,580.1	59.8	0.1	13,450.5	0.4
84	Machinery and mechanical appliances	57,047.1	0.3	0.0	2,315.2	0.0
29	Organic chemicals	27,259.5	0.4	0.0	109.3	0.3
39	Plastics and plastic articles	22,583.8	0.2	0.0	726.2	0.0
72	Iron and steel	18,904.2	37.4	0.2	4,583.2	0.8
15	Animal, vegetable or microbial fats and oils	16,560.8	0.0	0.0	431.4	0.0
90	Optical, photographic, and surgical instruments	12,621.5	0.2	0.0	251.7	0.1
31	Fertilizers	10,422.2	208.7	2.0	1,907.4	10.9
88	Aircraft, spacecraft, and parts	10,085.4	0.0	0.0	224.7	0.0
28	Inorganic chemicals	9,987.2	127.2	1.3	4,681.9	2.7
74	Copper and articles	9,072.5	0.1	0.0	4,412.1	0.0
87	Vehicles other than railway	7,682.4	0.0	0.0	1,155.6	0.0
38	Miscellaneous chemical products	7,603.4	0.5	0.0	182.0	0.3

Notes: Hyphen denotes not available/ negligible;

Sources: ITC Trade Map and India Exim Bank Research

Investment Potential in Central Asian Republics

Central Asia, once known primarily for its role in facilitating transcontinental trade along the Silk Road, has been transformed into a vibrant bridge connecting Europe with Asia. Its strategic location, bordered by major economies like Russia, India, and China, offers unique geographic advantages. The region is endowed with rich natural resources, including substantial oil and gas reserves, diverse minerals, and a varied ecosystem. While investment climates vary across the region, countries have implemented policies to attract foreign direct investment, showcasing the potential for economic development in certain sectors aligned with these natural endowments. The abundance of natural resources presents a wealth of opportunities, particularly

in sectors that align with Central Asia's unique strengths. These include renewable energy, leveraging the region's solar and wind potential. Additionally, investments in logistics and transportation infrastructure, capitalizing on the region's position as a crucial link between continents, hold immense promise. With a growing middle class, Central Asia has the potential to bolster its agricultural sector. By focusing on key crops like wheat, cotton, and fruits, while also diversifying production, the region can enhance food security and contribute to regional and global food markets. With the evolving global landscape, Central Asia is presenting opportunities for investors.

The following sectors represent promising opportunities for Indian investors in the Central Asian Republics:

Kazakhstan: Petrochemical Industry, Mining and Metallurgical Sector, Agribusiness and Food Processing, Healthcare.

Kyrgyzstan: Renewable Energy, Agriculture and Food Processing, Textile Manufacturing, Tourism and Hospitality.

Tajikistan: Mining and Refining, and Heavy Equipment, Information and Communication Technologies (ICT), Electrical Power Systems.

Turkmenistan: Petrochemicals Exploration and Processing, Logistics and Transportation.

Uzbekistan: Agricultural and Food Processing, Hydrocarbon Processing and Chemical Industry, Travel and Tourism.

Kazakhstan

Kazakhstan is the world's largest landlocked nation in the heart of Asia and endowed with a unique mineral resource base. The country is ranked ninth globally in proven oil reserves, eighth in the world in coal reserves, and second in uranium reserves. Beyond its energy riches, Kazakhstan is a major grain exporter and flour producer, and possesses a reserve of uranium, zinc, tungsten, barium, sulfate, phosphate compounds, silver, lead, chrome, copper, fluorites, molybdenum, and gold. The following are the sectors that have witnessed major investments and have further potential of growth. Owing to the Government's efforts to diversify the economy, ample opportunities are opening up for investment in agribusiness, mining, petrochemicals, healthcare, transport, logistics, tourism, and machine building ([Kazakh Invest, 2024](#)).

Petrochemical Industry

Kazakhstan holds substantial oil reserves of 13.2 billion tons, ranking 12th globally ([Kazakh Invest, 2024](#)). The Caspian Sea region boasts the largest proven reserves within the country. While oil dominates the resource landscape, Kazakhstan also

possesses significant geological natural gas reserves of 3.9 metric tons. Recognizing the potential for growth, the government aims to attract foreign investment in the petrochemical sector. It has adopted a Comprehensive Plan for the development of major oil and gas and petrochemical projects for 2023–2027, with an expected investment of US\$ 37.3 billion ([Office of Prime Minister of Kazakhstan, 2023](#)). Special attention has been given to major oil and gas projects at the Tengiz, Karachaganak, and Kashagan fields, aimed at increasing oil production to 105.5 million tons and gas production to 82.1 billion cubic metres (m³) by 2027.

Opportunities abound in various sub-sectors, including equipment for drilling, refining, and pipeline management. Additionally, expertise in areas like seismic processing and environmental technologies is sought after. Kazakhstan's developing oil and gas industry presents a chance for Indian petrochemical companies to contribute their technical knowledge and infrastructure solutions using environmentally sensitive technologies. Kazakhstan has great potential for developing its petrochemical and chemical industry. Some of the priority sectors for development in Kazakhstan include petrochemicals (polypropylene) and agrochemical (fertilizers and herbicides) ([Exim Bank India, 2022](#)).

Boasting rich reserves of nitrogen and phosphorus, crucial for agrochemicals like fertilizers and pesticides, Kazakhstan leverages these resources through its dominant fertilizer producers, Kazphosphate and KazAzot, which hold a combined market share of 96%. While the country exports potassium and mixed fertilizers, it imports nitrogen fertilizers to meet domestic demand. In 2022, Kazakhstan produced a total of 543,000 tons of fertilizers, with nitrogen-based fertilizers accounting for 414,000 tons ([AIFC, 2024](#)). To further bolster its fertilizer production capacity, Kazakhstan is actively implementing several investment projects.

Mining and Metallurgical Sector

Mining and metallurgy form the backbone of the economy and contributed 14.1% to the GDP during 2023. Endowed with rich mineral resources, Kazakhstan ranks first globally in uranium and tungsten reserves and processing, second globally in chromium reserves with a share of 16.2% of world reserves, sixth globally in gold production, and eleventh in copper and zinc production. In 2023, it exported US\$ 10.5 billion worth of mining resources primarily to China, Russia, and Türkiye ([Kazakh Invest, 2024](#)). Despite the richness of its natural resources, Kazakhstan lacks its own mining machinery industry and relies heavily on Russian imports. Indian mining equipment firms and heavy machinery suppliers could explore this market, which has significant demand in Kazakhstan, while ensuring minimal negative impact on the environment.

Agribusiness and Food Processing

The agriculture sector primarily constitutes food production, cattle production and rearing, and the food-processing industry. Kazakhstan's total agricultural land spans around 200 million hectares, of which 180 million hectares is for pasture and 25 million hectares of arable land ([Kazakh Invest, 2024](#)). The economy possesses a massive export potential of livestock, dairy, and poultry to European and Asian nations. Opportunities exist in agricultural businesses for modern production technologies, especially within the animal husbandry, meat production, and specialty crop production sectors. India can leverage the strength of its agriculture sector and explore exports of agricultural machinery, tractors, and equipment storage and processing equipment, yield enhancement technologies, food-processing equipment, and smart agricultural technologies.

Healthcare

Kazakhstan's general government health expenditure was 2.6% of GDP in 2021 ([World Bank, 2024](#)). Despite the high government funding in the healthcare sector, households' out-of-pocket expenses continue to remain high. This calls for an increase in investment in the healthcare sector with a focus on strengthening primary healthcare for preventive care and easier access. 85% of the medical equipment in Kazakhstan is purchased by the public sector through government-related tenders ([ITA, 2022](#)). With the emergence of more private and Indian players into the market, the quality and accessibility of the healthcare system is likely to improve. India could supply its medical devices, such as electro-medical diagnostic and therapy equipment, X-ray equipment and supplies, equipment for cardiology and cardio surgery, and laboratory equipment. Likewise, opportunities for Indian companies could exist in executing project exports involving setting up of hospitals and development of medical hubs for the Central Asian countries.

Kyrgyzstan

The Kyrgyz Republic, a lower-middle-income country, possesses significant resources like gold and hydropower. It plays a key role in Central Asia as a transit hub, with major freight routes traversing its territory in both the northeast direction (Kazakhstan to Russia, onward to Tajikistan and Afghanistan) and the southeast direction (connecting Central Asia to China). The country offers various schemes to promote exports, including free economic zones that provide special customs benefits for importing and exporting companies. Kyrgyzstan's investment climate is relatively attractive, with an advanced legal framework, simplified documentation processes, a skilled and affordable workforce, and a market-oriented economy driven by the private sector. This combination creates significant potential for investment across diverse sectors of the Kyrgyz economy.

Renewable Energy

There exist immense opportunities for harnessing hydropower energy, which is estimated between 140–170 Terawatt-hours (TWh) (National Investments Agency of Kyrgyz Republic). This positions the country as a significant player in Central Asia, holding around 30% of the region's hydropower potential. Additionally, the country possesses abundant supplies of high-quality water for residential and industrial uses. Its energy mix is highly dependent on hydropower, which accounts for 90% of electricity generated (ITA, 2024a). Recognizing this dependence, the Kyrgyz government actively seeks collaboration with experienced industry leaders to modernize their energy infrastructure. Major investment opportunities include new infrastructure for production of hydro energy, transmission of electricity, natural gas pipelines, natural gas distribution systems, main grid connectivity, and modernization and development of cross-border electrical connections.

While solar and other renewable sources like geothermal and biomass are still in early stages of development in Kyrgyzstan, there's a growing need for technology and expertise to unlock their potential. The country's geography and climate are highly suitable for solar power. With its mountainous terrain (94% of the land) ranging from 800 to over 4,000 meters above sea level, and an average of 260 sunny days per year, Kyrgyzstan has significant resources to harness solar energy. India can leverage its expertise in the renewable energy space by exporting machinery and equipment or setting up plants, thus fostering the domestic technology and manufacturing capabilities for renewable energy technologies like solar panels and wind turbines.

Agriculture and Food Processing

Kyrgyzstan prioritizes agriculture, supported by government initiatives. The country boasts a favorable climate, naturally grown produce, and a strategic location, making it ideal for agricultural development. This sector employs a significant portion of the workforce (26.7%) and contributes 12% to the GDP (National Investments Agency of Kyrgyz Republic). It encompasses both production and processing of agricultural goods. Notably, Kyrgyzstan has the potential to become a major producer of organic products due to its existing practices. Many agricultural products like fruits, vegetables, honey, and cotton are exported to neighboring and developed countries.

The food and beverage industry, a key part of the food-processing sector, leverages various agricultural value chains. It plays a significant role in production, employment, and exports. Kyrgyzstan is known for processed foods like meats, honey, canned goods, dried fruits and vegetables, nuts, and dairy products. Indian investors can find opportunities in processing these products using new technologies, targeting niche markets with high-quality, low-cost raw materials, and developing high-value and organic food options.

Textile Manufacturing

The Kyrgyz Republic boasts a long history of garment manufacturing, dating back to the Soviet era. Following independence, the industry flourished due to advantageous factors like low labor costs and beneficial customs agreements. This trend continued in the modern economic situation, with the sector experiencing remarkable growth. However, given the limited domestic market, Kyrgyz garment producers rely heavily on exports to Russia and Kazakhstan, with garments ranking third (behind gold and agricultural products) in total national exports. Recognizing this, the Kyrgyz government actively supports the textile industry through stakeholder engagement, infrastructure development, and tax/non-tax incentives to attract investment and further propel growth. This robust industry presents a valuable opportunity for Indian retailers seeking to diversify their supply chains and expand market reach within the Eurasian Economic Union and neighboring countries.

Tourism and Hospitality

The Kyrgyz Republic has a strong competitive edge in tourism, offering a unique and year-round captivating landscape. Recognized as one of the planet's 200 priority ecological regions, the country possesses exceptional tourist potential. Encompassing 22 diverse ecosystems and a network of protected natural areas, it caters to a variety of interests. Tourist arrivals witnessed significant growth, rising from 1.2 million in 2010 to 8.5 million in 2019, before the pandemic-induced dip in 2020. The attractiveness and resilience of the sector is further demonstrated by the rebound to 6.9 million arrivals in 2022 (UN Tourism Statistics). A growing segment of young Indians with rising disposable income is also displaying a strong interest in countries in Central Asia as tourism destinations. This trend presents a lucrative opportunity for Indian service providers in the tourism sector to develop premium tourism facilities catering to both Indian and Central Asian tourists and tourists from other neighboring countries. This investment could be complemented by the simultaneous development of related sectors like hotels and hospitality services.

Tajikistan

Tajikistan, a Central Asian nation rich in resources like gold, cotton, and aluminum, seeks to attract foreign investment. It has undertaken reforms in recent years to improve its business environment. These include simplifying business registration through a "single window" system, permitting full foreign ownership of local companies, and ensuring equal rights for domestic and foreign investors. Notably, all sectors are open for foreign participation except for strategic areas like aviation, defense, and security, which require government approval.

Mining and Refining, and Heavy Equipment

Tajikistan's vast mineral wealth is evident in its over 600 documented deposits of 50 different minerals. This includes precious metals like gold and silver, industrial minerals like lead, zinc, and tungsten, and construction materials like rock salt and limestone. The mining sector is a significant contributor to the national economy, accounting for over 20% of industrial output in 2022 (ITA, 2024b). To further develop this industry, Tajikistan is seeking foreign investment. Indian companies, in particular, have a lucrative opportunity by supplying equipment across the mining value chain. This includes heavy machinery like earthmovers and grinders for extraction, processing equipment for refining minerals, and equipment for handling construction materials. With a large potential market and supportive government policies, Tajikistan presents a compelling destination for Indian investment in the mining sector.

Information and Communication Technologies (ICT)

Tajikistan's ambitious Concept for Digital Economy envisions a complete transformation from its agricultural roots to a modern, digitalized, service-based economy. This strategy recognizes the critical role of telecommunications, currently a major sector generating significant revenue (US\$ 250–400 million annually) (ITA, 2024b). The full potential for digitalization extends far beyond just telecommunications, encompassing innovations like digital public infrastructure and smart city solutions. Given India's established expertise in digital technologies and ICT, there is a lucrative opportunity for collaboration across various subsectors. Indian companies could contribute to Tajikistan's digital transformation by providing cutting-edge solutions like satellite communication, smart infrastructure for transportation and cities, process automation technologies, upgraded mobile networks with 5G capabilities, and Internet of Things (IoT) equipment and technologies.

Electrical Power Systems

Tajikistan aspires to become a major energy exporter, capitalizing on its abundant hydropower and solar resources. Currently, hydropower dominates the country's energy mix at 92%, with fossil fuels and other sources playing a minor role. The government is actively modernizing the power grid and seeks partnerships to develop solar power. With its extensive sunshine hours (averaging 300 days a year) and mountainous landscapes, Tajikistan has ample space for solar farms. Recognizing the shift towards electric vehicles, the government is also encouraging the development of charging and monitoring infrastructure. Given India's strengths in renewable energy technology and equipment, there is significant potential for collaboration in supplying power transmission equipment, solar panels and batteries, electric vehicle charging stations, and hydropower generation technology.

Turkmenistan

Turkmenistan, known for its centralized government, has a significant base of natural resources including petroleum, natural gas, sulfur, and salt. While roughly half of its natural gas production caters to domestic needs, the rest is exported, primarily to China. In 2023 Turkmenistan's top import partners were Türkiye, China, and Kazakhstan, with India ranking at the 11th position. Despite this, India has a strong opportunity to deepen trade relations. Turkmenistan's plans to expand consumer goods manufacturing, diversify agriculture, and leverage its strategic location for regional trade all present promising avenues for collaboration.

Petrochemicals Exploration and Processing

Turkmenistan's vast hydrocarbon reserves position it as a major player in Eurasia, ranking third in natural gas supply for the region (IEA, 2021). The nation leverages these resources through two operational oil refineries, and exports the surplus natural gas, primarily to China. Recognizing the industry's potential, Turkmenistan seeks foreign investment to expand its downstream sector. Indian companies can capitalize on this by providing expertise and equipment for oil and gas exploration, including seismic imaging software and drilling equipment.

Beyond hydrocarbons, Turkmenistan boasts a well-established chemical industry, producing fertilizers, acids, and minerals. The government aims to significantly increase fertilizer output (reaching 5 million tons annually, with 1.4 million tons being potash fertilizers) and to nearly triple iodine production by 2030 (ITA, 2023a). Opportunities exist for Indian firms to partner in constructing urea and ammonia plants, iodine and bromine facilities, and production units for organic polymers, caustic soda, and high-grade glass, among others.

Logistics and Transportation

Turkmenistan is setting its sights on becoming a key logistics and transport hub, aiming to bridge both North–South and East–West trade routes. To achieve this, large-scale infrastructure upgrades are underway across all transportation sectors. This ambitious plan includes a new six-lane superhighway connecting Turkmenistan to the Caspian Sea, along with railway improvements backed by the Asian Development Bank (ADB) (ITA, 2023a). Indian companies could play a pivotal role in this transformation by offering their expertise in construction and maintenance consulting services. Additionally, supplying specialized transportation machinery, earth-moving equipment, and solutions for establishing logistics centers would align perfectly with Turkmenistan's goals. This collaboration can extend beyond traditional infrastructure projects. Indian firms can offer solutions for airport navigation equipment, and specialized machinery for efficient commodity transportation. By catering to Turkmenistan's diverse transportation needs, Indian

companies can become key partners in realizing the country's vision as a vital regional logistics hub.

Uzbekistan

Uzbekistan is endowed with natural resources, including uranium, copper, gold, natural gas, and a variety of valuable minerals. This resource wealth, coupled with a young and growing workforce, positions Uzbekistan as a significant player in the CIS region, ranking third behind Russia and Kazakhstan in terms of GDP, with US\$ 90.8 billion in 2023 (WEO, April 2024). The country's strategic location at the crossroads of Europe and Asia further enhances its appeal to investors.

Uzbekistan offers a compelling investment proposition due to several factors. First, the abundance of raw materials and readily available labor force presents a significant advantage. Second, its location grants direct access to the markets of all Central Asian countries. Finally, the government actively fosters a business-friendly environment through various incentives, including tax breaks, simplified registration procedures, and in some cases, even state subsidies. These measures, combined with the growth in public and private investments driven by the government's export-oriented and import-substitution industrial policies, are creating a fertile ground for Indian businesses to explore promising opportunities in Uzbekistan. There are a number of promising sectors which could attract Indian companies, including information technology, pharmaceuticals, medicine, light industry, and education.

Agricultural and Food Processing

Uzbekistan's agricultural sector is a cornerstone of its economy, contributing roughly 25% to GDP and employing about 26% of the workforce (ITA, 2023b). Traditionally focused on cotton and grains, recent reforms eliminating quotas and price controls have paved the way for diversification towards higher-value crops like fruits and vegetables. This shift aligns with the government's emphasis on food security, achieved through prioritizing wheat production and supporting increased poultry and livestock farming initiatives. The recently adopted 2022–2026 Program for the Development of the Livestock Sector further underscores this commitment.

Uzbekistan's current cold storage capacity sits at a meager 1.5 million tons, representing just 7% of its produce. Recognizing this limitation, the government has ambitious plans to double cold storage capacity by 2025. Looking ahead, their development plan aims to achieve 3.4 million tons of processing capacity by 2030, which would handle a significant 30% of the nation's annual harvest.

India's expertise in the agricultural sector could play a vital role in this transformation. Investment opportunities exist in areas like storage, packaging, and processing of fresh produce, microclimate control solutions for greenhouses, and advancements

in water supply and irrigation technologies. Investors could also venture into meat and milk processing, compact processing machinery for use by small businesses, and food-packaging material like cardboard, paper, aluminum foil, and stretch films. By collaborating with Uzbekistan, Indian companies could not only cater to the large domestic market but also tap into the broader Central Asian region.

Hydrocarbon Processing and Chemical Industry

Mining, quarrying, and oil and gas extraction are the leading industries. The Uzbekistan government aims to leverage foreign expertise and technology to diversify these industries and unlock the full potential of Uzbekistan's valuable oil and gas resources through deeper processing.

Uzbekistan's chemical industry, valued at roughly US\$ 5.7 billion in 2022, is a significant contributor to the national economy. With over one fifth of its production exported, this sector offers promising opportunities for foreign investors. The government's commitment is evident in its National Program for Chemical Industry Development, allocating US\$ 12.1 billion for investments across 31 projects between 2019 and 2030. This encourages Indian companies to participate in various sub-sectors. Technologies and equipment for production in areas like petrochemicals, fertilizers, and industrial chemicals present lucrative options. Looking beyond chemicals, investments in oil and gas extraction, along with supporting activities for Uzbekistan's mining industry, could be mutually beneficial endeavors for both nations.

Travel and Tourism

Uzbekistan's diverse landscapes and rich history are fueling a surge in tourism. Tourist arrivals nearly tripled from 1.8 million tourists in 2021 to 5.2 million in 2022, though pre-pandemic levels have not been reached yet (6.75 million in 2019). The government had set a target to attract 7 million visitors and generate US\$ 2.5 billion in tourism revenue by 2024 (ITA, 2023b). The country as part of its Vision 2030 strategy aims to increase the number of foreign tourists to 15 million from 6.6 million recorded in 2023.

The government is also promoting pilgrimage tourism. With over 1,200 shrines, the country envisions attracting 1 million pilgrims annually. For this purpose, the government is also working towards increasing the flight connections to Uzbekistan from Middle Eastern and Asian nations, train qualified guides, and improve conditions and roads to pilgrimage sites.

Investment opportunities for Indian investors exist in the hospitality and travel sectors. International hotel chains are scarce outside Tashkent, creating a demand for hotels and franchises in Samarkand, Bukhara, and Khiva. In Uzbekistan's aviation sector, public-private partnerships for airport management offer exemption from customs duties and a 50% reduction in income and property taxes for three years.

Potential Areas for Investment in India by Central Asian Economies

India stands out as a global economic powerhouse with a rapidly growing economy, even amidst global challenges since 2020. This resilience is a testament to its investor-friendly policies that have successfully attracted significant foreign capital and fostered sustainable growth. The government's "Make in India, Make for the World" initiative capitalizes on this strength by incentivizing leading global companies to invest in the Indian manufacturing sector, further solidifying the nation's position as a key player in the global market.

The Central Asian countries could perhaps explore the following sectors in India for investment based on their mutual interest and expertise.

Renewable Energy

India's geographic location presents a significant advantage for harnessing renewable energy sources. Situated in the tropics, the country receives high levels of solar radiation throughout the year, making it an ideal choice of country for solar power generation. Additionally, India's extensive coastline provides consistent and strong winds, ideal for wind energy production. This is reflected in India's global ranking, placing it fourth in total installed renewable energy capacity (including large hydro), fourth in wind power capacity, and fifth in solar power capacity. Underscoring this potential, India pledged ambitious nationally determined contributions (NDCs) under the Paris Agreement during the 26th Conference of Parties, or COP26, to combat climate change. These goals include achieving net-zero emissions by 2070 and establishing a target of 500 gigawatts of non-fossil fuel-based energy production by 2030. The renewable energy sector could be of interest for Central Asian countries for investing in India.

Agriculture and Related Activities

The Indian agriculture and food industry has undergone a remarkable transformation in the past three decades. Boasting the world's second-largest production in food, horticulture, and fisheries, and ranking first in production of milk and spices, the sector is a significant contributor to the Indian economy. Further, growth in exports in recent years has fueled expansion, innovation, and adoption of new technologies and practices, propelling the exploration of domestic and international markets.

India's agritech sector has witnessed robust growth over the past three years. This can be attributed to several key drivers: expanding digital connectivity across the nation; innovations by Indian agri start-ups that resulted from disruptions in supply chains caused by the COVID-19 pandemic, like creation of e-market places for selling agriculture produce and offering end-to-end supply chain management; a growing

consumer preference for high-quality produce; and a significant rise in interest from private equity and venture capital firms. Notably, with nearly 2,800 recognized agritech startups as of December 2023, India's focus on agritech investment emanates from the global trend of investment in innovative food products. The focus has been on providing technology solutions to enhance farm practices and agricultural efficiency while mitigating climate risks. The government has been constantly making efforts to promote precision farming initiatives and climate-smart agriculture in the face of climatic vagaries to reduce the negative impact of climate change on traditional agricultural systems. The creation of digital public infrastructure like easing digital reach through Farmers Producer Organizations (FPOs), digital soil-health cards, and the development of Agri Stack, a unified agricultural database, has been helping agritech companies to easily access and scale up their business models.

According to the Food and Agriculture Organization (FAO), agriculture is one of the major economic sectors of the Central Asian countries. The agriculture and agritech sector remains an attractive and mutually beneficial sector for Central Asian countries to invest in India. Areas of collaboration could include mechanization of farm processes, supporting MSMEs, focus on the processed-food industry, and increasing irrigated land using climate-smart and water- saving technologies.

CHAPTER 9.

KEY POLICY RECOMMENDATIONS

While the Central Asian Republics are strategically located in the center of the Eurasian landmass and are endowed with immense natural and mineral resources with untapped potential, they also remain logistically challenged due to their geographical conditions and the fact that they are landlocked countries. Trade and investment relations with countries outside the region have been limited in scope. India's bilateral engagements with countries in Central Asia have also been modest owing to limited connectivity, when compared to other partner countries of the region. This relationship could, however, be bolstered by collaboration in sectors like agribusiness, renewable energy, healthcare and pharmaceuticals, IT and ICT, besides the traditional oil and gas sector. India's engagements with the Central Asian countries have in fact grown over the years, reflecting their importance as India's "Extended Neighborhood".

A few strategies to enhance closer cooperation between India and Central Asian countries in order to further harness the bilateral trade and investment opportunities existing are briefly discussed below.

Enhancing Trade based on Identified Potential

Presently India's share in the global imports of Central Asian economies remain modest (Kazakhstan — 0.4%, Kyrgyzstan — 0.4%, Tajikistan — 0.9%, Turkmenistan — 1.3% and Uzbekistan — 1.3% in 2023). India needs to expand its exports in products in which India has significant export capabilities at a global level, but which account for a modest share in Central Asia's imports. This study has identified potential items of exports which could be targeted by Indian exporters. These broadly include machinery, transport vehicles, electrical equipment, articles of iron and steel, pharmaceutical products, optical, photographic and surgical equipment, apparel, chemical products, cereals, and plastics and plastic articles. India's imports from Central Asia in 2023 were also modest, with Central Asia accounting for a share of 0.1%. Central Asia holds enormous potential to increase its exports to India for products like mineral fuels, fertilizers, inorganic chemicals and compounds of rare earth metals, among others.

The Reserve Bank of India has put in place an arrangement allowing transactions in domestic currencies, to promote growth of global trade with emphasis on exports from India and to support the increasing interest of the global trading community in the INR. Banks from Kazakhstan among the Central Asian countries have opened Special Rupee Vostro Accounts in Indian banks. Further impetus to this scheme and local currency trade settlement agreements with the Central Asian nations could help in optimizing trade costs.

Cooperation in Digital Public Infrastructure

India has built a strong digital economy, driven by robust Digital Public Infrastructure (DPI), contributing significantly to economic development. Aadhaar, a unique ID system that uses biometrics and other data to identify citizens, has emerged as a significant DPI, finding relevance and acceptability across various sectors of the economy including banking and financial services. Another important tool is the Unified Payment Interface (UPI), developed by the National Payments Council of India through collaboration between the Reserve Bank of India and the Indian Banks' Association. It is an instant real-time payment system for facilitating inter-bank transactions which is simple, safe, cost-effective, mobile-based and has become one of the most prominent forms of digital payments in India today. Together, these initiatives aim to promote financial inclusion, improve government service delivery, and empower citizens in the digital age. On the back of these strong DPIs, India could boast of a financial technology (fintech) adoption rate of around 87%, which is substantially higher than the world average of 64% (EY, 2022).

Several countries, including the UAE, are now accepting financial transactions through India's homegrown digital payments technology, the UPI. Exploring similar agreements with Central Asian countries for joint payment systems could help reduce transaction costs. India and Central Asian Republics could collaborate in developing similar digital infrastructure, including joint payment mechanisms, which could also help in digitally connecting India and the Central Asian countries.

Facilitation of Market Entry through Joint Ventures and Technological Collaboration

Market access of Indian companies needs to be enhanced among the Central Asian countries to create awareness among the population about products and services supplied by India. This could be promoted through joint ventures and technological collaboration, especially in sectors like the petrochemical industry, renewable energy, textile, tourism and hospitality, agriculture and food processing, healthcare and medical devices, pharmaceuticals, chemicals, engineering and construction equipment, and logistics and transportation. Capacity building in technical areas could help in creating further demand. Knowledge transfer and investments are required to create the necessary image for the Indian products. India and Central Asian countries could develop a detailed industrial cooperation plan for implementing joint projects in areas of mutual interest.

Enhancing Access to Trade Finance

According to ADB research, 57% of the total value of trade finance applications by MSMEs in Central Asia undergoes rejection, as compared to 33% in the case of other Asian economies. Correspondent banking also remains limited in Central Asia,

and has in fact undergone a retreat over the past six years since 2019 ([ADB, 2021](#)). According to the ADB, the withdrawal of global banks from correspondent banking relationships often relates to challenges in the capacity of local respondent banks. Correspondent banking plays a crucial role in cross-border payments, facilitating cross-border commercial transactions. In order to fill this gap, development finance institutions could develop financial instruments or credit enhancement mechanisms like risk participation and transaction guarantee agreements to support non-traditional confirming banks in countries of Central Asia.

Trade and Border-Crossing Facilitation

Trade and border-crossing facilitation in Central Asia plays a crucial role in promoting economic growth in the region, as Central Asia is located at the crossroads of major trade routes in the Eurasian region. Improving trade facilitation measures and developing transport infrastructure could provide Central Asia with rapid economic growth, intensify mutual trade, “capitalize” on its strategic location, integrate the region into the global supply chain, and help it to become a vibrant transport and logistics hub.

A number of challenges remain unresolved. Central Asia needs to actively engage the trading community in policy development and enhance cooperation between national agencies in the region. The Central Asian countries should harmonize the standards and procedures as well as open access to information to simplify trade procedures. Further digitalization is indispensable to reduce duplication of customs formalities amongst the Central Asian countries. Countries in Central Asia need to enhance trade facilitation by improving operational practices alongside regulatory frameworks, harmonize international trade processes through automation, increase efficient coordination between government and trade agencies, and embrace digital transformation.

Improving Transport and Logistics

Transport and logistics are among the key challenges facing trade between India and the Central Asian countries. Currently, there are no land routes in operation connecting India and Central Asia. Air transport is the only type of direct connection, but is useful only for expensive or express delivery goods like perishable items. The bulk of goods are transported by two multimodal routes — the International North–South Transport Corridor (INSTC) and the route via Suez and Black Sea ports (Novorossiysk, Batumi, Poti or others). As a result, the cargo travels triple the distance and makes several transshipments along the route. High transport and logistics costs reduce the competitiveness of delivered goods and the volume of mutual trade ([Annex 1](#)).

Until 2022, most cargo was delivered through Suez and Black Sea ports. However, starting in 2022, the expansion of the INSTC was launched, especially its Eastern transit route, passing through Iran, Turkmenistan, and Kazakhstan.

For transportation between India and Central Asia, the North–South corridor is 2–2.5 times shorter. One of the main advantages of the INSTC compared to the other transport routes, including the deep-sea route via the Suez Canal, is the significant reduction of cargo delivery time, from 30–45 days to 15–25 days on average.

Due to the INSTC interconnection with another important Eurasian East–West corridor, TRACECA (Transport Corridor Europe–Caucasus–Asia), it is possible to build a network of logistics chains among countries in the region ([Annex 4](#)).

Development of the INSTC is envisaged to not only provide connectivity to the landlocked region, but also to drive global investments in the region, bringing in more prosperity and sustained growth. Moreover, the corridor holds the capacity to transform partner nations into vital logistics and transit centers, significantly boosting regional trade and fostering development by providing India and Central Asia access to each other’s growing markets.

There are certain barriers which impede the acceleration and reduction of the cost of trade logistics between India and the countries of Central Asia, which are discussed in [Annex 2](#). Certain specific key policy recommendations for development of hard and soft infrastructure for further facilitating bilateral trade and investments are briefly highlighted in [Annex 3](#).

ANNEX 1.

DISTANCES BETWEEN THE MAIN ECONOMIC CENTERS (CAPITALS) OF INDIA AND CENTRAL ASIAN STATES BY VARIOUS MODES OF TRANSPORT

Route	Mode of transport	Distance, km	Delivery time *, days
I. India — Kazakhstan			
Ia. New Delhi — Astana	Air cargo	2,553	1
Ib. New Delhi — Astana, via INSTC, incl.:	Multimodal	7,551/7,745	17–27
• New Delhi — Jawaharlal Nehru Port	Road/Rail	1,350	2–4
• Jawaharlal Nehru Port — Bandar-Abbas Port	Maritime	1,987	5–7
• Bandar-Abbas Port — Astana	Road/Rail	4,214/4,408	10–16
Ic. New Delhi — Astana, via Black Sea, incl.:	Multimodal	12,641	28–39
• New Delhi — Jawaharlal Nehru Port	Road/Rail	1,350	2–4
• Jawaharlal Nehru Port — Novorossiysk Port	Maritime	7,941	18–20
• Novorossiysk — Astana	Road/Rail	3,350	8–15
II. India — Kyrgyzstan			
Ila. New Delhi — Bishkek	Air cargo	1,600	1
Ilb. New Delhi — Bishkek, via INSTC, incl.:	Multimodal	6,627	15–26
• New Delhi — Jawaharlal Nehru Port	Road/Rail	1,350	2–4
• Jawaharlal Nehru Port — Bandar-Abbas Port	Maritime	1,987	5–7
• Bandar-Abbas Port — Bishkek	Road/Rail	3,290	8–15
Ilc. New Delhi — Bishkek, via Black Sea, incl.:	Multimodal	13,180	29–40
• New Delhi — Jawaharlal Nehru Port	Road/Rail	1,350	2–4
• Jawaharlal Nehru Port — Novorossiysk Port	Maritime	7,941	18–20
• Novorossiysk — Bishkek	Road/Rail	3,889	9–16
III. India — Tajikistan			
IIIa. New Delhi — Dushanbe	Air cargo	1,350	1
IIIb. New Delhi — Dushanbe, via INSTC, incl.:	Multimodal	5,928/6,487	14–26
• New Delhi — Jawaharlal Nehru Port	Road/Rail	1,350	2–4
• Jawaharlal Nehru Port — Bandar-Abbas Port	Maritime	1,987	5–7
• Bandar-Abbas Port — Dushanbe	Road/Rail	2,591/3,150	7–15

IIIc. New Delhi — Dushanbe, via Black Sea, incl.:	Multimodal	1,2657/1,2464	29–39
• New Delhi — Jawaharlal Nehru Port	Road/Rail	1,350	2–4
• Jawaharlal Nehru Port — Novorossiysk Port	Maritime	7,941	18–20
• Novorossiysk — Dushanbe	Road/Rail	3,366/3,173	9–15
IV. India — Turkmenistan			
IVa. New Delhi — Ashgabat	Air cargo	2,030	1
IVb. New Delhi — Ashgabat, via INSTC, incl.:	Multimodal	4,937	11–21
• New Delhi — Jawaharlal Nehru Port	Road/Rail	1,350	2–4
• Jawaharlal Nehru Port — Bandar-Abbas Port	Maritime	1,987	5–7
• Bandar-Abbas Port — Ashgabat	Road/Rail	1,600	4–10
IVc. New Delhi — Ashgabat, via Black Sea, incl.:	Multimodal	12,473/11,129	28–40
• New Delhi — Mumbai Port	Road/Rail	1,350	2–4
• New Delhi — Jawaharlal Nehru Port	Maritime	7,941	18–20
• Jawaharlal Nehru Port — Novorossiysk Port	Road/Rail	3,182/1,938	8–16
V. India — Uzbekistan			
Va. New Delhi — Tashkent	Air cargo	1,580	1
Vb. New Delhi — Tashkent, via INSTC, incl.:	Multimodal	5,997	14–25
• New Delhi — Jawaharlal Nehru Port	Road/Rail	1,350	2–4
• Jawaharlal Nehru Port — Bandar-Abbas Port	Maritime	1,987	5–7
• Bandar-Abbas Port — Tashkent	Road/Rail	2,660	7–14
Vc. New Delhi — Tashkent, via Black Sea, incl.:	Multimodal	12,491	28–39
• New Delhi — Mumbai Port	Road/Rail	1,350	2–4
• New Delhi — Jawaharlal Nehru Port	Maritime	7,941	18–20
• Jawaharlal Nehru Port — Novorossiysk Port	Road/Rail	3,200	8–15

* Transit time excluding delays at ports and border-crossing points

Source: EDB analysts' estimations.

ANNEX 2.

BARRIERS IMPEDING REDUCTION OF THE COST OF TRADE LOGISTICS

Two groups of barriers impede the acceleration and reduction of the cost of trade logistics between India and the countries of Central Asia: physical (hard infrastructure) and non-physical (soft infrastructure) barriers.

Hard infrastructure barriers

The infrastructural barriers to the INSTC development include differences in railway standards; road sections with limited throughput capacity and high traffic density; border-crossing points (BCPs); as well as a shortage of logistics infrastructure (logistics centers, dry ports) and modern rolling stock and transport equipment ([Vinokurov et al., 2021](#)).

Infrastructural barriers along the INSTC emerge between the countries that have different track gauges and rolling stock dimensions, and limitations of train speed and weights due to mountainous terrains.

Another challenge is too few receiving and departure tracks, examination platforms, truck-processing lanes, container transshipment, and temporary cargo storage sites at the railway and road BCPs between a few countries in the region.

In particular, imperfect technological operations for transshipment of goods and rearrangement of containers limit the throughput of select border stations.

- Other INSTC infrastructural barriers include:
- Shortage of modern railcars and locomotives;
- Shortage of containers, including refrigerator-containers;
- Outdated and inefficient infrastructure and technology relative to international quality standards (cargo delivery, commercial speed, etc.);
- Inadequate auxiliary infrastructure and roadside services (rest areas, motels, gas stations, guarded parking areas for overnight truck stops), meaning higher costs to trucking companies and lower road safety; and Insufficient development of container terminals and logistical infrastructure facilities for cargo processing,

consolidation, and deconsolidation along the corridor routes, particularly at the junctions between the INSTC and other latitudinal corridors and international routes.

It should be noted that road transport has fewer physical barriers and is often cheaper due to the low gasoline/diesel fuel cost. However, road transport is subject to a number of soft infrastructure barriers.

Soft infrastructure barriers

Tariff, administrative, financial, technical, and cross-border barriers prevent the expansion of freight traffic between India and Central Asia. Those barriers are of different origins, are not always exclusively related to transport and logistics, and may have deeper macroeconomic or institutional roots (Vinokurov et al., 2022).

Financial barriers preventing expansion of freight traffic along the corridor include:

- Restricted access of forwarders and carriers to conversion of national currencies when making payments under existing agreements, and purchasing services from local operators (subject to the difference between the market and official exchange rates in select countries in the region);
- Difficulties in obtaining bank letters of credit when dispatching export cargoes.

Administrative barriers emerge when the access of suppliers to providing services is restricted by national regulations. International road transport of cargoes along the INSTC faces many such barriers. These include the permit system; allocation of transport quotas; differences in the procedures governing the issuance of permits, especially for transport of heavy and dangerous goods; licensing criteria; and various duties. Moreover, the more transit countries there are, the more such restrictions. Another major market entry barrier is the restriction of freight traffic to third countries by using quotas or imposing bans.

Other administrative barriers include:

- Long customs clearance times at the border-crossing points, hence significant vehicle (rolling stock) idle time;
- Surprise en route inspections, often with carriers forced to unseal transit containers;
- Challenges with insurance of goods and vehicles;
- Lack of policy-level coordination with respect to issuing visas to professional drivers who may need to stay for different periods of time in various countries, entailing cost and delays;

- Non-harmonized customs formalities (including inadequate equipment, absence of single window clearances, restrictions on quantity of fuel in trucks, lack of awareness of frequent changes in customs regulations, and inconsistent penalties) in transit countries; and Lack of digital shipping documents or vehicle/cargo border-crossing procedures (CMR waybills⁹, TIR carnets¹⁰, bilateral or transit road transport permits and other documents).

The obvious consequences of infrastructural and non-physical barriers are rising costs of transportation between India and the Central Asian countries, long delays at border crossings and seaports, and lack of predictability in services, which together hinder growth of trade and investment.

⁹ A CMR Waybill is a document for international road transport operations established under the UN Convention on the Contract for the International Carriage of Goods by Road (in French: Convention relative au contrat de transport international de marchandises par route — CMR). The CMR Waybill consists of the information about cargo, vehicle, consignor, point of departure, consignee, destination, and other important information required by customs at the border-crossing points and police en-route. CMR Waybill is one of the generally accepted instrument for border-crossing facilitation.

¹⁰ TIR (Transports Internationaux Routiers, in French) Carnet is a document for international road transport operations established under the UN Convention on International Transport of Goods Under Cover of TIR Carnets (TIR Convention). The TIR Convention establishes an international customs transit system with maximum facility to move goods in sealed vehicles or containers; from a customs office of departure in one country to a customs office of destination in another country; without requiring extensive and time-consuming border checks at intermediate borders; while, at the same time, providing customs authorities with the required security and guarantees.

ANNEX 3.

KEY POLICY RECOMMENDATIONS FOR DEVELOPMENT OF INFRASTRUCTURE FOR ENHANCING BILATERAL ENGAGEMENTS

In the area of hard infrastructure:

The following could be the broad areas for development of hard infrastructure that could help in enhancing bilateral engagements:

- Electrification of the main railways in Central Asia; secondary main track construction; rolling stock upgrade;
- Modernization of existing roads, upgrading their technical category, construction of bypasses around residential areas;
- Construction of nodal multimodal freight transport and logistics centers, container terminals, and dry ports along the INSTC;
- Modernization of BCPs (between countries in the region) in line with the best international practices (construction of new lanes, receiving and departure tracks; installation of modern equipment, including truck, railcar, and container scanners); and Attraction of investments in construction, modernization, and renovation of transport infrastructure, and in rolling stock upgrades (from the private sector, multilateral development banks and other development institutions, including via public-private partnership [PPP] and cross-border PPP mechanisms).

In the area of soft infrastructure:

Measures to remove non-physical barriers are usually compared to the improvement of soft infrastructure, which implies the application of international standards and best practices, the harmonization of standards and procedures, the coordination of transport regulation by various players in the transport process (governments, rail administrations, carriers, etc.), and the digital transformation of transport and transit. Improvement of soft infrastructure involves the implementation of measures in three key areas — harmonization, coordination, and digital transformation ([Vinokurov et al., 2024](#)).

A. Harmonization measures could include:

1. Agreements to simplify visa issue procedures for transport personnel of all modes of transport;
2. Wider use of permit-free transport systems with the key trading partners (UNECE, 2020) in the corridor (currently effective between Kazakhstan and Kyrgyzstan and some other Central Asian countries);
3. Bilateral road transport agreements (especially among countries in the region) could include vehicle weight and dimension requirements, recognition of third-party semitrailers, etc.;
4. Agreements on mutual trade and transport facilitation; actions taken towards establishment of free trade areas;
5. Cancellation of all duties which are not mandated in bilateral international road transport agreements and are not consistent with the approved cost of vehicle/cargo border inspection services;
6. Conclusion of Authorized Economic Operator (AEO) mutual recognition agreements (for Central Asian states); and Implementation of best practices in line with the standards and recommendations of the World Customs Organization (WCO).

B. Coordination measures could include:

1. Exploring development of regular (scheduled) container services along the INSTC Eastern Route and TRACECA routes (by continued engagements among governments / transport authorities);
2. Negotiation by railway companies, logistics operators, and other stakeholders to create new logistics services for cargo multimodal delivery between India and Central Asian states and establish a favorable tariff regime; and Expansion of cooperation among the customs authorities of the INSTC countries (e.g., a permanent task force).

C. Digital Transformation measures could include:

1. Digitalization of customs formalities: electronic pre-declaration and transit declarations, digital customs transit tools, etc.; and Implementation of digital tools and documents among and between countries in the region — electronic rail waybills and electronic data exchange for railways, e-CMR, e-TIR, e-permits for international road transport.

ANNEX 4. CORRIDORS OF THE EURASIAN TRANSPORT NETWORK*



Source: compiled by EDB analysts.

ABBREVIATIONS

AAGR	Average Growth Rate
ADB	Asian Development Bank
BCP	Border Crossing Point
CA	Central Asia
CAR	Central Asian Republics
CBRU	Central Bank of the Republic of Uzbekistan
CMR	UN Convention on the Contract for the International Carriage of Goods by Road
CPI	Consumer Price Index
EDB	Eurasian Development Bank
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GII	Global Innovation Index
GIZ	German development agency
IMF	International Monetary Fund
INR	Indian Rupee
INSTC	International North–South Transport Corridor
ITA	International Trade Administration, USA
ITC	International Trade Commission
KGS	Kyrgyz som
KZT	Kazakhstan tenge
MSMEs	Micro, Small, and Medium-Sized Enterprises
NBT	National Bank of Tajikistan
PPP	public–private partnership
p.p.	percentage point
TFI	Trade Facilitation Indicators
TIR	Transports Internationaux Routiers (in French) — an international customs transit system
TJS	Tajikistan somoni
TRACECA	Transport Corridor Europe — Caucasus — Asia
UNCTAD	United Nations Conference on Trade and Development
WCO	World Customs Organization
WTO	World Trade Organization
% yoy	year-on-year growth rate

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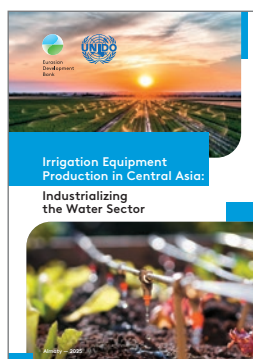
Research at the EDB website



Macroeconomic Outlook (RU/EN)

Macroeconomic Outlook 2025-2027

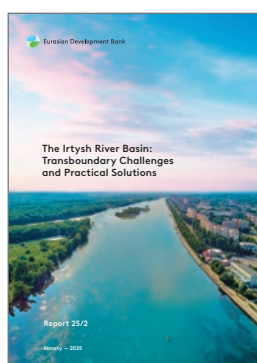
The Eurasian Development Bank (EDB) has published its Macroeconomic Outlook, summarising a preliminary overview of economic developments in the Bank's member states in 2024, along with key macroeconomic projections for countries in the region for 2025, as well as for 2026 and 2027.



Report (RU/EN)

Irrigation Equipment Production in Central Asia: Industrializing the Water Sector

Irrigation equipment production in Central Asia is becoming a strategic area for ensuring food security and efficient water resource management. A new report by EDB and UNIDO provides a detailed analysis of the current state of the market, a forecast of its development and recommendations for creating conditions for local production.



Report 25/2 (RU/EN)

The Irtysh River Basin: Transboundary Challenges and Practical Solutions

A recent study by the Eurasian Development Bank, titled "The Irtysh River Basin: Transboundary Challenges and Practical Solutions," presents the findings of a diagnostic analysis and a forecasting model of the basin's water resources. The study identifies the positions of the three countries involved and puts forward a series of practical solutions, including investment recommendations.



Report 25/1 (RU/EN)

Mutual Investments on the Eurasian Continent: New and Traditional Partners

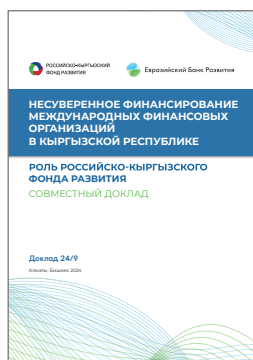
The report contains detailed information on the scale, dynamics, geographical and sectoral structure of mutual direct investment stock between the countries of the Eurasian region, on the one hand, and China, Türkiye, Iran, and the Gulf states, on the other hand, for the period from 2016 to the first half of 2024.



Report 24/10 (RU/EN)

EDB Monitoring of Mutual Investments — 2024. Eurasian Region

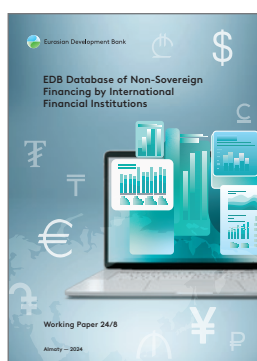
The report contains detailed information on the scale, dynamics, geographical and sectoral structure of mutual direct investments of the Eurasian region from 2016 to 1H of 2024.



Report 24/9 (RU)

Non-sovereign financing of international financial organizations in the Kyrgyz Republic

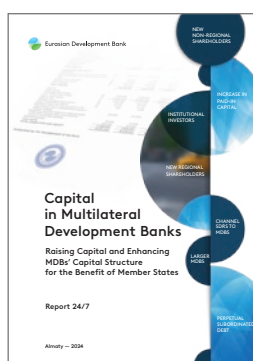
The report contains a comprehensive analysis of non-sovereign financing operations by international financial institutions in the Kyrgyz Republic over the last decade.



Report 24/8 (RU/EN)

EDB Database of Non-Sovereign Financing by International Financial Institutions

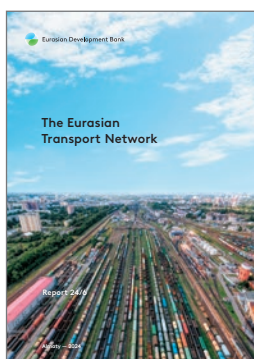
Non-Sovereign Financing (NSF) Database is EDB's new analytical project. The EDB Database is a dynamic tool for timely monitoring and analysis of non-sovereign operations of IFIs in the Eurasian region.



Report 24/7 (RU/EN)

Capital in Multilateral Development Banks

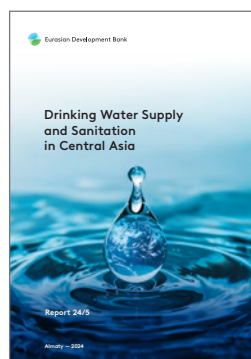
This paper covers the whole 'MDB family' of institutions but highlights regional and sub-regional MDBs because of their specifics of raising shareholders' capital. The study discusses seven standard and novel options for increasing capital



Report 24/6 (RU/EN)

The Eurasian Transport Network

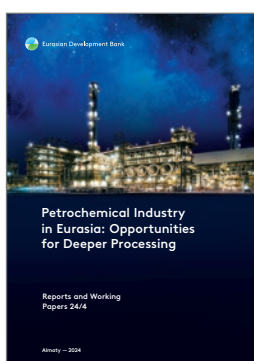
The report examines ten system elements of the Eurasian transport framework concept. Among them are the formation of a transport crossroads in Central Asia, priorities for intraregional transport connectivity, an impetus for realizing the agro-industrial potential of the countries of the region, and improvement of soft infrastructure.



Report 24/5 (RU/EN)

Drinking Water Supply and Sanitation in Central Asia

In Central Asia, 10 million people do not have access to safe drinking water. Given the priority importance of drinking water for public health and the scale of the challenges, a comprehensive approach is required in the region. A new EDB report presents a set of practical steps that shape such an approach.



Report 24/4 (RU/EN)

Petrochemical industry in Eurasia: Opportunities for Deeper Processing

The analytical report uses a balance approach to assess the production and export potential of the petrochemical complex of the Eurasian region (Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, Turkmenistan, Uzbekistan) in the perspective up to 2035.



Report 24/3 (RU/EN)

Infrastructure in Eurasia: short-term and medium-term trends

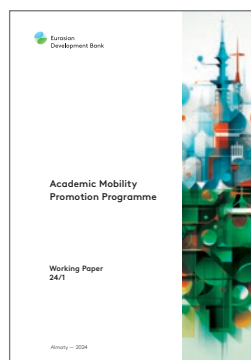
The EDB's report highlights ten important short- and medium-term investment and institutional trends in the region's energy, transportation, logistics, water supply and telecommunications sectors.



Report 24/2 (RU/EN)

Economic Cooperation in Eurasia: Practical Solutions

The EDB's report "Economic Cooperation in Eurasia: Practical Solutions" contains a "menu" of pragmatic applied solutions that can be enabled relatively fast and with flexible configurations among participating countries aimed at fostering mutually beneficial economic cooperation among Eurasian countries.



Report 24/1 (RU/EN)

EDB Monitoring of Mutual Investments — 2023

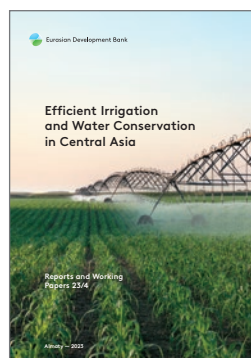
Eurasian countries' FDI stock reached \$48.8 billion by mid-2023, following a 5.4% increase in 2022 and with continued growth in 2023.



Report 23/5 (RU/EN)

EDB Monitoring of Mutual Investments — 2023

Eurasian countries' FDI stock reached \$48.8 billion by mid-2023, following a 5.4% increase in 2022 and with continued growth in 2023.



Report 23/4 (RU/EN)

Efficient Irrigation and Water Conservation in Central Asia

A new EDB study outlines ten practical steps for preserving irrigated land potential and promoting water conservation. The list includes four recommendations for adoption at the regional level and six at the national level.



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As part of its endeavour in enriching the knowledge of Indian exporters and thereby to enhance their competitiveness, India Exim Bank periodically conducts research studies. These research studies are broadly categorized into three segments, viz. sector studies, country studies and macro-economic related analysis. These studies are published in the form of Occasional Papers, Working Papers and Special Publications. The research papers are done with swift analysis and data collation from various sources. The research papers under the series provide an analytical overview on various trade and investment related issues.

Few Recent Research Publications brought out by Export-Import Bank of India



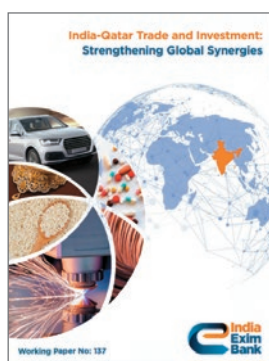
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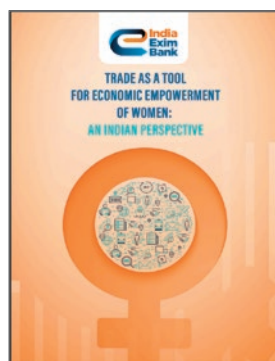
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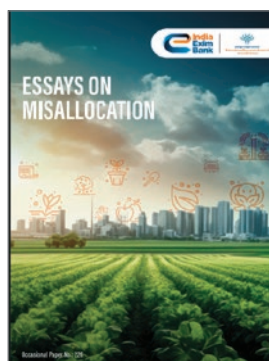
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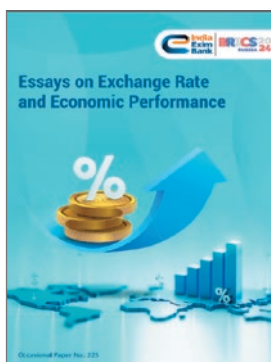
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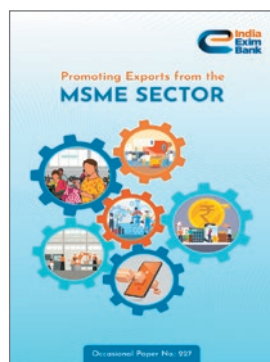
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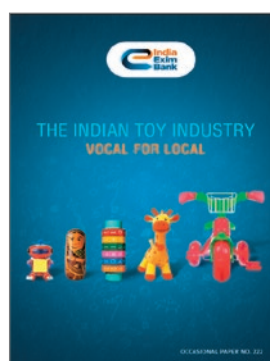
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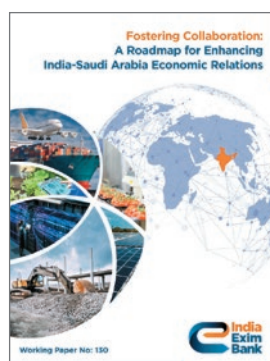
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