



Eurasian
Development Bank



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

Joint Analytical Report
Mumbai, Almaty, 2025

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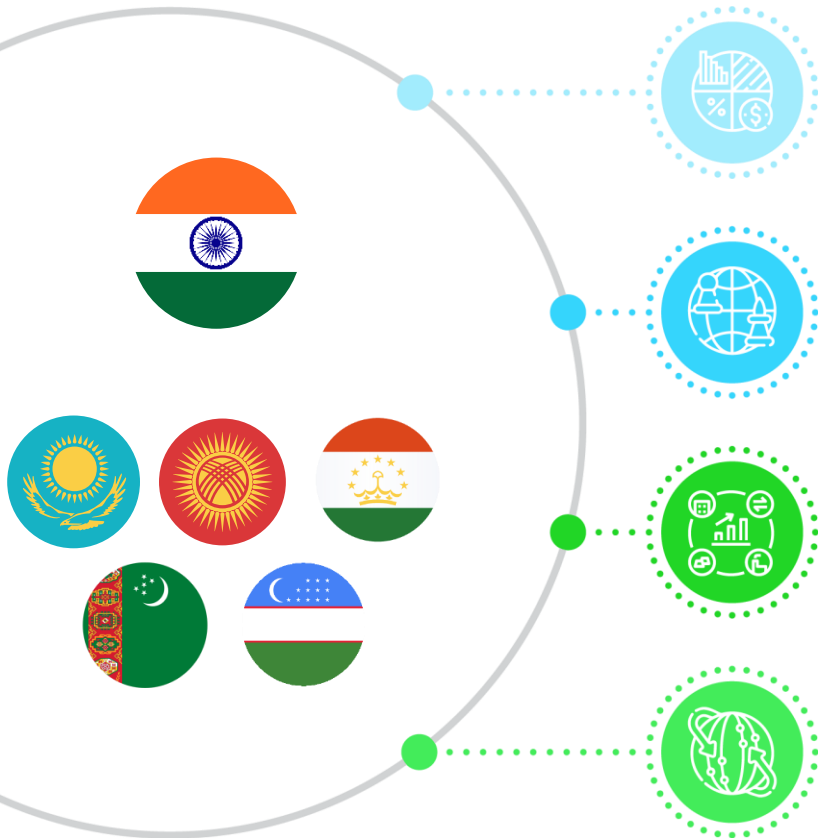
Rationale of the Study and Key Enablers

India and Central Asia offer natural synergy for expanding economic cooperation due to their complementarities across a spectrum of sectors



PROSPECTS AND OPPORTUNITIES

- India and CA are dynamically growing economic centers.
- India has emerged as the fastest-growing major economy in the world. CA is developing fast and has the potential to grow further.
- CA's strategic location as a land bridge between Asia and Europe imbues it with undeniable geopolitical significance for India.
- Indian firms possess expertise and experience to contribute significantly to CA's infrastructure development.
- India is a vital source of merchandise exports and technical know-how.
- CA countries are a rich source of goods such as mineral fuels, fertilizers, inorganic chemicals, rare earth metal compounds, etc. - immense prospects for exports.



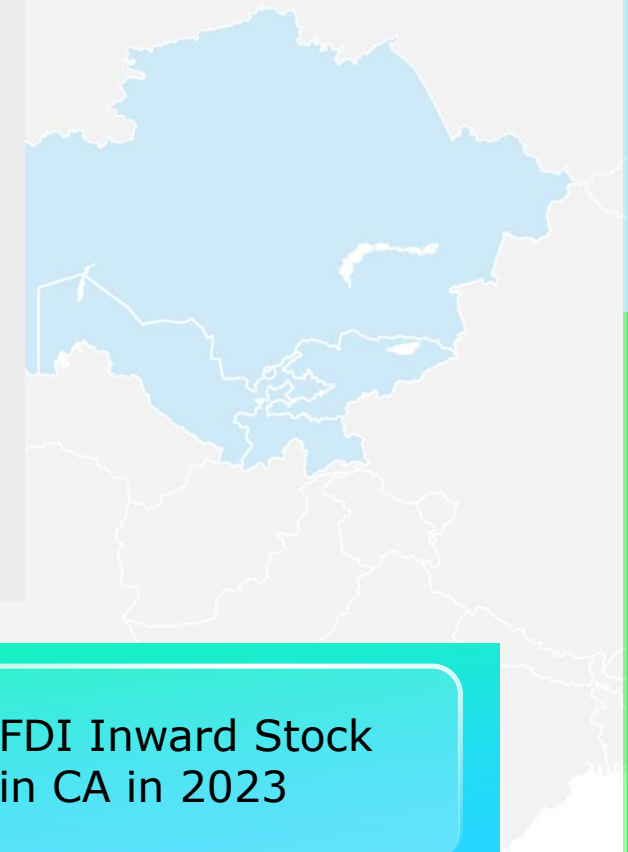
Macroeconomic Overview of Central Asian Countries

Central Asia is a region of growing strategic significance with expanding economies and a young population



Increase in 2000-2024		2000	2010	2023	2024
1.5x	Population, millions	55	62	80	82
12x	GDP, \$ billions	43	243	469	522
2x	Share in global GDP (PPP), %	0.41	0.63	0.78	0.80

Source: Compiled by EDB analysts based on data from national agencies, ADB, IMF, CEIC.



\$241 bn
(2.6x)*

Foreign trade
in CA in 2023

\$222 bn
(2.2x)*

FDI Inward Stock
in CA in 2023

Note: * Increase from 2010.

Macroeconomic Overview of India

5th largest, ranking 3rd globally in PPP Aspiring to become a developed economy by 2047



Fastest Growing Major Economy

8.2% real GDP growth in 2023

Immense prospects for cooperation

Ranked 17th in merchandise exports and 8th in imports in the world

\$3.6tr

Nominal GDP in 2023

Size of economy more than doubled since 2010

1.4bn

Population

Huge demographic dividend, with significant working age population

\$1.1tr

Trade* in 2023



EXPORT

\$431.4bn

Top export destinations:

US (17.5%), UAE (7.6%), Netherlands (5.4%).

Diverse export basket:

Ref. mineral fuels (20.7%), gems & jewellery (7.7%), electrical equip. (7.5%), machinery (6.8%).



IMPORT

\$672.0bn

Top import sources:

China (14.8%), Russia (9%), UAE (6.7%).

Diverse import basket:

Mineral fuels (mainly crude) (32.8%), electrical equip. (11.3%), gems & jewellery (10.8%).

India's Bilateral Trade Relations with Central Asia

Trade relationship has exhibited an upward pattern
(from US\$ 490.1 mn in 2010 to US\$ 1720.4 mn in 2023)



India's trade with Kazakhstan



Exports:

\$ 260 mn

Pharmaceutical products and electrical machinery



India's trade with Uzbekistan



Exports:

\$ 336 mn

Pharmaceuticals, machinery and mechanical appliances



India's trade with Turkmenistan



Exports:

\$ 45 mn

Pharmaceuticals and machinery & mechanical appliances



India's trade with Tajikistan



Exports:

\$ 52 mn

Pharmaceutical products, sugar and sugar confectionery



India's trade with Kyrgyz Republic



Exports:

\$ 49 mn

Pharmaceutical Products and Apparel



Imports:

\$ 630 mn

Mineral fuels and oils, inorganic chemicals



Imports:

\$ 104 mn

Ores, slag and ash, fertilizers



Imports:

\$ 212 mn

Fertilizers and Inorganic chemicals



Imports:

\$ 19 mn

Ores, slag and ash, aluminum



Imports:

\$ 12 mn

Edible vegetables and inorganic chemicals

Total Trade:
\$ 890 mn

Total Trade:
\$ 440 mn

Total Trade:
\$ 257 mn

Total Trade:
\$ 71 mn

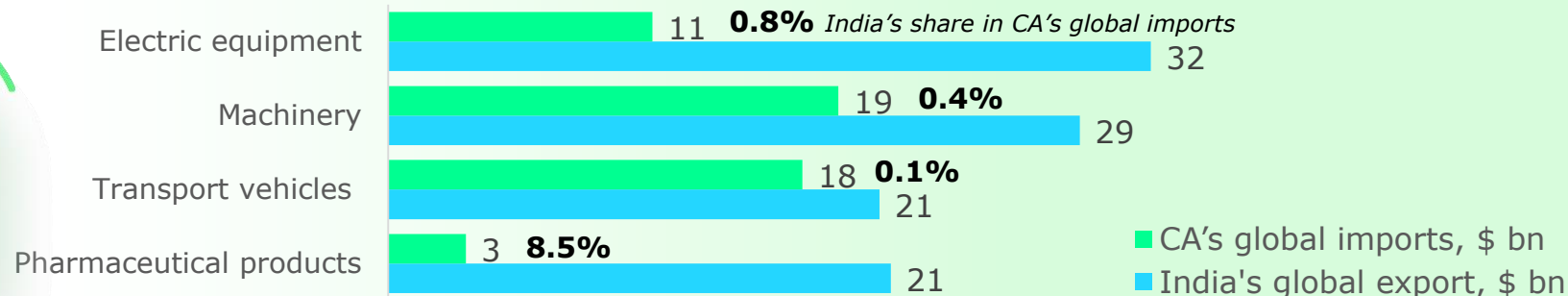
Total Trade:
\$ 61 mn

Potential for Enhancing Bilateral Trade

India's share in global imports of Central Asia remain modest (0.4-1.3% by countries)



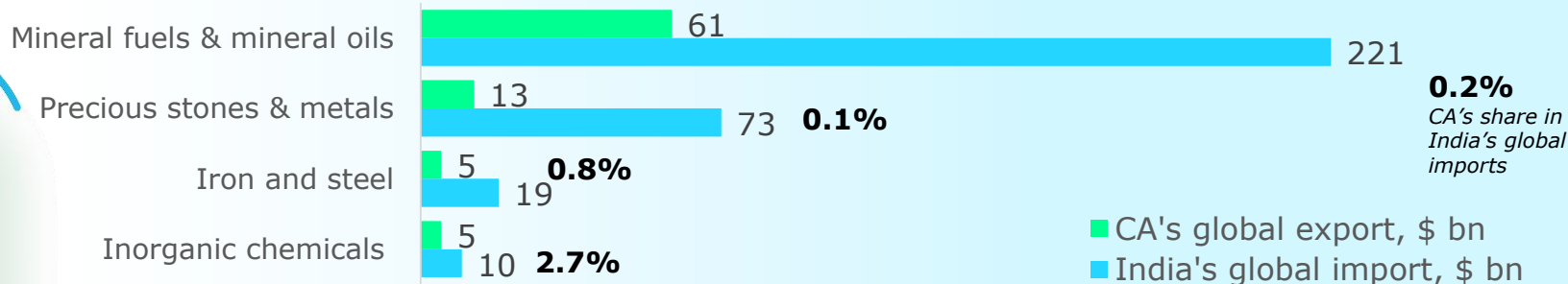
India's Export Potential to Central Asia*



CA's share in India's global imports is relatively modest (0.1%)



Central Asia's Export Potential to India*



Note: * in selected products.

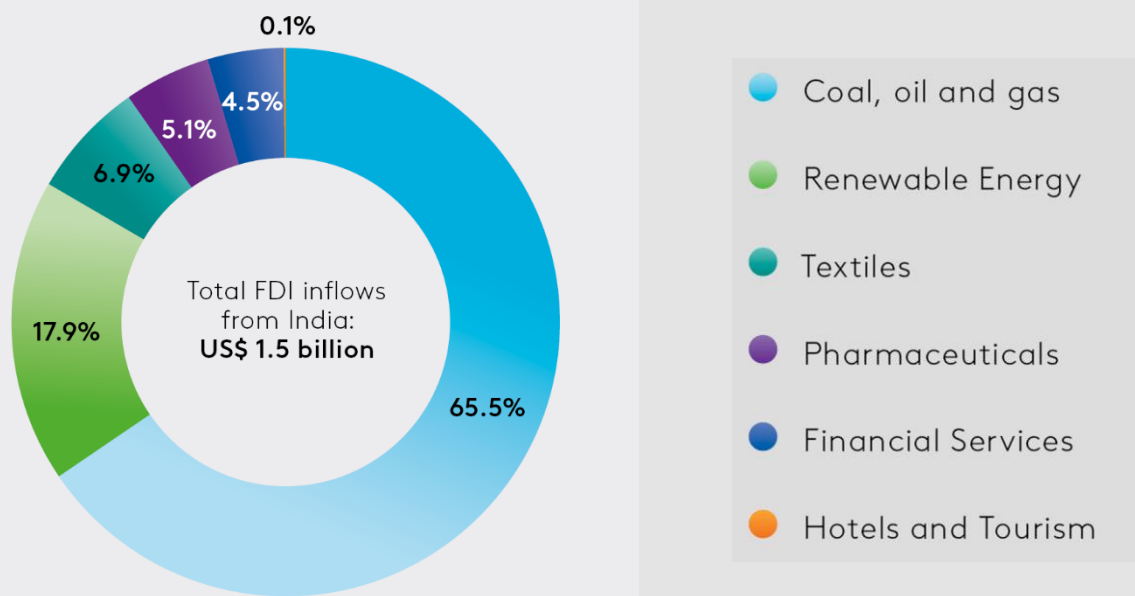
Analysis undertaken through a structured approach of Import-Export Basket in 2023 Mapping at the 2-digit HS code level.

India's Bilateral Investment Relations with Central Asia

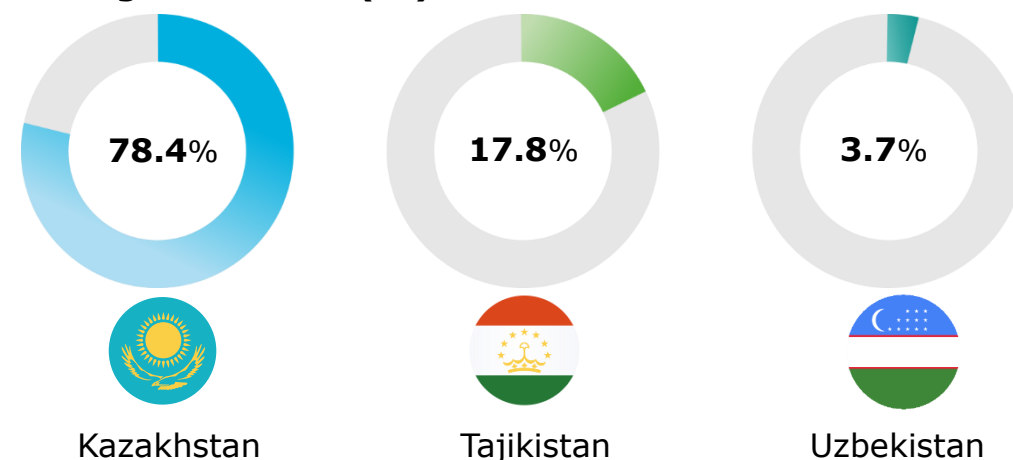
India is the 16th largest investor in Central Asia. The resource sector and Kazakhstan are the top recipient destinations



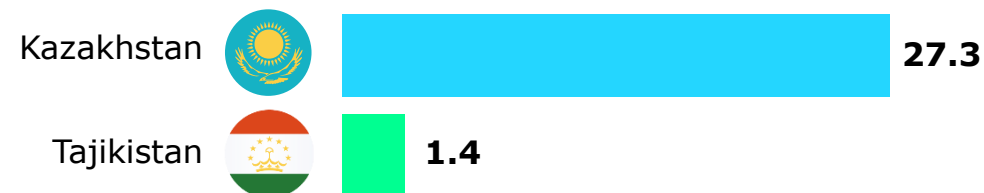
Major Sectors Attracting Indian Investment in Central Asia during 2010–2023 (%)



Investment Distribution in Central Asia during 2010-2023 (%)



FDI inflows from Central Asia into India, \$ mn (2000-2024)*



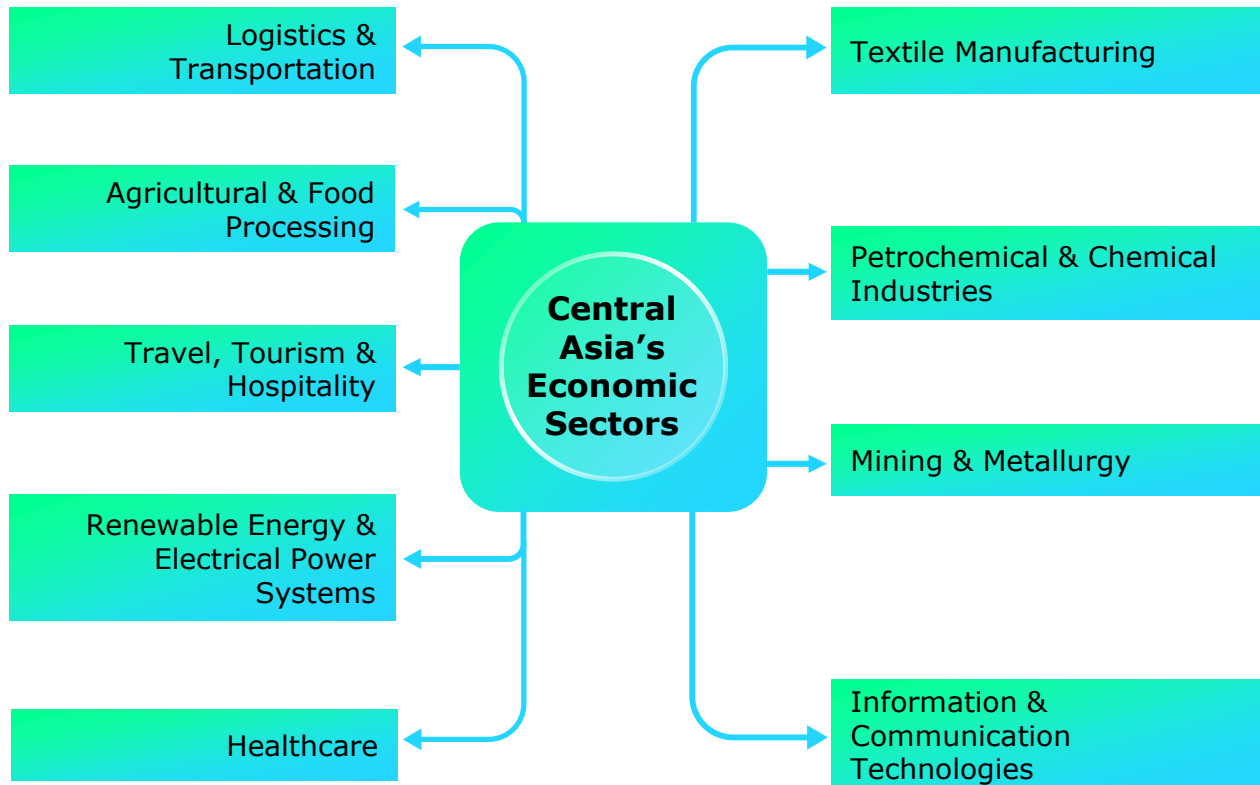
Note: * India's fiscal year runs from April to March, 2000–24 implies April 2000 to March 2024.
Source: Calculations based on data published by fDi Markets and India Exim Bank Research; Department for Promotion of Industry and Internal Trade, Government of India.

Immense potential for Enhancing Bilateral Investment

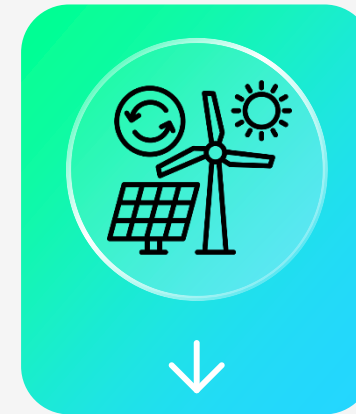
Key sectors include agribusiness, healthcare, pharmaceuticals, IT and ICT, as well as the traditional focus on energy



Investment Potential in Central Asian countries



Potential Areas for CA's investments in India



Renewable Energy

Hydro, solar & wind energy generation

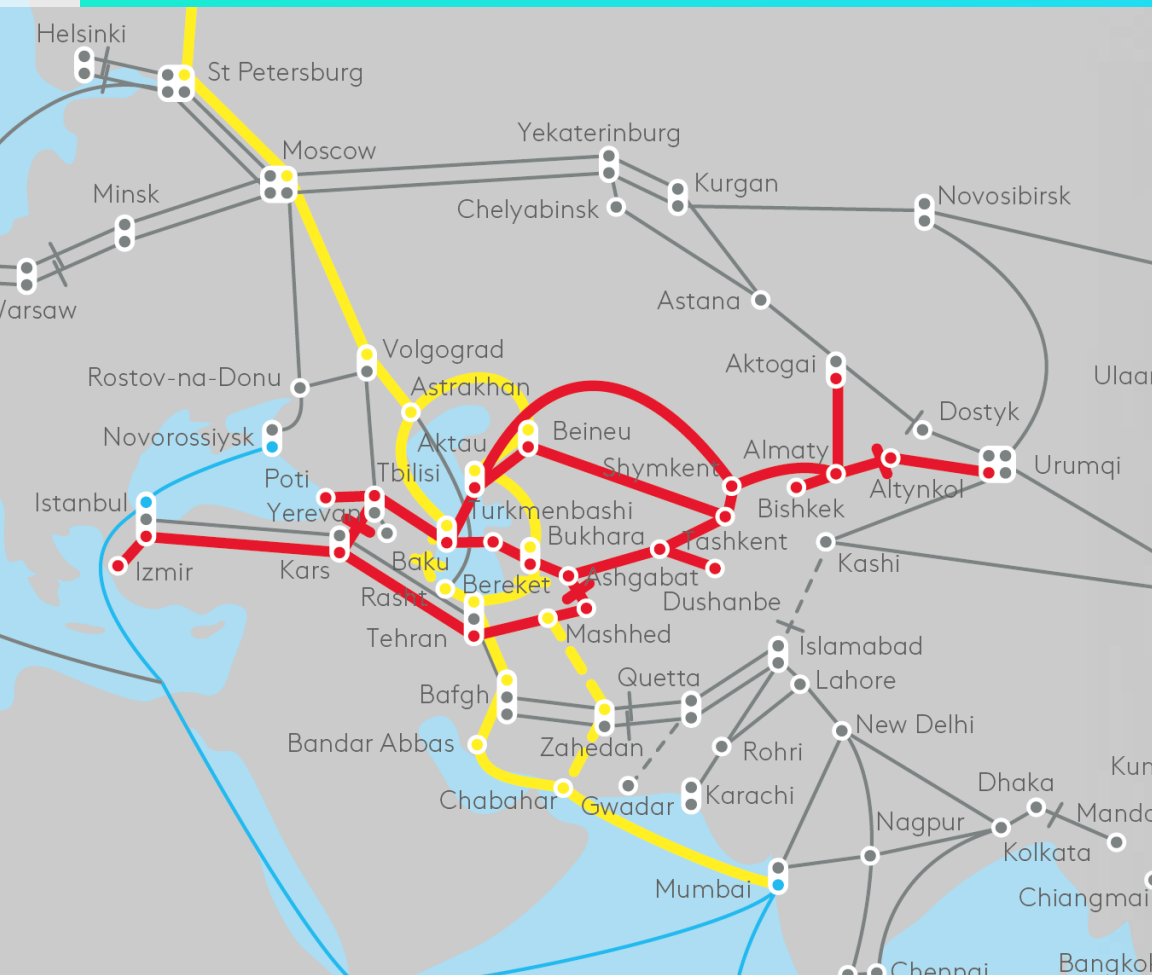


Agriculture & Related Activities

Farm mechanization, MSME support, food processing, irrigated land increase

Transport and Logistics Development

What needs to make a logistical breakthrough?



International North – South Transport Corridor

2-2.5x

Reduction of the **distances and time** of cargo delivery compared to routes via Black Sea ports.

Barriers in hard and soft infrastructure

- differences in railway standards;
- road sections with limited throughput capacity and high traffic density;
- non-harmonized border-crossing procedures;
- a shortage of logistics infrastructure (logistics centers, dry ports), modern rolling stock and transport equipment;
- financial and administrative barriers;
- the use of paper documents for international transport and customs transit.

Recommendations for Cooperation and Development



1 Enhancing trade based on identified potential

Mapping import demand with export capabilities and competitiveness.



2 Cooperation in Digital Public Infrastructure

Building compatible digital infrastructure, joint payment systems to facilitate seamless digital and financial connectivity.



3 Facilitating of market entry

Joint ventures & technological collaboration, enabling greater visibility of Indian products/services in CA.

4



4 Enhancing access to trade finance

Key role of DFIs in designing financial instruments/ credit enhancement tools.

5



5 Trade and border-crossing facilitation

Digitalization, harmonization and modernization of customs and border crossing procedures.

6



6 Improving transport and logistics

Need for improving physical infrastructure as well as soft infrastructure.

India's deepened engagement with Central Asia, which is part of its "Extended Neighborhood" is of strategic importance.





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