

January 2009

IPCS Special
Report

63

India in Central Asia

The Road Ahead

Raghav Sharma

INSTITUTE OF PEACE & CONFLICT STUDIES



© 2008, Institute of Peace and Conflict Studies (IPCS)

The Institute of Peace and Conflict Studies is not responsible for the facts, views or opinion expressed by the author.

The Institute of Peace and Conflict Studies (IPCS), established in August 1996, is an independent think tank devoted to research on peace and security from a South Asian perspective.

Its aim is to develop a comprehensive and alternative framework for peace and security in the region catering to the changing demands of national, regional and global security.

Address:

B 7/3 Lower Ground Floor
Safdarjung Enclave
New Delhi 110029
INDIA

Tel: 91-11-4100 1900, 4165 2556, 4165 2557,
4165 2558, 4165 2559

Fax: (91-11) 4165 2560

Email: officemail@ipcs.org

Web: www.ipcs.org

INDIA IN CENTRAL ASIA

INTERESTS & CHALLENGES

RAGHAV SHARMA

Research Officer, IPCS, New Delhi

The last decade has witnessed a modest but steady rise in India's engagement with Central Asia. The rekindling of this relationship is driven primarily by two concerns: securing and diversifying India's energy security base, which brings it into severe competition with China which presently commands a clear edge. And second, keeping a check on the rise of radical Islamist groups, in particular those aided by China's ally, Pakistan, which could have a potentially destabilizing effect on the security of the South Asian neighborhood.

Feeding into it are two other concerns. The first relates to stemming drug trafficking, which finances terror networks and potential weapons proliferation – activities that Central Asia has emerged a

convenient breeding ground for. And the second, providing a much needed fillip to India's commercial potential in the region, which if tapped could become a powerful tool to counter Pakistan's attempts to blunt Indian presence through its geostrategic location. Additionally, it could also provide an alternative to the overwhelming Chinese dominance which has cast its shadow over the future of the traditional hegemon, Russia.

An Overview

Historically, India has been closely linked to Central Asia through the famed silk route and periodic spurts of invasions from the region, both of which resulted in unleashing the movement of people, goods, and culture. Vivid impressions of this interaction are visible in classical Indian literature, poetry and the Sufi strand of Islam. However, its ties with Central Asia waned following the consolidation of the British Indian Empire around the mid-nineteenth century, and even though these were revived in the years following independence, they failed to acquire any depth or intensity. Indian presence in Central Asia was characterized by its closeness to the Kremlin following the Sino-Indian border conflict of 1962, which was further strengthened by the Sino-Soviet schism. Also, even though India managed a cultural anchor in the region under the Indo-Soviet Friendship Treaty of 1971, its presence in the region nevertheless remained 'muted' and constrained by its ties to the Kremlin, as also the lack of vision for a broader engagement with the region.

The end of the Cold War, following the sudden and swift collapse of the Soviet Union left the Indian

political establishment in shock and ushered in a cataclysmic shift in its foreign policy discourse – away from Nehruvian idealism towards realism and pragmatism. This trend was reflected in India's foreign policy doctrine of 1997¹ that referred to Central Asia as "our near abroad". Public rhetoric to the effect also gained momentum, especially with the coming to power of the BJP (Bhartiya Janta Party) and its proclaimed ambition to make India occupy the global political center stage.

These changes in the Indian strategic and foreign policy discourse concerning Central Asia have to be understood in the context of the larger ideological and political realignments of the post-Cold War era. Also, these shifts seem well-anchored in the basic geostrategic and political facts. The dissolution of the Soviet Union lifted the ideological shackles off India's foreign policy, while the creation of a unipolar

¹ This particular element in Indian foreign policy is popularly referred to as the 'Gujarat Doctrine', named after then Prime Minister IK Gujaral. It broadly built upon the contours of the foreign policy doctrine propounded by Mrs. Indira Gandhi who advocated non-interference in the internal conflicts of foreign states. However, the doctrine also stated that India would not tolerate foreign interference inimical to Indian interests.

world order demanded a reconceptualization of the terms of its international engagement. In Central Asia, the Soviet breakup led to the creation of five independent republics in the region.

Serious Indian engagement with the region began late in the day and although off late, India has managed to acquire a tenuous foothold in the region; nonetheless, its presence remains below expectation. India's attempted re-engagement in Central Asia over the last decade has been spurred on by a need to realize Indian interests in four broad areas. First, and most crucially, to give India a footprint on the hydrocarbon map of the region to diversify and secure energy sources vital to India's growth momentum. Second, following the Soviet collapse and in view of Pakistan's pursuit of a strident Islamist agenda, India's security interests demanded a need to check the rise of radical Islam as a political force in Central Asia. Third, it was vital to keep a tab on drug trafficking and potential weapons proliferation in this geostrategically important region. Fourth, promote interests in the commercial arena. India cannot

leapfrog its way to the global high-table without demonstrating effective initiative at the regional level – Central Asia being an important regional constituent.

This report has been structured under three broad sections. The first broadly identifies India's strategic interests in the Central Asian region. The second looks at the challenges in realizing these. The third section puts forth some of the possible steps that could iron out these difficulties and enable India to harness the uncultivated potential of the region.

I AREAS OF INDIAN INTEREST

With energy increasingly being viewed as a vital component of what is now broadly defined as 'national security', cultivating alternative sources of energy and reducing dependence on the volatile middle-eastern region has become a vital concern for India. Assured, uninterrupted supply of energy is critical for keeping India's economic engine in motion. Its dependence on imported oil is projected to skyrocket from the current levels of 72 per cent to 83 per cent by 2030; hence, the

anxiety to reconceptualize its strategic perspective.² The weight attached to the issue is reflected in a speech by India's President at that time, Dr. A.P.J Abdul Kalam: "...my government will give full importance to synchronizing our diplomatic activity with our need for energy to fuel our development needs."³

Central Asia is home to an estimated 4 per cent (270–360 trillion cubic feet) of the world's gas reserves⁴, while the oil reserves are pegged at 2.7 per cent (13–15 billion barrels)⁵. India has initiated some steps in harnessing the region's energy potential which have yielded limited results thus far. The Indian government has been engaged in a series of protracted negotiations involving a 1680 km-long pipeline, to be constructed at an estimated cost of

² Meena Singh Roy. "India's interests in Central Asia", *Strategic Analysis*, Vol. XXIV, No. 12, March 2001. Also available online at [http://www.ciaonet.org/olj/sa/sa_mar01.html%22%3EMarch%202001%20\(Vol.%20XXIV%20No.%2012\)%3C/a%3E](http://www.ciaonet.org/olj/sa/sa_mar01.html%22%3EMarch%202001%20(Vol.%20XXIV%20No.%2012)%3C/a%3E)

³ Inglof Kiesow and Nicklas Norling. "The Rise of India: Problems and Opportunities" *Silk Road Papers*, January 2007. p. 86

⁴ "Central Asia's Energy Risks" *Asia Report No.133*, 24 May 2007. International Crisis Group, , Bishkek. P.12

⁵ Inglof Kiesow and Nicklas Norling. "The Rise of India: Problems and Opportunities"

US \$7.6 billion, expected to transport 30 billion cubic meters of gas from Dauletabad gas fields in Turkmenistan via Afghanistan and Pakistan to India.⁶

Kazakhstan, with the largest proven oil reserves in the region and three of the world's richest hydrocarbon fields, is hence of prime importance in India's energy security policy formulation. In recent years, the international branch of the Indian state-owned ONGC Videsh (Oil and Natural Gas Corporation) has begun investing in oilfields in Central Asia. ONGC has picked up a 15 per cent stake in the Alibekmola oilfield and is slated to invest to the tune of US \$1.5 billion in the Kurmangazy oil field in the Caspian Sea – both of which are located in Kazakhstan⁷. Kazakhstan also has large quantities of highly enriched uranium (between 10,590–10,940kgs). This assumes significance in light of the recent NSG waiver for the Indo-US civilian nuclear cooperation that would

⁶ Turkmenistan-Afghanistan-Pakistan (-India) Natural Gas Pipeline Project. Available at <http://meaindia.nic.in/srec/internalpages/tapi.pdf>

⁷ "India's "Look West" Policy: Why Central Asia Matters", *South Asia Monitor*, Volume 110. 5 September 2007. Center for Strategic and International Studies, Washington D.C.

allow India to procure much-needed uranium for its civilian nuclear program, which in the long run could potentially help diversify the country's energy base.⁸ In sharp contrast, while Uzbekistan has modest hydrocarbon reserves, it holds the third-largest uranium deposits in the world. Tajikistan too holds fairly sizeable reserves of uranium ore and the potential for its enrichment. Thus, the Central Asian region can be tapped by India as a potential source of the direly-needed uranium to sustain its civilian nuclear program.

Although Tajikistan and Kyrgyzstan are poorly endowed with hydrocarbon reserves, they hold immense potential for the generation of hydro-electric power. Tajikistan in particular has huge untapped hydro-electric potential; each sq. km. of the territory has up to 2 million K.W hours of hydel resources⁹, and thus, very high potential for hydel

power generation. What is noteworthy in this regard is that the summer season in Central Asia is characterized by surplus production, while much of South Asia reels under chronic power cuts¹⁰. Thus, developing the region's hydel power potential is an investment avenue that India needs to seriously consider.

Security Interest

The emergence of radical Islam in Central Asia in the shadow of the dramatic demise of the Soviet Union and its aggressive propagation of atheism, generated a great degree of unease. In New Delhi, the feeling was that if such tendencies were not nipped in the bud then they would eventually pose a serious threat to Indian security, especially in the fiercely-contested state of Kashmir.¹¹ Such fears have been accentuated in light of the increasingly close linkages that Islamists movements such as the Islamic Movement of Uzbekistan (IMU) have forged with the Taliban and the ISI.¹²

⁸ India is tipped to sign a Uranium Purchase Agreement in January 2009 when the Kazakh President visits India as the Chief Guest for India's Republic day. For further details on Indo-Kazakh Nuclear cooperation, refer to "Nuclear Pact with Kazakhstan Likely during PM's Visit". 16th October 2008. *The Hindu*,. Available at <http://www.hindu.com/2008/10/16/stories/2008101659261200.htm>

⁹ "India-Central Asia Economic Relations: A Report of the RIS/CII Summit", RIS-DP# 94/2005, May 2005, New Delhi. p.16

¹⁰ Ibid.

¹¹ Blank, Stephen. "India's Rising Profile in Central Asia" April 2003. *Comparative Strategy*, 22:2.. p.141

¹² After being militarily hounded out of Uzbekistan in 1998, IMU cadres found a safe haven and training ground in the Taliban-controlled Afghanistan. This link was reaffirmed with several IMU fighters being killed in the battle for Mazar-i-

Often, a lethal combination of grinding poverty and unemployment along with social and political marginalization owing to corrupt and dictatorial regimes that dot much of Central Asia's political landscape, provide a fertile recruiting ground for radical Islamist groups¹³. Such developments certainly do not augur well for India's security interests, given the ISI's history of flirtation with radical Islamist groups with an aim of propping them up against India. This analysis is vindicated in the UN report of 3 April 2000, which states that "Afghan and Pakistan-trained mercenaries are seeking

Sharif in 2001. IMU had also managed to build linkages with the al-Qaeda and strengthen its linkages with the ISI which in the early 1990s facilitated the ideological indoctrination of IMU's foot soldiers in Pakistani madarsas. The ISI also provided safe haven to Tahir Yuldashev in Peshawar from 1995-1998 and it also directed a small proportion of Uzbeks for *jihad* against India in the Kashmir valley. In 2001, the group recast itself as the Islamic Party of Turkistan with the goal of not merely overthrowing Karimov's regime in Uzbekistan, but establishing an Islamic emirate in all of Central Asia and Xinjiang. For a more detailed study of the IMU, refer to Richard Wietz-Strom. "Clouds Over Central Asia: Revival of the Islamic Movement of Uzbekistan (IMU)?" *Studies in Conflict and Terrorism*, 2004.

¹³ For a detailed outline and analysis of the hypothesis on the link between authoritarian rule and the militant nature of radical Islam in Central Asia, see Eric McGlinchey. "Autocrats, Islamists and the Rise of Radicalism in Central Asia". *Current History*, October 2005.

fresh pastures to exploit their brand of fundamentalism with Tajikistan, Kazakhstan and Kyrgyzstan emerging as their new hot spots." Thus, the security of the entire region is closely intertwined. Given the increasingly trans-national nature of linkages being forged by extremist groups, especially with the Taliban in Afghanistan and the ISI in Pakistan, these developments have potentially serious security ramifications for India. Thus, this makes it imperative upon India to be more closely involved in Central Asia's regional security matrix and ensure that instability does not spill over into Central Asia.

Central Asia's significant role in South Asia's security dynamic is underscored by the Tajik republic which functioned as the most critical channel for funneling support to the Northern Alliance by India, Iran and Russia. India clandestinely ran a military hospital at Farakhor and supplied arms to the tune of US \$8 million to the Tajik-dominated Northern Alliance.¹⁴ The base also helped India's external intelligence wing, the Research and Analysis Wing

¹⁴ Rahul Bedi. "India and Central Asia," *Frontline*, Vol.19, Issue 19. 14-27 September 2002.

(RAW), detect Pakistani maneuvers in Afghanistan, significant among which was 'operation evil airlift'.¹⁵

India has sought to credibly enhance its security interests in the region, most notably through its recent acquisition of its first foreign military outpost at Ayni, Tajikistan. India refurbished the base as part of its "aid" to Tajikistan and unsourced reports in the Indian and international media have described Ayni as an air base stationing a squadron of MiG 29s and Kiran trainers.¹⁶ If one were to go by reports in leading publications, then this is a significant step, for it enables India to respond more effectively to crisis situations in Afghanistan and Central Asia, should its interests be at risk. Second, in event of a war-like situation with Pakistan, the

Ayni airbase equips India with a potential capability to strike Pakistan in the rear. The geostrategic significance of Tajikistan for India is further enhanced in light of its proximity to the Greater Kashmir region which falls in Pakistan-Occupied Kashmir and is separated from Tajikistan by a narrow, twenty kilometer strip of Afghan territory¹⁷.

Drug Trafficking and Weapons Proliferation

The Central Asian region is strategically located between two nuclear superpowers, Russia and China, as well as their nuclear-armed neighbors Pakistan and India. Central Asia previously served as a raw materials base for the Soviet weapons program, with Kazakhstan holding large reserves of highly enriched uranium, while Kyrgyzstan has substantial amounts of nuclear waste scattered around. Uzbekistan and Tajikistan hold sizeable uranium reserves and the potential for its enrichment. This, coupled with the absence of special-detection equipment at

¹⁵ RAW was amongst the first agencies to detect the operation, which included airlifting thousands of ISI and Pakistani army officers who had been fighting alongside the Taliban, al-Qaeda and IMU foot soldiers, who managed to escape and subsequently regroup. For a more detailed account and analysis, refer to Ahmed Rashid. 2008. *Descent into Chaos: How the War Against Islamic Extremism is Being Lost in Pakistan, Afghanistan and Central Asia*. Penguin Books.

¹⁶ Interestingly, the Government of India publicly chooses to maintain a cloak of anonymity regarding the precise status of Ayni. There are no official statements on record that have sought to deny or dispute claims made about Ayni serving as an Indian air base. The anonymity, far from clearing the air, has only served to cement suspicion of an Indian military presence in Tajikistan.

¹⁷ P.Stobdan. "Central Asia and India's Security". *Strategic Analysis*, January-March 2004, IDSA, New Delhi. P.70 and Gulshan Sachdeva. "India's Attitude to China's Growing Influence in Central Asia". *The China and Eurasia Forum Quarterly*, Volume 4, No.3. August 2006. p.25

border and customs checkpoints, rampant corruption and little political will, have the potential to render the region highly susceptible to and a lucrative route for smuggling fissile material. This has serious security implications as there is potential danger of proliferation of lethal weapons technology and material into the hands of not just states hostile to India, but also non-state actors like the Taliban, al-Qaeda and groups like the IMU linked to them. This assumes further significance in light of a resurgent Taliban that will not lose out on the opportunity to use to its advantage the porous Tajik-Afghan border.

Drug trafficking potentially poses a major security threat to 'the region'¹⁸. The poor state of border management and rampant corruption, coupled with soaring opium production in neighboring Afghanistan – all spell a dangerous trend. India needs to pay greater heed to drug trafficking, since much of the money generated is used to fund activities of extremist Islamist terror networks¹⁹ that

¹⁸ The term used in this context refers to South and Central Asia.

¹⁹ Drug trafficking is one of the most lucrative sources of financing groups like the Taliban in Afghanistan and the IMU in Uzbekistan

possess the ability to foment trouble for India in the long run. This is an area where India has a broad overlap of interests with three other key players in the region: US, Russia and China, with whom it could engage in multilateral cooperation.

Commercial Interests

Given its geostrategic location, Pakistan offers lucrative port access to landlocked Central Asia through Gwadar, which coupled with Karachi, offers the shortest route to the Arabian Sea.²⁰ Pakistan is also seeking to position itself as an important energy transit corridor that would serve as an outlet for Central Asian energy to flow into markets in South Asia. This has the potential to increase Pakistan's leverage over the CARs. Sustained and deeper engagement in the commercial sector will be an effective way to counter Pakistan's influence in Central Asia.

Central Asia offers a huge, untapped market for Indian consumer goods, particularly so as consumers in the region have little to choose from between exorbitantly-priced, imported

²⁰ Meena Singh Roy. "Pakistan's Strategies in Central Asia" *Strategic Analysis*, Oct-Dec 2006, p.812

Western products and cheap, but low-quality Chinese manufactured goods that have flooded the Central Asian market. In particular, Indian tea and pharmaceutical industries have acquired a strong foothold in the Central Asian market. There also exists a great degree of potential and demand for Indian IT, banking, services, construction, Indian expertise on small and medium-scale enterprises and food processing industries²¹ in Central Asia.²²

Some of the other potential areas that can attract Indian commercial interests in the region include the mining sector, as the region is rich in mineral resources such as copper, uranium, gold and silver – for most of which India has sizeable domestic demand and is a net importer. Further, given India's huge demand for electricity and ballooning rates of deficit between demand and supply, the region's untapped hydro-electric potential may prove to be another lucrative area of investment for Indian

electrical and construction companies. Cotton production and textile sectors also hold out potentially lucrative avenues for Indian investment, particularly so in Uzbekistan which is one of the largest cotton producers in the world.

II CHALLENGES

Although Central Asia's geostrategic location between Europe and Asia and its rich mineral and hydrocarbon resources offer much reason for intensive engagement with the region, nonetheless, there persist numerous challenges that need to be addressed. First, the most obvious challenge that needs to be surmounted is geographical. New Delhi's situation in the region remains extremely vulnerable not merely due to the lack of direct geographical access, but also because of the ability of Pakistan to shut the door in India's face by cutting access to the region as demonstrated in the Kargil conflict of 1999.

²¹ Currently, India is providing assistance in some of the above fields under its ITEC (Indian Technical and Economic Cooperation Programme). However, this needs to be substantially expanded if it is to be of any significance and meet the expectations of Central Asian states.

²² Inglof Kiesow and Nicklas Norling. "The Rise of India: Problems and Opportunities"

Second, Indian security interests broadly revolve around stemming the rising tide of a violent breed of radical Islam in the region that has been egged on by support from Wahhabi elements of Saudi Arabia and Islamabad. Pakistan in particular, hopes to build on an Islamic solidarity by whipping up religious sentiments and using these to blunt New Delhi's influence in Central Asia. To this effect, it has used the Kashmir issue, albeit with limited success, by portraying it as a case of the oppression of Muslims at the hands of the 'Hindu-dominated' Indian state. Also, instances of communal friction between Hindus and Muslims sully India's largely positive image in the region and provide effective propaganda material.

While tackling the challenge posed by the rise of militant Islam in Central Asia, India needs to take note that such forces are primarily a product of the dictatorial and corrupt regimes that characterize the region's political milieu.²³ This

²³ Nothing perhaps exemplifies this better than Moheyuddin Kabir's (principal advisor on International Law to Islamic revolutionary Party Leader Ahmed Nuri in the course of un-brokered peace negotiations) observation on the IMU leader Jumma Numagani: "... not an Islamic scholar... [his worldview] shaped by his own political and military experiences rather than Islamic ideology, but he hates the Uzbek government- that is what

reflects the irony of the situation, for India is seeking to engage with a political dispensation that is seen as a strong causative force for the rise of radical Islam. It would be a challenging task for India to strike a balance between the pursuit of its national interests while not ruffling domestic political sensibilities. Further, given the increasing instability in Afghanistan, which has the potential to spill over and destabilize fragile states like Tajikistan and insecure regimes in Turkmenistan and Uzbekistan; India needs to direct greater resources to and efforts in Central Asia.

Third, although strides have been made with regard to the goal of achieving energy security, many of the complexities involved are yet to be ironed out. To begin with, although the Indian government has begun investing in oil fields in Kazakhstan, it is yet to evolve a clear policy on how to transport oil to the Indian market or work out oil swap deals. Even the much-hyped TAPI pipeline project seems to be on a sticky wicket for

motivates him above all." For a more detailed analysis, apart from Eric Mc Glinchey's work discussed above, also refer to Ahmad Rashid's *Jihad: The Rise of Militant Islam in Central Asia*, 2002. Yale University Press. p.143.

numerous reasons, such as: lack of independent assessment of gas reserves in Dauletabad field, prior commitment of a bulk of gas reserves to Russia, the fickle-minded nature of the regime in Ashgabat, past failures of the Turkmen regime to uphold sanctity of contract, and finally, the potential teething security problems which are likely to arise, given that the pipeline will have to negotiate much of the Taliban-infested South Afghanistan and troubled Balochistan province of Pakistan. India's growing energy ambitions have also brought it into conflict with China, lucidly illustrated by the bitter spat between the two, over bidding of Petro-Kazakh. At the moment however, China commands a clear edge. Moreover, India, despite its keenness to balance Chinese influence in the region, has to be careful to not antagonize Beijing if it is to pursue its dream of an alternative pipeline and trade routes.

Fourth, India has failed to evolve a coherent policy on how to tackle drug trafficking and the potential for weapons proliferation, both of which, as outlined in the preceding section, could potentially undermine Indian security

interests. Finally, in spite of the tremendous commercial potential in the region, India remains grossly under-involved owing to refusal by Indian businesses to undertake risks in a region characterized by political uncertainty, poor banking facilities and lack of direct geographical access to the market. India's late engagement with the region, compounded with late initiation of economic reforms, makes its economic clout look pale in comparison to China's. The lack of economic engagement is reflected in the dismal trade figures which show that Central Asia's share in Indian exports is 1.07 per cent, while imports stand at an even more dismal 0.08 per cent.²⁴

III THE ROAD AHEAD

India's strategic interests at stake in the region, make it imperative for the country to evolve a clear policy, capable of addressing the existing as well as potential challenges that may arise in the future. India has sought to overcome the lack of geographical

²⁴ Department of Commerce, Government of India. Available at <http://www.w3.org/TR/REC-html40> and <http://commerce.nic.in/ftpa/rgnnt.asp>

access to Central Asia by putting forth two propositions. First, to develop a US \$2 billion “energy highway” from Russia via Uzbekistan, Turkmenistan, Kazakhstan and finally entering Kashmir through the India–China Line of Actual Control. Given the disputed status of the sensitive Kashmir region, the materialization of such an energy initiative even though challenging, is not impossible. For instance, taking cue from the cross–border trade that has been opened up between Indian and Pakistani–held Kashmir, modalities for energy trade with China could also be worked out till the border dispute is not settled.

The second and more feasible arrangement that India has been working on is developing an alternative trade corridor via Iran. On 12 September 2000, India inked an agreement in St. Petersburg with Iran and Russia on creating an International North–South Transport Corridor. This corridor will enable the movement of Indian goods from Indian ports to Bandar Abbas in Iran and then on to Central Asia via rail and road linkages and the Caspian Sea route, thus, bypassing Pakistan.²⁵

²⁵ Available at <http://www.instc.org/Main.asp>

While this arrangement has been expanded to include eleven new members; the corridor is not being utilized to its potential.

Another alternative could be reviving the ancient trade routes with Central Asia²⁶, namely the Leh–Yarkand and Leh–Demchuk routes that pass through China. This will have two specific advantages. First, it will have the potential to generate economically beneficial spin offs for populations in the border areas. Second, in attempting to rekindle these ancient trade routes, India will have to deal only with one actor, i.e. China, making this route far more stable than the alternative routes passing through Pakistan and Afghanistan.

With regard to the security dimension, while it is vital to keep a tab on Pakistan’s maneuvers in the region, this alone will not suffice. India must encourage policies and outside actors that would gradually help promote a greater degree of political and economic liberalization in the

²⁶ Eminent scholar on Central Asia, K. Warikoo, in a roundtable discussion held on trade linkages with Central Asia in New Delhi, observed that until 1947, the trade turnover with Central Asia through these routes was Rs. 2 million

region. If the current political and economic scenario continues in Central Asia, it will continue to provide fertile breeding ground for extremism and centrifugal tendencies. Also, a resurgent Taliban in neighboring Afghanistan, with a potential to spill over into Central Asia, makes it imperative for India not only to continue its efforts to stabilize Afghanistan, but evolve a strategy with Russia, China and US on how to prevent such a possible spill over.

In order to address this security challenge, India has established Joint Working Groups (JWG) on Terrorism with Kazakhstan and Tajikistan. It has also joined the Shanghai Cooperation Organization (SCO) – one of the most significant regional groupings, on whose agenda counter-terrorism features prominently, as an observer. However, how effectively and to what extent India can utilize the SCO platform, remains uncertain, given the pre-dominant Chinese influence within the organization and its sensitivity towards Pakistan which is also an observer in the SCO. Moreover, China's attempt to project its power in the region through the conduct of joint military exercises with Central

Asian republics under the SCO banner, has not gone unnoticed by India.

In addition, India is also attempting to strengthen its cooperation in the defense sector: the Indian government has signed and implemented agreements on training and exchange of military personnel; sharing of intelligence, particularly with Uzbekistan; purchase of Illyushin-78 aircrafts; and refurbishing of military hardware. Central Asia remains a relatively untapped market for the indigenous Indian defense industry, which could establish a niche market in small arms.²⁷

Further, any attempt to stem the tide of radical Islam, inescapably needs to address the issue of rampant drug trafficking – a vital source of funding for Islamist groups. This is an area which India has paid scant attention to, but could potentially contribute towards by supporting existing EU-sponsored programs on training border forces and providing necessary technical resources. In addition, India could help by making farming communities in

²⁷ Blank, Stephen. "India's Rising Profile in Central Asia" April 2003. *Comparative Strategy*, 22:2, p.143 and 151

the region self-sustaining through the introduction of high-value crops as an alternative to poppy and also help set up cooperative ventures along the lines of the highly successful AMUL India.

In the commercial arena, India could deepen its footprint by effectively building on its strengths in IT, banking and the small and medium-scale enterprise sectors. Indian businesses should be encouraged to develop a greater appetite for undertaking risk in the politically volatile, but economically untapped region. The Indian government has off late been assisting Indian entrepreneurs and business chambers to organize trade fairs under its CIS (Commonwealth of Independent States) programme. Further, a joint business council has been set up with Kazakhstan. Nonetheless, as the above figures demonstrate, sustained engagement will help bolster India's footprint in the region and effectively counter Pakistan's attempts to blunt Indian presence, by positioning itself as a trade and energy corridor for Central Asia. In addition, India needs to set up a Joint Working Group on improving transport linkages with Central Asian republics through which it

can genuinely bolster links with this strategically important region.

IV CONCLUSIONS

As Central Asia comes to increasingly define the contours of South Asian security, a deeper and sustained Indian engagement with the region has become imperative. India's political and military profile in the region has shown a steady though modest rise over the last decade. Along with its already strong cultural profile, its political closeness to Moscow and thaw in relations with Beijing and the US has enhanced the reach of its engagement with the region. But on the economic front, India's engagement in the region is far from satisfactory. Moreover, with the chill in relations between the US on one hand and Russia and China on the other, coupled with increasing instability in Afghanistan, the road ahead will be difficult for India to navigate.

In spite of the profound challenges that remain, India's overall positive image, cultural anchor in the region, refrain from overt intervention in domestic politics, experience in dealing with the former communist leadership –

much of which still rules over Central Asia, and its rising economic profile, provide India with a strong foundation to build on. Both continue to remain a major concern on the Indian strategic radar, given Beijing's growing economic and military clout in the region and its close proximity to Islamabad. India must be careful of falling into the trap of becoming a pawn in the great power rivalry in the region, especially between rising China and Russia. What India needs is a clear-cut policy for the region that not only effectively secures India's strategic interests in the region, but is also able to offer a relationship that is mutually-beneficial for the Central Asian republics. Widening the policy ambit beyond the narrow scope of strategic interests to include other areas such as greater people-to-people contact, promoting tourism, and cooperating on environmental and in particular, water resource protection²⁸, would go a long way in providing a fillip to the Indian profile in Central Asia.

²⁸ Water cooperation is vital, given the severe scarcity of water in Central Asia which is expected to reach appalling levels by 2025. Competition for control of this scarce, but precious resource is going to emerge as a major security issue and could have potentially destabilizing effects on the region.