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Historical Development of India-Uzbekistan Trade Relations: Potentials for Future Collaboration

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ABSTRACT: The trade relationships between India and Uzbekistan are not from recent centuries in fact are deeply rooted in the ancient Silk Route. The Silk route has played an important role in laying the foundations if the modern trade. Today India and Uzbekistan have economic and cultural exchanges that are growing stronger by the time. This paper is an attempt to trace the trade relations between the two countries-India and Uzbekistan, from ancient times to present while highlighting the key milestones. The study also focuses on challenges and opportunities for bilateral trade. A thorough analysis of historic trade patterns and modern trends in the field, the study aims at identifying the potentials for future collaboration between the countries, highlighting the need of regional connectivity and a need of robust institutional frameworks that can facilitate the sector specific partnerships. The findings of this study attempt to highlight the yet untapped potential of bilateral trade between the countries. The study also attempts to strengthen the economic ties between the countries by proposing actionable strategies.

INDEX TERMS: Trade relations, India-Uzbekistan, bilateral trade, Silk Route, regional connectivity, Central Asia, future collaboration, historical development.

I. INTRODUCTION

Trade between India and Uzbekistan have a centuries long history [11], with the two countries sharing a rich cultural exchange and regular trading of goods for over 20 centuries. These two countries along the 2000 years old Silk Road have always relied on a complex network of connecting routes, even during the centuries of change in their relationships [10], especially related to trade and commerce. Even during the soviet times, the economic relations between India and Soviet Union were a cornerstone and central to India's foreign policies. [13]. Uzbekistan, is a major economy in the Central Asian region, offering certain unique opportunities and challenges for their trade relations with India. Amongst all the Central Asian nations, Uzbekistan is a noteworthy trade partner owing to the country's economic potential and geopolitical bearing.

India and Uzbekistan have an extensive history of trade and economic interactions and engagement that times back to the Kushan period ([17], The Kushan Empire was a powerful pre-modern empire that existed from 30–375 CE(1st to 3rd century) in parts of present day Afghanistan, Khorasan in central Asia (Uzbekistan), Pakistan, and India [12].

Upon fall of Soviet, India was one of the first nations to extend the recognition of Uzbekistan's state sovereignty after their independence [4]. Post independence, a protocol on establishment of diplomatic relations between the two countries-India and Uzbekistan was signed in Tashkent on 18 March 1992. After the fall of the Soviet Union, India had provided economic assistance to the newly independent Central Asian Republics (CARs) [17]. India and Uzbekistan formally entered into a Strategic Partnership in 2011 [4]. Despite these efforts, bilateral trade remains below its potential, hindered by logistical, regulatory, and geopolitical challenges. This paper explores the historical evolution of India-Uzbekistan trade relations, drawing lessons for future collaboration.

II. HISTORICAL FOUNDATIONS: THE SILK ROUTE ERA

The Silk Route, which connected Asia, Middle East and Europe did flourish from around 130 BCE to the 15th century [19]. Wood, Silver, and Gold were the major items that travelled eastward. The Silk Route has played a crucial role in



shaping the economic and cultural ties between the continents and by extension between India and Uzbekistan. Several key aspects of trade between these countries during the Silk Route era consist of:

(1) Trading of Goods:

Indian merchants primarily exported spices, textiles, dyes, Ivory, and precious stones to Uzbekistan. The Uzbek traders brought silk, ceramics, bronze and Copper utensils, Carpets, and several other goods. Along the Silk Route that connected these two countries cities like Samarkand, Khiva, and Bukhara in Uzbekistan and Srinagar, Gilgit (present day in Pakistan Administered Kashmir) in India connecting through Afghanistan cities like Hadda, Bamiyan and Kapisa. These cities emerged as thriving hubs of commerce and culture [5].

(2) Cultural Exchange:

In the early days of establishment, the Buddhism religion travelled from India to Central Asia. An influence of Sufism in the Indian Subcontinent highlights the deep cultural connections [8]. Artistic styles like Gandhara Art travelled from India to Uzbekistan. Almost all the rulers of mediaeval India including Timurid era and Saltanat were from Central Asian region [2].

(3) Architectural Influence:

The architectural styles of Uzbekistan, particularly in Samarkand and Bukhara, reflect Indian influences, showcasing the shared heritage of the two regions. The Mughal era architecture in India is a clear depiction of Central Asian influence,

III. BUILDING A MODERN PARTNERSHIP: POST-INDEPENDENCE RELATIONS

Following Uzbekistan's independence in 1991, India was among the first countries to extend a recognition to Uzbekistan's state Sovereignty and to establish diplomatic ties with Uzbekistan. In last 3 decades there are notable developments in this area including:

(1) Diplomatic Engagement:

The signing of the Treaty of Friendship and Cooperation in 1993 laid the foundation for bilateral relations [7]. The diplomatic engagement laid a foundation cooperation in politics, economy, culture, and security areas, the countries are engaged in collaborative efforts to improve security cooperation by conducting the joint military exercises and also include intelligence sharing. Both the countries have cooperated in various forums at regional and international levels, such as the United Nations and the Shanghai Cooperation Organization (SCO).

(2) Economic Cooperation:

The countries actively indulged in improving the comfort level of the investors and increasing their confidence in investments. The Double Taxation Avoidance Agreement (DTAA) and the Bilateral Investment Treaty (BIT) were signed by India and Uzbekistan to promote trade and boost investments.

(3) Cultural Diplomacy:

Initiatives like the establishment of the Indian Cultural Centre in Tashkent: Lal Bahadur Shastri Centre for Indian Culture (LBSCIC) offering yoga, Kathak and Hindi language classes to locals. Indian music, actors, and films have been popular in Uzbekistan. *Priklucheniya Ali-Baby i soroka razboynikov(Russian)/Alibaba aur 40 Chor (Hindi)* was an Indian-Soviet film was jointly directed by Latif Faiziyev (Uzbekistan) and Umesh Mehra(India) in 1980 [3]. There are cultural exchange programmes between the countries and the celebration of shared historical figures, such as Babur, have reinforced people-to-people ties.

IV. CURRENT TRADE RELATIONS: TRENDS AND CHALLENGES

Despite the historical and diplomatic foundations, India-Uzbekistan trade remains modest. Key trends and challenges include:

**(1) Trade Volume:**

Bilateral trade stood at approximately \$604.8 million in 2022-23, with Indian exports (pharmaceuticals, machinery, and IT services) and Uzbek exports (cotton, fertilizers, and minerals) dominating the trade basket. Trade between Uzbekistan and India has grown by 4.7 times from 2017 (275.5 million) to 2024 (1.29 billion). The most significant growth had occurred during 2023–2024, where the trade nearly doubled. This was possibly due to new trade agreements, investments, or strategic partnerships the countries agreed upon. In fact the trade continued to grow during COVID-19 pandemic times [15].

(2) Logistical Barriers:

Uzbekistan being a doubly landlocked country has logistical challenges. There are no direct transportation routes and the countries have to adopt different modes of transportations. This leads to higher transport costs. This has been playing the biggest issue that hinders the bilateral trade growth.

(3) Regulatory/customs/tariff Hurdles:

The existence of complex customs procedures and non-tariff barriers pose challenges for businesses. The export/import route is by rail to/from Iran via Turkmenistan and then from/to Iran by sea to from Indian ports [18]. It also is time consuming thus limiting the types of products that can be traded.

V. POTENTIALS FOR FUTURE PARTNERSHIP

The potential for thriving trade relations between India and Uzbekistan is tremendous. With limited data availability of data, following suggestions are made. India is one of the top 10 bilateral trade partners of Uzbekistan. Still the realised trade is much below the potential. Some key strategies to improve the prospects of collaborations are as follows:

(1) Enhancing the existing Regional Connectivity:

One of the major issues in trade is higher transport cost. This prevents small importers and exporters from entering into international businesses. The development of 7200 kms long multi-modal network of water, rail, and road transport infrastructure projects like the International North-South Transport Corridor (INSTC) and Chabahar Port in Iran will reduce the transportation costs and improve access to the international markets. Small and medium sized business will benefit from such infrastructural investments [6].

(2) Strengthening Institutional Frameworks in both countries:

To facilitate the trade simplifications of customs procedures as the goods travel across more than one border, agreeing onto harmonized standards, and establishing investment corridors and joint trade committees will facilitate smooth trade practices. As of 2024, total of 317 Indian enterprises are functional in Uzbekistan and total Indian investment amounts to USD 325 Million (approx) [7].

(3) Promoting Partnership Specific to Sectors:

Sector specific collaboration with a possibility of comparative advantage for example pharmaceuticals, textiles, renewable energy, food processing, agriculture technology, and IT can help the countries reveal new opportunities for economic growth.

(4) Leverage the existing Cultural Ties:

Boosting the cultural diplomacy and strengthening people-to-people exchanges will foster stronger partnerships while building trust amongst the general public and investors. When the cultures are promoted and learnt, improves tourism which a major contributor to the economies.

**VI. CASE STUDIES ON SUCCESSFUL COLLABORATIONS:**

In past there have been some successful collaborations between these two countries. With many Indian investors starting business in Uzbekistan and Uzbek exporters exporting construction materials, ferrous and non-ferrous metals, leaders, food items etc., the trade is flourishing and yet can achieve a higher potential. Some Indian companies that invested in Uzbekistan are:

(1) Pharmaceuticals:

Several Indian companies have presence in Uzbekistan. Avantika Medex Pvt Ltd is collaborating with local counterparts to enter in a joint venture. Some companies have representative offices in Uzbekistan. Kusum Healthcare started its business in Uzbekistan in 2005 and now employs more than 120 people locally [16]. Dr. Reddy's Laboratories Ltd. has established its presence in Uzbekistan with an aim to supply generic and branded generic medicines.

(2) Energy:

Uzbekistan is one of the largest Industrial Hubs in the CIS region. To attract Indian investments in the energy sector, Uzbekistan is offering land, subsidised power and tax benefits. India is investing in the field of oil and gas exploration. India is keen about participating in the natural gas pipeline Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline, though it still is in only a conceptual stage [14]. This will facilitate oil and gas transmission and distribution while also offering energy security [1].

(3) Education and IT:

At present there are 4 Indian Universities in Uzbekistan having good geographical spread from Tashkent, Jizakh, Bukhara, and Adnijan delivering education in fields of Management, Computer Sciences, IT, and Engineering. Uzbekistan has invested heavily in development of IT infrastructure (IT PARK). The Indian IT firms have partnered with Uzbek institutions to promote skill development and digital transformation. Tata Consultancy Services, Genpact, and STPI are considering Uzbekistan to expand their IT and ITES (outsourcing) businesses [9].

VII. CONCLUSION

The countries- India and Uzbekistan share a heritage in various forms. The trade relations evolved between the countries for centuries now. The modern developments in various sectors like IT, Education, Pharmaceuticals etc have huge potentials for future collaborations despite the logistical, geopolitical, and regulatory challenges. The countries can unlock this potential of economic growth and regional integration by overcoming these challenged. The strategic initiatives undertaken by the governments of both countries along with the strong historic bonds will be rudimental to a stronger and more prosperous partnership between them.

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With a strong publication record and numerous conference presentations, Dr. Meshram is dedicated to fostering innovative learning environments and empowering future leaders through excellence in teaching, research, and strategic collaboration. Her work reflects a commitment to bridging academic knowledge with real-world applications, making her a valuable contributor to global scientific and educational advancements.

2. **Professor Kucharov Abrorjon Sobirjanovich** is a distinguished academic and seasoned professional in the fields of business management, logistics, and infrastructure development. Currently serving as a Professor in the Department of Business Management and Logistics at Tashkent State University of Economics, he brings over three decades of experience in academia, research, and administrative leadership.

Professor Kucharov began his career in 1990 as a Senior Laboratory Assistant at the Tashkent Institute of National Economy and has since held various prominent roles, including Head of the Department of Customs Affairs, Dean of the Faculty of International Tourism, and Deputy Head of the General Directorate of Personnel and Science at the Ministry of Higher and Secondary Special Education of the Republic of Uzbekistan. His expertise extends to international collaborations, having advanced his qualifications at Spain's Bolear University and Italy's Genoa University in 2014.

With a strong academic foundation, Professor Kucharov earned his degrees from Tashkent State University and Tashkent State University of Economics. His research focuses on critical areas such as *The Primary Market Value Innovations of Newly Public Firms, Auditor Tenure and Quality of Financial Reporting*,



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Professor Kucharov is widely recognized for his dedication to advancing higher education, fostering international partnerships, and mentoring the next generation of leaders. His work continues to shape the academic and professional landscape in Uzbekistan and beyond.