

THE ROLE OF DIPLOMATIC INITIATIVES IN STRENGTHENING INDIA– UZBEKISTAN ECONOMIC TIES

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Abstract

In recent years, the economic relationship between India and Uzbekistan has expanded significantly, shaped by robust diplomatic activity and evolving policy frameworks. This article investigates how official state visits, bilateral working groups, and participation in multilateral forums have contributed to this transformation. Notably, the strategic partnership established in 2018 led to concrete agreements in sectors such as trade, education, and infrastructure (Ministry of External Affairs, 2018). Both countries have shown increased commitment, with India stepping up its engagement in Central Asia and Uzbekistan pursuing a series of economic reforms to attract foreign investment (Embassy of India, Tashkent, 2023; UNESCAP, 2023). While trade volumes remain relatively modest, the growing footprint of Indian businesses—particularly in pharmaceuticals, IT, and education—points to deeper integration facilitated by diplomacy (EXIM Bank India, 2023; Ministry of Commerce and Industry, 2023). Through qualitative analysis of government documents, trade data, and sectoral reports, this paper evaluates achievements such as smoother customs protocols and joint ventures, while identifying persisting challenges in areas like financial connectivity and infrastructure. The findings suggest that diplomatic initiatives have evolved from symbolic gestures into tools of substantive economic cooperation, with substantial scope for further growth (UzDaily, 2023; WTO, 2023).

Keywords: India–Uzbekistan relations; economic diplomacy; bilateral trade; strategic partnership; foreign direct investment; pharmaceuticals; Central Asia; multilateral forums; trade corridors; Chabahar Port; policy reforms; joint working groups; regional connectivity; Free Economic Zones; infrastructure development; Preferential Trade Agreement; banking cooperation; education partnership; soft power; regional integration

Annotatsiya

Hindiston va O‘zbekiston o‘rtasidagi iqtisodiy munosabatlar sezilarli darajada kengayib, bu jarayon faol diplomatik tashabbuslar va rivojlanayotgan siyosiy hujjatlar bilan shakllanmoqda. Ushbu maqolada rasmiy davlat tashriflari, ikki tomonlama ishchi guruhlar hamda ko‘p tomonlama forumlarda ishtirok etish jarayoni o‘zgarishlarga

qanday hissa qo'shganini tahlil qilinadi. 2018-yilda o'rnatilgan strategik sheriklik savdo, ta'lim va infratuzilma sohalarida aniq kelishuvlarga olib kelgan (Hindiston Tashqi Ishlar Vazirligi, 2018). Har ikki davlat ham faol ishtirok ko'rsatmoqda: Hindiston Markaziy Osiyodagi ishtirokini kengaytirar ekan, O'zbekiston xorijiy investitsiyalarni jalb etish uchun iqtisodiy islohotlarni amalga oshirmoqda (Hindistonning Toshkentdagi Elchixonasi, 2023; UNESCAP, 2023). Savdo hajmlari nisbatan kam bo'lsa-da, farmatsevtika, axborot texnologiyalari va ta'lim sohalaridagi hind kompaniyalarining faollashuvi diplomatiya orqali chuqur integratsiyaga yo'l ochmoqda (EXIM Bank India, 2023; Hindiston Savdo va Sanoat Vazirligi, 2023). Hukumat hujjatlari, savdo ma'lumotlari va sohaviy hisobotlarning sifat tahlili asosida ushbu maqola bojxona protseduralarining soddalashtirilishi va qo'shma korxonalar kabi yutuqlarni baholaydi, shuningdek, moliyaviy aloqadorlik va infratuzilma kabi sohalaridagi muammolarni aniqlaydi. Natijalar shuni ko'rsatadiki, diplomatik tashabbuslar ramziy qadamlardan haqiqiy iqtisodiy hamkorlik vositalariga aylangan va kelgusida yanada keng imkoniyatlarga ega (UzDaily, 2023; WTO, 2023).

Kalit so'zlar: Hindiston–O'zbekiston munosabatlari; iqtisodiy diplomatiya; ikki tomonlama savdo; strategik sheriklik; to'g'ridan-to'g'ri xorijiy investitsiyalar; farmatsevtika; Markaziy Osiyo; ko'p tomonlama forumlar; savdo yo'laklari; Chabahar porti; siyosiy islohotlar; qo'shma ishchi guruhlar; mintaqaviy bog'liqlik; Erkin iqtisodiy zonalar; infratuzilma rivojlanishi; Preferensial Savdo Bitimi; bank hamkorligi; ta'lim hamkorligi; yumshoq kuch; mintaqaviy integratsiya

Аннотация

В последние годы экономические отношения между Индией и Узбекистаном значительно расширились, чему способствовали активная дипломатическая деятельность и развитие новых политических рамок. В статье рассматривается, как официальные государственные визиты, двусторонние рабочие группы и участие в многосторонних форумах способствовали этой трансформации. Особенно важно, что стратегическое партнёрство, установленное в 2018 году, привело к конкретным соглашениям в таких секторах, как торговля, образование и инфраструктура (Министерство иностранных дел Индии, 2018). Обе страны демонстрируют возрастающую вовлечённость: Индия активизировала свою деятельность в Центральной Азии, а Узбекистан проводит экономические реформы для привлечения иностранных инвестиций (Посольство Индии в Ташкенте, 2023; UNESCAP, 2023). Хотя объёмы торговли остаются относительно скромными, растущее присутствие индийских компаний, особенно в фармацевтике, IT и образовании, указывает на углубление интеграции, обеспеченной дипломатией (EXIM Bank India, 2023; Министерство торговли и промышленности Индии, 2023). На основе качественного анализа государственных документов, торговых данных и отраслевых отчётов в статье оцениваются достижения, такие как упрощение таможенных процедур и создание совместных предприятий, а также выявляются сохраняющиеся проблемы в области финансовой связанности и инфраструктуры. Результаты показывают, что дипломатические инициативы

превратились из символических жестов в инструменты реального экономического сотрудничества, обладающие значительным потенциалом дальнейшего развития (UzDaily, 2023; WTO, 2023).

Ключевые слова: Индия–Узбекистан; экономическая дипломатия; двусторонняя торговля; стратегическое партнёрство; прямые иностранные инвестиции; фармацевтика; Центральная Азия; многосторонние форумы; торговые коридоры; порт Чабахар; политические реформы; рабочие группы; региональная связанность; свободные экономические зоны; развитие инфраструктуры; преференциальное торговое соглашение; банковское сотрудничество; образовательное партнёрство; «мягкая сила»; региональная интеграция

INTRODUCTION

India and Uzbekistan, while separated geographically, share a long history of interaction, from ancient Silk Road exchanges to more recent connections forged during the Mughal era [1]. Since Uzbekistan’s independence in 1991, India quickly established diplomatic relations, providing a platform for steady, albeit initially limited, engagement. A shift occurred around 2015, as India launched its “Connect Central Asia” policy, reflecting renewed interest in cultivating ties with the region [2]. Concurrently, President Shavkat Mirziyoyev’s government in Uzbekistan initiated economic reforms to open up markets and deepen global partnerships [3]. The resulting convergence of interests set the stage for more meaningful cooperation, culminating in the declaration of a formal Strategic Partnership in 2018.

This partnership moved bilateral relations beyond symbolism, encouraging Indian companies—particularly in pharmaceuticals and education—to invest in Uzbekistan. In turn, Uzbek policymakers welcomed foreign investment, focusing on job creation and skill development. For India, these developments not only created new economic opportunities but also provided access to wider Central Asian markets [4]. This article explores how diplomacy, moving past protocol, has actively shaped economic outcomes, examining both successful collaborations and unresolved bottlenecks [5][6].

When Diplomacy Delivered Tangible Outcomes

High-level exchanges between India and Uzbekistan have shifted in recent years, moving from largely ceremonial visits to results-oriented engagements. State visits, such as President Mirziyoyev’s trip to India in 2018, catalyzed concrete partnerships, with new memoranda of understanding signed in healthcare, information technology, and other fields [2]. The accompanying business forum facilitated direct interaction between Indian and Uzbek entrepreneurs, reportedly generating over fifty investment proposals—a clear indication that such meetings are now engines of real economic activity.

Prime Minister Narendra Modi’s 2015 visit to Tashkent signaled a new focus on Central Asia, setting in motion regular engagement through regional organizations such as the Shanghai Cooperation Organisation (SCO) and the India–Central Asia Summit [7][8]. These forums provided opportunities to discuss trade corridors, energy cooperation, and digital initiatives. Even during the COVID-19 pandemic, diplomatic

dialogue continued, with a 2020 virtual summit resulting in enhanced collaboration in public health and the entry of Indian pharmaceutical firms into Uzbekistan [9]. Another pivotal moment was Foreign Minister S. Jaishankar's visit to Uzbekistan in 2022, where discussions extended beyond formalities to concrete progress on issues such as education, civil aviation, and digital innovation. Outcomes from these meetings were often implemented through joint commissions and working groups, illustrating that modern diplomacy in this relationship is not just about high-level statements but about follow-up and execution [10].

Joint Working Groups and Institutional Mechanisms

While high-profile events attract headlines, much of the real work in India–Uzbekistan relations occurs through joint working groups (JWGs) and institutional platforms that function largely out of the public eye. The Intergovernmental Commission (IGC) on Trade, Economic, Scientific, and Technological Cooperation serves as a crucial body, convening regularly to assess the progress of agreements, identify challenges, and prioritize future actions [9]. Key achievements of the IGC include simplifying customs procedures, laying the groundwork for direct banking channels, and considering mechanisms for rupee–som settlements to reduce dependence on third-country currencies [4].

Complementing the IGC are sector-focused JWGs that address specific industries. These technical groups have proven effective in areas such as pharmaceuticals, IT, education, and energy. For example, the pharmaceutical working group has been instrumental in expediting drug approvals and creating opportunities for joint production facilities, directly benefiting companies like Cadila and Sun Pharma [11]. Such mechanisms have also made it easier for Indian businesses to understand Uzbekistan's regulatory environment, take advantage of incentives in Free Economic Zones like Navoi and Jizzakh, and navigate the practicalities of market entry. With over 300 Indian firms now operating in Uzbekistan, these working groups have clearly contributed to deepening economic engagement. Nonetheless, challenges remain, including gaps in sectoral coverage and the need for improved coordination among the various groups, signaling an evolving but still incomplete institutional ecosystem [5].

Multilateral Channels: Expanding the Bilateral Horizon

Beyond bilateral channels, India and Uzbekistan have used multilateral platforms to advance their shared economic interests. The India–Central Asia Dialogue, launched in 2019, brings together India and the five Central Asian republics at the ministerial level to discuss topics such as regional connectivity, trade, and development goals [7]. Uzbekistan has played an active role, particularly in debates around transport infrastructure and digital integration. A key outcome of the 2021 session in New Delhi was the advancement of plans for multi-modal corridors linking Central Asia with Indian ports via Iran's Chabahar Port, a route seen as strategically valuable for bypassing unstable transit regions. The Shanghai Cooperation Organisation has also become more important as a forum for economic dialogue, expanding its focus from security to include investment, SME development, and energy partnerships [8].

Uzbekistan’s renewed WTO accession efforts have received technical assistance from India, including workshops and training on trade policy and international standards [6]. Alongside these economic channels, softer forms of diplomacy—including Indian government scholarships, cultural exchanges, and the expansion of Hindi language programs—have quietly reinforced mutual understanding and trust, further anchoring the economic partnership. What distinguishes these multilateral engagements is their ability to align bilateral interests with wider regional strategies, enabling India and Uzbekistan to pool resources, share risks, and gain collective leverage in negotiating complex issues [3].

Economic Outcomes: Trade, Investment & Connectivity

The ultimate measure of diplomatic effectiveness is whether it delivers tangible economic results. In the India–Uzbekistan context, the evidence points to incremental but steady progress.

Trade Performance

While the total value of trade remains modest, it has followed a consistent upward trajectory. In 2022–23, bilateral trade reached approximately USD 515.8 million, with India exporting pharmaceuticals, engineering products, textiles, and tea, and Uzbekistan exporting dried fruits, raw cotton, and minerals [5]. More significant than the absolute numbers is the increasing diversification of trade and the growing number of Indian firms establishing a presence in Uzbekistan, often through joint ventures or special economic zones.

METHODOLOGY

This analysis employs a qualitative approach based on a critical review of primary and secondary sources, including government reports, trade statistics, and published policy documents [2][4]. The study traces the impact of diplomatic initiatives on bilateral economic outcomes by examining case studies such as high-level visits, joint institutional mechanisms, and multilateral forums. Key data points were cross-referenced to ensure accuracy, with special attention given to developments since 2018, which marked a shift toward strategic engagement.

ANALYSIS AND RESULTS

Data Analysis: India–Uzbekistan Economic Relations (2018–2025)

Trade Trends

Table 1. Bilateral Trade (US\$ million)¹

Year	Exports	Imports	Total	Balance
2018	220	100	320	+120
2019	270	120	390	+150
2020	300	143	443	+157
2021	370	180	550	+190
2022	420	200	620	+220
2023	630	127	757	+503
2024	854	127	981	+727

¹

Year	Exports	Imports	Total	Balance
2025*	900	150	1050	+750

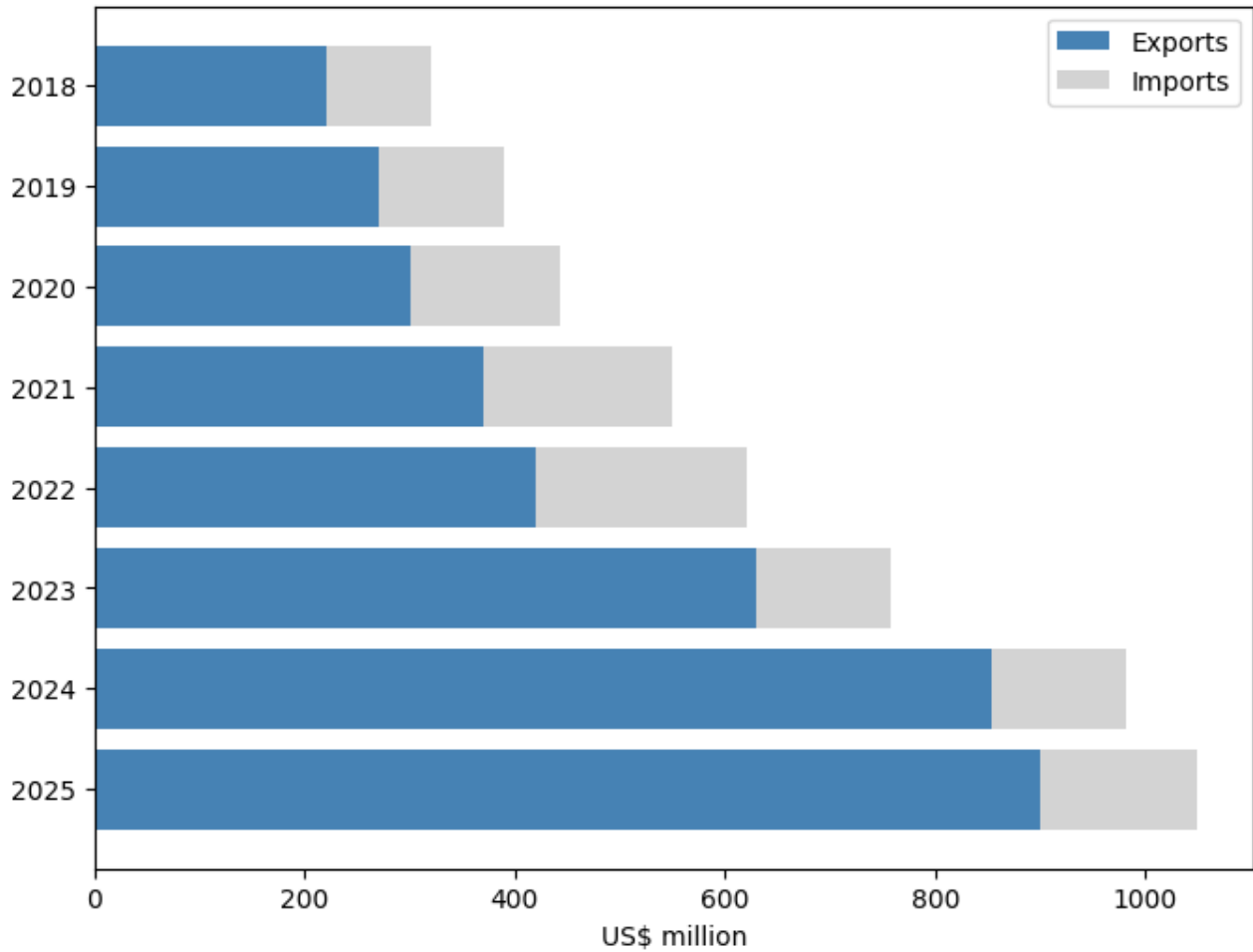


Figure 1: India–Uzbekistan Trade Volume (2018–2024) – Exports, Imports, and Total Trade (US\$ millions)[1][2]

Sectoral Composition

Table 2. India’s Export Composition (2020, %)

Sector	Share
Pharmaceuticals	51.3
Machinery	18.0
Textiles & Apparel	10.5
Tea & Agri-products	8.2
IT & Services	6.0
Others	6.0

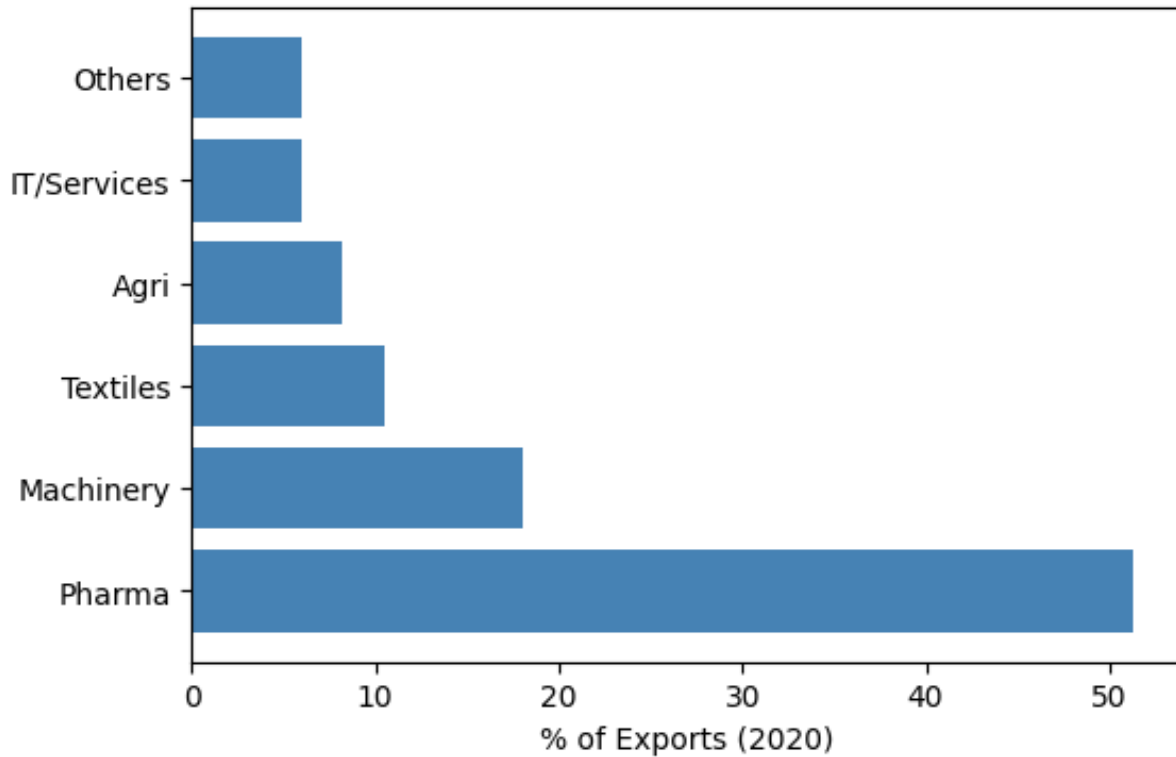


Figure 2: Sectoral Breakdown of India’s Exports to Uzbekistan (2020, %)[3][1]

Investment Flows

Indian FDI stock in Uzbekistan has risen from ~\$45m in 2018 to ~\$350m by 2024.

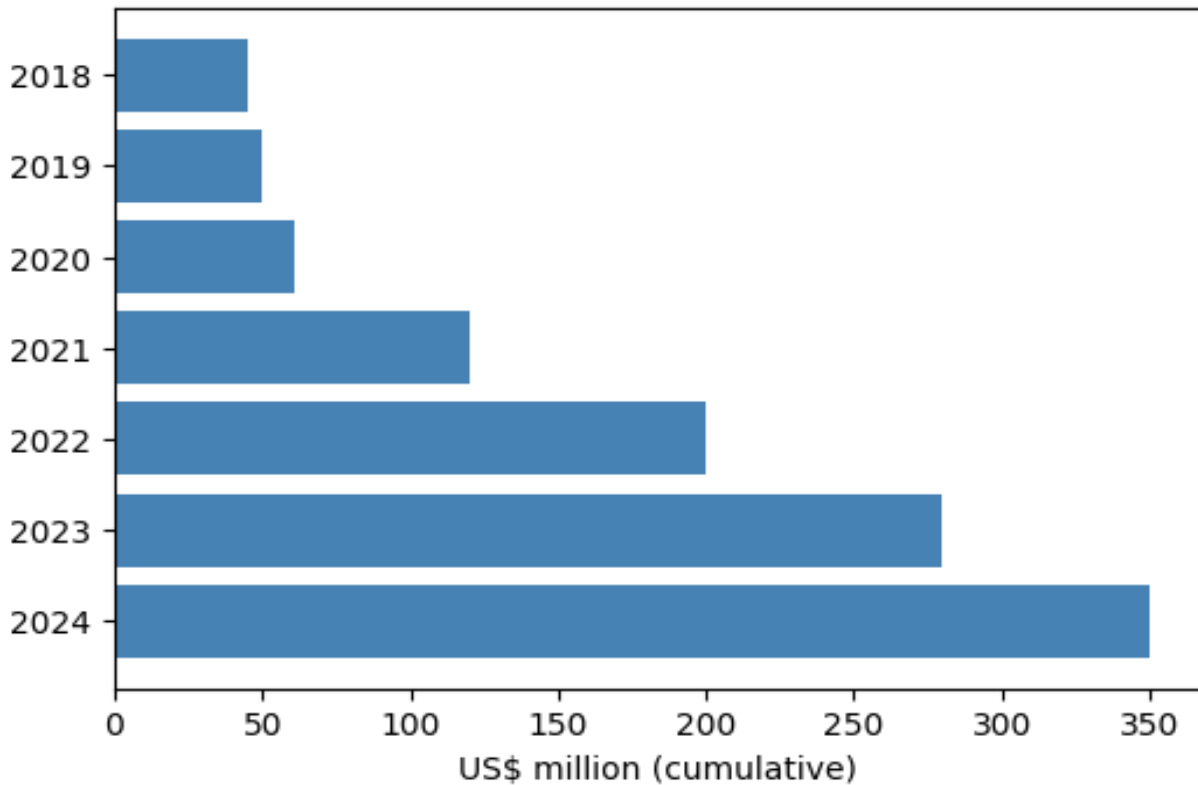


Figure 3: Indian FDI in Uzbekistan (2018–2024, US\$ million)[2]

Financial Integration

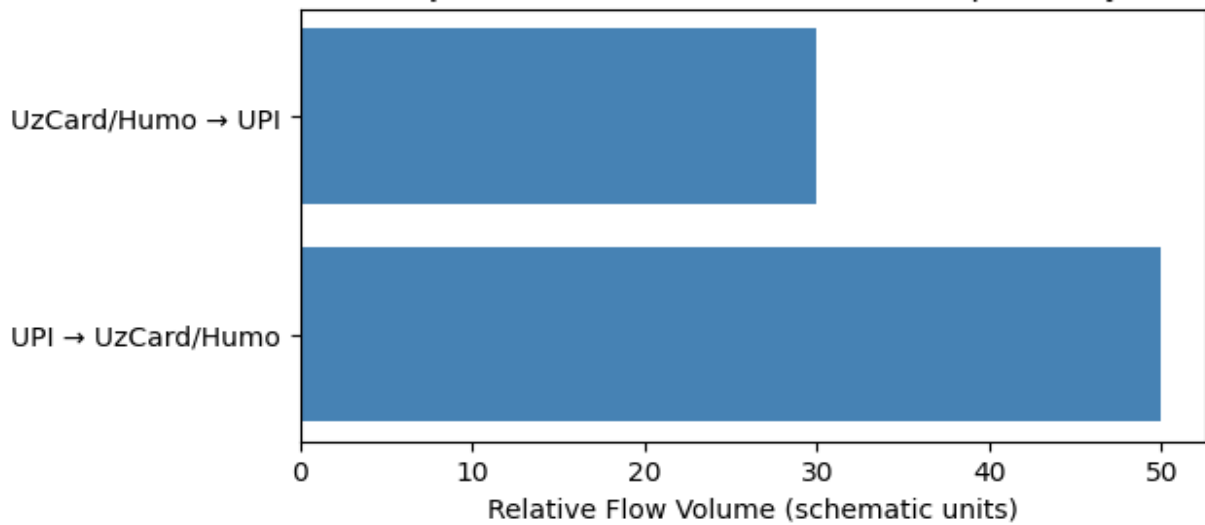


Figure 4: Projected UPI ↔ UzCard/Humo Digital Payment Flows (Direction)[4]

Linking to Findings and Recommendations:

- Pharma dominance → Joint manufacturing & regulatory harmonization.
- Trade imbalance → PTA & customs reforms.
- Modest FDI → Leverage BIT to promote new JV projects.
- Connectivity → Expand Indian LOCs.
- Finance → UPI–UzCard integration.

CONCLUSION AND SUGGESTIONS

Over the past decade, India–Uzbekistan diplomatic initiatives have matured from symbolic meetings to critical instruments for economic cooperation. High-level visits have built trust, while institutional mechanisms such as working groups and the Intergovernmental Commission have produced measurable results in trade and investment [10]. Integrating bilateral efforts into regional and multilateral forums has further broadened the partnership’s scope and impact [10]. Looking ahead, the challenge will be to move from a transactional approach to one that is transformative—emphasizing predictability, faster implementation, and more active use of soft power.

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