Chapter V
INDIA-TURKMENISTAN ECONOMIC RELATIONS
The foundations of the Indo-Turkmen trade and techno-economic cooperation date back to history. On the basis of archeological digs carried out in the south of Turkmenistan, V. M. Masson has observed that it was through trade that the Altyn-Tepe culture and Harappan Civilisation remained united. Similarly, another archeologist, A. Schetenko states that Turkmenistan and India had direct trade and cultural links in old times. In his opinion, ivory objects and some precious stone necklaces found in the Kopet-Dag foothills were imported from Hindustan (Amiya Chandra, p. 1231)

During the digs of ancient agricultural settlements of south Turkmenistan, archeologists found a number of seals which include a silver seal designed like a three-headed creature that is analogous to objects from the Harappan Civilisation. Thus it is possible to say that during the Bronze Age, there existed direct trade from Harappa and Mohnejodaro to south Turkmenistan. The great Kushans, Buddhism, Islamic travelers and merchants acted as the great unifying bond in terms of both culture and trade between the two countries. For centuries, both in folklore as also the realities of trade links between the East and West, Turkmenistan was the crossroads of the known world. Through this region traversed the trade routes connecting the great civilizations of China and India, on the one hand and Greece and Rome on the other. The most famous of these routes was the fabled Silk Route.

Coming to the more recent times, the independence of the Commonwealth of Independent States (CIS) witnessed a decline in the trade of CIS states with India from the peak of Rs. 8,819 crores in 1990 to Rs. 2,438 crores in 1992-93. Some of the
reasons for this slump may be attributed to the collapse of the well established trade
organisation, dismantling of the rupee payment system, severe liquidity constraints,
administrative disarray, absence of a fully functional surface route, lack of proper
business infrastructure in the form of international banking system/insurance
facilities, lack of liberal and extended credit line etc. Unstable local currencies,
declining production, high inflation, hiatus in inter-republic production linkages,
conditionalities imposed by the international financial institutions, slow integration
with the European/regional markets, erratic economic restructuring processes and the
ambivalent orientation of privatization/liberalization processed further added to the
problem. It is estimated that between 1990 to 1993, the real Gross Domestic Product
(GDP) fell from about 35 per cent to around 15 per cent in different Central Asian
economies.

The markets of the Central Asian Republics (CARs) in general and
Turkmenistan, in particular, since then, are in the process of being reoriented to face
the new challenges of a liberalized regime. They are characterised by politico-
economic decentralization, price decontrol, privatization and an end of the era of
subsidies in varying degrees. In 1991, subsidies from the ex-Soviet Union to Central
Asia amounted to 24 billion roubles and their withdrawal has had a staggering effect
on the economy in terms of shortages, high inflation, disparity in the standard of
living and economic distortions. All the Central Asian countries have faced the
dilemma of reconciling the contradictory trends of carrying out economic reforms
with the demands for sufficient safeguards in the social sphere and maintaining an
adequate living standard by bringing wages in consonance with rising prices while maintaining some of the basic and traditional subsidies, particularly to the lower income groups in the areas of transport, housing, utilities like power and gas and education.

Table 1
Economic Indicators of Turkmenistan

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP growth (%)</td>
<td>21.4%</td>
<td>21%</td>
<td>20%</td>
<td>7%</td>
</tr>
<tr>
<td>GDP (in US$ bln)</td>
<td>19.2</td>
<td>23.17</td>
<td>29.77</td>
<td>16.62</td>
</tr>
<tr>
<td>Foreign investment (in US$ bln)</td>
<td>3.3</td>
<td>3.7</td>
<td>3.1 (Jan-Nov)</td>
<td>4.4</td>
</tr>
<tr>
<td>Foreign Trade (in US$ bln)</td>
<td>7.190</td>
<td>8.577</td>
<td>10 (Jan-Nov)</td>
<td>12.7</td>
</tr>
<tr>
<td>Global imports (in US$ bln)</td>
<td>3.320</td>
<td>3.638</td>
<td>2.435 (Jan-Nov)</td>
<td>4.2</td>
</tr>
<tr>
<td>Global exports</td>
<td>3.870</td>
<td>4.939</td>
<td>5.452</td>
<td>8.5</td>
</tr>
</tbody>
</table>


India, in the meantime, catapulted from a mixed economy to a market economy with economic reforms under a liberalization regime since 1991. There were some remarkable similarities in the economy of India and Turkmenistan. Common features included a dominant public sector in key areas and the widespread economic involvement of the government to prevent the monopolization of key sectors. Currently, in an attempt to boost overseas trade, both India and Turkmenistan are facing many indigenous and exogenous problems. It is a recognised fact that the traders continued to face a number of challenges owing to the restricted availability of export finance, high cost of export credit relative to the other competitor countries, low rate of industrial growth, fiscal issues, including tariff rationalization and
constraints posed by infrastructure, besides general recessionary trends in the developed countries and increasing price competition from the developing countries.

Turkmenistan faced many difficulties during its transition to a market economy. The inability of many countries in the payment in free foreign exchange for its supply of gas, huge payment of arrears for its supply of gas in the past, slowdown in the gas production to 35.6 billion in 1994, problem of transit through gas pipelines and the problem in implementation of the economic stabilization programme, all have compounded the problem.

Initially, Turkmenistan's participation in the rouble zone was an inheritance of its previous integration into the Soviet system. Prior to independence, trade constituted 35 per cent of the GDP of which 90 per cent was inter-republican. While other republics depended heavily on inter-republican trade, Turkmenistan's case was exceptional as its trade depended on exports of gas and cotton that are relatively homogenous and are traded in world markets, making them readily divertible to markets outside the rouble zone. However, the prospects for diverting natural gas exports from rouble zone trade to hard currency trade remain hampered by transportation logistics. With the determination of the Turkmen government to carve out its pipeline through neighbouring countries, the future seems more certain and secured.

However, the government adopted a strategy in the year 2000 that aimed at the expansion of the non-hydrocarbon sectors and privatization and market reforms in all the sectors, including land. The keenness of the Turkish government to promote
foreign investment, particularly in the oil and gas sector and setting up of seven free economic zones with a tax holiday for firms with over 30 per cent of foreign ownership as well as subsidized utilities till 1996 and beyond, and free leasing of facilities have definitely attracted foreign direct investment. However, there are still many hurdles like high inflation rate, low industrial and agriculture base in terms of commodities and output and inadequate infrastructural facilities which the Turkmen government is bound to conquer, given its will and initiatives for reforms.

Similarly, various policies and administrative measures were undertaken by the Government of India in its transition to a market economy with an objective to create a liberal trading environment, rationalize and simplify procedures for export and import and facilitate generation of products for export.

New realities both in India and Turkmenistan subsequent to the liberalization threw up new challenges and it required different handling strategies to sustain and

\[1\] The measures include: (a) removal of entry barriers through virtual abolition of industrial licensing except in 16 industries of strategic and security concern; (b) welcoming foreign direct investment in 31 high priority industries which were expected to benefit significantly from fresh and/or additional doses of foreign capital and technology as also the managerial, manufacturing and marketing skills that accompany foreign equity participation; (c) strengthening of the technological base and the introduction of internationally accepted and competitive standards of quality and safety; (d) throwing open several areas that were previously the exclusive preserve of the public sector to investment by the private sector, including foreign participation; (e) key infrastructure areas, including power, petroleum, telecommunication, air transport, ports and shipping would stand to gain through the induction of private and foreign capital and management. This was also perceived to be a means for augmenting investment infrastructure which would otherwise have emerged as a critical bottleneck in the future growth of Indian industry; (f) facilitating the restructuring process of Indian industry through easing of earlier restrictions under the Monopolies and Restricted Trade Practices (MRTP). The Objective was to make it easier for industry to go in for new undertakings, expansions, mergers amalgamations, and generally equip itself to meet competition. These were accompanied by policy reforms in taxation, tariffs, foreign exchange management and financial structure; (g) exposing Indian industry to competition, both domestic and foreign. This, in turn, would compulsorily bring about quality orientation, productivity improvements and technological upgradation; and (h) The gradual introduction of convertibility of the rupee on the current account, sweeping changes in the trade policy which entailed massive reduction in customs tariffs, removal of quantitative restrictions on capital and intermediate goods and the shift from import substitution to export-oriented strategies were landmarks in the trade policy reforms. For details, see Amiya Chandra, Strategic Analysis. December 1996, pp. 1234-1235.
develop trade. Indian businessmen, however, could not adequately cope with the situation. Our conventional established norms of trading in a near captive market had to now cope with an emerging free market scenario.

There is a tremendous potential for business opportunities in Turkmenistan. Huge markets, needing essential merchandise like consumer goods, drugs, medicines, competence and capabilities of the Indian industry compared to other neighbouring countries; familiarity with the region and past contact; opening up of new channels for trade transactions like counter-trade, third country trade, bilateral deals; low cost of infrastructure and operation; and the presence of a very strong technological base in many areas are factors which could work to India’s advantage. Multilateral assistance offered by other nations and financial institutions are some of the incentives that need to be tapped in the emergent and proliferating market. Similarly, infrastructural facilities are of a fairly high standard, a legacy that has been inherited from the former Soviet Union. A vast network of air, rail and road infrastructure matched with sufficient and cheap sources of energy (power, gas and petroleum) as well as a fairly efficient telecommunication system are in existence. Industrial production, however, is in disarray as the former linkages of raw material supply, production and marketing no longer exist. Opportunities of investment and trade are, therefore, immense.

The government of India feels that the governments of Turkmenistan and India have, at high political levels, committed to renew and rebuild the enduring economic and political relationship to mutual benefit. India’s experience with a mixed economy
for decades (which is often cited as a model example of a successful economy in the Central Asian Republics), long established free market institutions, banking, marketing management and consultancy services can be effectively utilised in the Turkmen markets.

The government of India has made certain key moves that are essential for augmenting trade with Turkmenistan. Some of these efforts like the signing of new bilateral framework agreement on trade and economic cooperation, evolution of a more liberal credit policy under which credit worth ten million US dollars have been advanced to Turkmenistan, encouragement for the establishment of direct business contacts, encouraging joint business councils, efforts in setting up of joint commissions, joint committees and high level exchange of government and business dignitaries, identification and development of more viable transport and transit routes and attempts at liberalization of the counter-trade regimes, consignment exports and warehousing regulations are proving to be steps in the right direction. India and Turkmenistan concluded an Agreement on Trade and Economic Cooperation on 20 April 1992, which provides for all payments of commercial and non-commercial transactions between India and Turkmenistan in freely convertible international currencies unless otherwise specifically agreed upon between the two contracting parties. Besides the agreement has the provision for Most Favoured Nation (MFN) status and import or export of goods and services from each other on the basis of counter-trade, compensation arrangements, leasing and buy-back arrangements or any
other internationally recognised form of business cooperation in accordance with the laws and regulations of the two countries.

The highlight in this direction was the visit of Indian Prime Minister, P. V. Narasimha Rao to Turkmenistan in 1995 during which the following agreements were signed:

1. Agreement for the protection of investments;
2. Agreement on the Inter-Government Commission on Trade, Economic, Scientific and Technical Cooperation;
3. Protocol on Cooperation between the Ministry of Foreign Affairs of Turkmenistan and Ministry of External Affairs of India;
4. Protocol on Cooperation in the spheres of Culture, Arts, Education, Mass Media and Sports; and
5. A trilateral meeting between the Foreign Ministers of India, Turkmenistan and Iran was also held during the Prime Minister's visit to Turkmenistan to discuss trade and transit.

Indian government has conveyed to the businessmen of the country that one of the most important aspects of trade with, Central Asia in general and Turkmenistan in particular, is the necessity of physical presence and visibility. Since a free trading environment is developing with few classical features, the risk factor can be minimized by carrying out business through physically locating offices in the region itself. Not only does this ensure a close monitoring and follow up, it also assists quick
decisions in a fast changing market environment. Again, in Turkmenistan a large part of trading is carried out through stock/commodity exchanges and, therefore, registration and presence is a must. Opening of chains of stores with proper warehousing facilities is another excellent method for promoting exports and sales. The advantage is that it avoids the risk of over-extension by a buyer and also keeps the payment situation under control. It is no longer possible to run a business only from a Moscow-based office, without branches or presence in the country concerned. Business organisations from countries like the USA, Germany, Italy, the UK, China, South Korea, Japan, Turkey and Russia have all set up resident business offices in the capitals of the Central Asian Republics and, in the case of mining and other location based investments, in the regions as well. This is why migratory businessmen are not taken seriously. In case, creation of representative offices is not possible, it is necessary to pay frequent visits and have a short response time. In addition, exchange of officials and business promotion delegations, meetings with representatives of major economic ministries and holding of trade fairs and other business events is required. In the absence of credit and liquidity, a unique system of allotment of quotas of export commodities in lieu of budgetary support to government departments and enterprises is operating in most of Central Asia. They, in turn, negotiate sales of these for obtaining both foreign exchange and their import requirements. Swap, switch and barter trade are all available and, in many cases, are the only options for trading.

The total trade with Turkmenistan in 1993-94 was 3.79 million US dollars, which increased to 11.18 million US dollars in 1994-95, but decreased to 3.67 million
US dollars in 1995-96: For the period April-June 1996, total trade between India and Turkmenistan was 313,000 US dollars, with only drugs and pharmaceuticals moving to Turkmenistan for the total value of exports (310,000 US dollars). It is indeed unfortunate that India, despite having such a strong industrial base, rather being the seventh industrialized nation in the world with the vision of becoming fourth largest industrialized nation by 2020, has not been able to tap the market in Turkmenistan, which is strategically and logically very close to India.

Till 1996, there have been only two joint ventures under implementation in Turkmenistan - one in the field of trading and manufacturing of pharmaceuticals, both set up by M/s Ajanta Pharma Ltd. But there is great potential for setting up joint ventures in other areas since Turkmenistan has evinced keen interest for joint ventures/collaborations in the fields such as construction of a chemical complex, production of soda ash, production of magnesium oxide, cement plants, caustic soda, chlorineless potassium fertilizers, mineral fertilizers, natural gas, ceramic goods and ceramic sanitary ware, sodium salt, mineral fibres, gypsum, cotton wool, cotton fibre, baby food, food concentrates, production of finished leather etc.

The Indian private sector is looking for joint cooperation partners in various sectors, especially in the automobile/ancillary/components industry. Turkmenistan is rich in cotton and cotton fibre. India has a strong textile manufacturing base for all kinds of textile material – cotton, silk, woolen etc. India can give the technical know-how to set up the textile industry as well as the technology in Turkmenistan. The textile industry to being with could be started at a medium scale level. The textile
industry in India is basically indigenously developed. The basic structure and pattern has a striking similarity between India and Turkmenistan. Textiles constitute 35 per cent of India's total export and India has well developed textile units including machinery. India would be very happy to collaborate with Turkmenistan in the processing in cotton and other raw materials.

The Indian hotel industry again is highly developed with a range of 5-star deluxe hotels to mid-market chains and smaller hotels/motels. Some of the leading Indian hotels like Taj, Oberoi and ITDC rank among the best among the world and can provide the hotel management services in Turkmenistan, which is very important if a country like Turkmenistan has to build up tourism and project it to the world. India has some world class hotel management institutes specialising in food and beverages, front office, room service, cafeterias, restaurant management, food and craft.

Ajanta pharmaceuticals has already established industry in Turkmenistan. However, India is in a position to supply a number of commodities in the chemical, petro-chemical and pharmaceutical sectors. The Indian chemicals industry is well developed and it has had a consistent growth, even the growth rate has been higher than the growth rate of Indian economy. The industry is highly heterogeneous comprising many sectors like inorganic and organic chemicals, dyes and dye-intermediates, drugs and pharmaceuticals, petro-chemicals, pesticides etc. It contributes around 20 per cent to total gross revenue of import and excise duties. The
earning from the industry is around 16-18 billion US dollars and accounts for around 8-10 per cent of India’s exports.

India is self sufficient in most of the Chemicals. The chemicals sector has been liberalized and most chemicals can be produced without a license. The import and export policy has also been made simple and most chemicals can be exported and imported freely. The Indian pesticide industry, for example, is manufacturing insecticides, fungicides and more than 60 items which are exported to the USA, Europe and other countries. India can also enter into collaboration for technology grade pesticide formulations. The Institute of Pesticide Formulation Technology (IPFT) can provide consultancy for all kinds of pesticide formulations and management. The Indian dyes and dye-intermediates can also be explored for export purposes. The Indian petro-chemical industry has registered a growth rate of more than 15 per cent and can offer state of art technology for collaboration. The Indian side can offer petro-chemical items like HDPE, PVC, PSF, PFY, NEY, MEG, LAB etc for exports. 70 per cent of bulk drug requirements, similarly, are produced domestically and 100 per cent requirement of formulations is made through indigenous production.

India has finite sources of conventional energy. The government of India supported research and development in this field in 1980s and the results were demonstrated in this field. In the 1990s, India reached the stage of commercialization. The domestic turnover of the renewable energy industry in India is to the tune of 500 million US dollars and there are 300 active industries in this area. India has offered
help to many developing countries in the areas of solar, thermal and wind energy sources. It offered to supply state of art technologies in the fields of cattle dung and human excreta based family type community and institutional bio-gas plants, biomass based improved cooking stoves, biomass pelletisation, briquetting, gasification etc. solar cookers, water heaters, other solar thermal applications, solar photovoltaic lighting, pumping and other rural applications, wind energy and small/mini/macro hydro electricity power both for grid connected and decentralized applications. In addition to power generation from the renewable sources, a large number of decentralized energy systems for various applications such as cooking, lighting, water and space heating, water pumping etc., have been developed. India is also providing assistance to friendly countries in the field of non-conventional energy sources by way of training technologies, implementing joint project and also assisting them in developing their own renewable energy programme.

India has tremendous strength in the area of computer hardware and software, black and white and colour televisions, electronic clocks and watches, EPABX and telephone instruments. India also has strength in computer software and services, e.g. cost effective skilled man power, adaptability to latest technologies and the willingness to relocate etc. The government of India has launched the Software Technology Park (STP) scheme for providing infrastructure facilities like High Speed Data Communication at 64 kbps and core computing facility.

India is emerging as an attractive location for contract manufacturing in electronic hardware, computers, computer systems and peripherals and also many...
items of consumer electronics e.g. TVs, audio and video systems. Availability of skilled manpower provides the competitive edge in this area. And this is supplemented by attractive export promotion schemes like the Export Oriented Units (EOU) scheme, Electronic Hardware Technology Part (EHTP) scheme etc. India is in an advantageous position to offer all these items for trade and services in Turkmenistan.

Both India and Turkmenistan are still mysteries for a large number of their businessmen. We can have a better understanding of each other only when we can exchange reliable information about markets with each other in a speedy manner.

India’s National Centre for Trade Information, a non-profit organisation, is set up as a joint venture by the India Trade Promotion Organisation (ITPO) and National Information Centre (NIC) under the aegis of the Ministry of Commerce of the Government of India. It acts primarily as a promotional and operational agency to help synergise the efforts of different organisations presently engaged in collection, processing, analysis and dissemination of trade and investment information. It is developing the trade database with the objective of providing value added information using raw data available from various sources. NCTI is establishing linkages at national and international levels for promotion of international trade of products and services, and linkages are also being established with export promotion organisations, commodity boards, regulatory bodies and trade and industry associations for collection and dissemination of value added information. It is imperative that both the
countries are linked to the information highways for getting valuable and reliable information in a speedy manner about each other.

However, both India and Turkmenistan would not be in a position to boost two-way trade until the impediments in the infrastructure are sorted out. India needs to set up a joint venture bank and provide cooperation and assistance to each other in building up of transport related infrastructure like warehouse, container terminals etc. The fact, however, remains that through the period that Turkmenistan was a part of erstwhile Soviet Union, it remained largely insular in terms of trade; and an integral part of the vast USSR transport network in respect of transport logistics. This network was a highly centralized and comprehensive transport system covering road, rail, and air and connecting all major towns with ports in the former Soviet Union. With the disintegration of the former USSR, and the subsequent disruption of economic activity in its republics, the landlocked state of Turkmenistan had perforce to seek out alternative trade routes.

**BILATERAL AGREEMENTS BETWEEN INDIA AND TURKMENISTAN**

Following are the various agreements and treaties signed between the governments of India and Turkmenistan over the period from 1995 to 2007.

- A Bilateral Investment Promotion and Protection Agreement was signed between the two countries on 20 September 1995. India grants ten million US dollars for small enterprises in Turkmenistan.

- An agreement was signed in Ashgabat in September 1996 between the Chamber of Commerce and Industry of Turkmenistan and the Indian-CIS
Chamber of Commerce and Industry to develop cooperation between the economic, commercial and financial organizations of the two countries.

- The first meeting of the member states under the Trilateral Transit Agreement among India, Iran and Turkmenistan was held in Delhi on 31st January 2000.
- An MOU relating to air services operation between the two countries was signed on 7 February 2000 giving Turkmen Airlines the rights to fly to Amritsar and Delhi. Presently, Turkmenistan is operating eight flights every week to Amritsar/Delhi. The Indian sectors are the most profitable for the Turkmen Airlines.
- Agreement on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to taxes on income and on capital was signed in February 1997 and has been operational since July 2002.
- India and Turkmenistan are working on an agreement concerning treaty on mutual legal assistance in criminal matters. (www.indianembassy-tm.com)

India announced credits of five million US dollars to Turkmenistan. (Sahai, 2005, p. 45) Some of the recent specific measures taken by India to promote its ties with Turkmenistan are:

- Scholarship by the Indian Council of Cultural Relations (ICCR) to the Turkmen students
- Two slots for Turkmen scholars at the Institute of Defence Studies and Analyses (IDSA), New Delhi.
Provision of 1,000 man-months of training to senior Turkmen professionals at the Industrial Training Centre at Turkmenistan under the ITEC programme. This project has been executed by the Hindustan Machine Tools (International) Ltd., which provided a wide range of machine tools worth 500,000 US Dollars for manufacturing a variety of dies and spare-parts for several key industries. The Centre is equipped with facilities for training, basic skills, manufacturing tools and products required by different industries, prototype development and pilot projects and component manufacture. (Mavlonov, p. 34)

There is also cooperation in other areas such as space, railways, Information Technology (IT), biotechnology, infrastructure development, mining etc. India has a joint venture called “Turkmenistan-Ajanta Pharma Ltd” commissioned on 11 December 1998 through a credit line of five million US dollars extended by India in March 1993. Another credit line of ten million US dollars was also approved in 1993 later. Turkmen President Niyazov inaugurated this joint venture in the presence of Indian State Minister for Agriculture, Som Pal. (www.indianembassy.org)

The Government of India set up an 'Industrial Training Centre' in Ashgabat under the ITEC programme in 2003. (http://mea.gov.in/speech/2003/11/06ss01.htm) The project has been executed by the Hindustan Machine Tools (International) Ltd. which provided a versatile range of machine tools worth US$ 0.5 million for manufacturing a variety of dies and spare-parts for several industries. The Centre is equipped with facilities for training basic skills, manufacturing tools and products
required by different industries, prototype development and pilot projects and component manufacture. (www.indianembassy-tm.com)

Table 2
India and Turkmenistan Bilateral Trade, 2002-08
(in million US dollars)

<table>
<thead>
<tr>
<th>YEAR</th>
<th>EXPORTS</th>
<th>IMPORTS</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002-2003</td>
<td>10.29</td>
<td>5.40</td>
<td>15.69</td>
</tr>
<tr>
<td>2005-2006</td>
<td>18.83</td>
<td>12.35</td>
<td>31.18</td>
</tr>
<tr>
<td>2006-2007</td>
<td>33.61</td>
<td>12.05</td>
<td>45.66</td>
</tr>
<tr>
<td>2006-2007 (Apr-Dec.)</td>
<td>23.41</td>
<td>10.55</td>
<td>33.96</td>
</tr>
<tr>
<td>2007-2008 (Apr-Dec.)</td>
<td>28.26</td>
<td>6.71</td>
<td>34.97</td>
</tr>
</tbody>
</table>


Table 3
Bilateral Trade between India and Turkmenistan 2002-08
(in Rs. Crore)

<table>
<thead>
<tr>
<th>YEAR</th>
<th>EXPORTS</th>
<th>IMPORTS</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002-2003</td>
<td>49.82</td>
<td>26.16</td>
<td>75.98</td>
</tr>
<tr>
<td>2003-2004</td>
<td>88.29</td>
<td>42.91</td>
<td>131.20</td>
</tr>
<tr>
<td>2004-2005</td>
<td>68.54</td>
<td>48.82</td>
<td>117.36</td>
</tr>
<tr>
<td>2005-2006</td>
<td>83.36</td>
<td>54.69</td>
<td>138.05</td>
</tr>
<tr>
<td>2006-2007</td>
<td>152.19</td>
<td>54.57</td>
<td>206.76</td>
</tr>
<tr>
<td>2006-2007 (Apr-Dec.)</td>
<td>106.52</td>
<td>47.99</td>
<td>154.51</td>
</tr>
<tr>
<td>2007-2008 (Apr-Dec.)</td>
<td>114.20</td>
<td>27.11</td>
<td>141.31</td>
</tr>
</tbody>
</table>

Table 4

India’s Trade with Turkmenistan 2002-07 (Values in US$ Million)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>EXPORT</td>
<td>10.29</td>
<td>19.21</td>
<td>15.26</td>
<td>18.83</td>
<td>33.81</td>
</tr>
<tr>
<td>%Growth</td>
<td>86.64</td>
<td>-20.60</td>
<td>23.43</td>
<td>79.54</td>
<td></td>
</tr>
<tr>
<td>India's Total Export</td>
<td>52,719.43</td>
<td>63,842.55</td>
<td>83,535.94</td>
<td>103,090.54</td>
<td>126,262.68</td>
</tr>
<tr>
<td>%Growth</td>
<td>21.10</td>
<td>30.85</td>
<td>23.41</td>
<td>22.48</td>
<td></td>
</tr>
<tr>
<td>%Share</td>
<td>0.02</td>
<td>0.03</td>
<td>0.02</td>
<td>0.02</td>
<td>0.03</td>
</tr>
<tr>
<td>IMPORT</td>
<td>5.40</td>
<td>9.34</td>
<td>10.87</td>
<td>12.35</td>
<td>12.05</td>
</tr>
<tr>
<td>%Growth</td>
<td>72.77</td>
<td>16.37</td>
<td>13.68</td>
<td>-2.44</td>
<td></td>
</tr>
<tr>
<td>India's Total Import</td>
<td>61,412.13</td>
<td>78,149.11</td>
<td>111,517.44</td>
<td>149,165.73</td>
<td>185,604.10</td>
</tr>
<tr>
<td>%Growth</td>
<td>27.25</td>
<td>42.70</td>
<td>33.76</td>
<td>24.43</td>
<td></td>
</tr>
<tr>
<td>%Share</td>
<td>0.01</td>
<td>0.01</td>
<td>0.01</td>
<td>0.01</td>
<td>0.01</td>
</tr>
<tr>
<td>TOTAL TRADE</td>
<td>15.70</td>
<td>28.55</td>
<td>26.12</td>
<td>31.18</td>
<td>45.86</td>
</tr>
<tr>
<td>%Growth</td>
<td>81.86</td>
<td>-8.51</td>
<td>19.37</td>
<td>47.07</td>
<td></td>
</tr>
<tr>
<td>India's Total Trade</td>
<td>114,131.56</td>
<td>141,991.66</td>
<td>195,053.38</td>
<td>252,256.27</td>
<td>311,866.78</td>
</tr>
<tr>
<td>%Growth</td>
<td>24.41</td>
<td>37.37</td>
<td>29.33</td>
<td>23.63</td>
<td></td>
</tr>
<tr>
<td>%Share</td>
<td>0.01</td>
<td>0.02</td>
<td>0.01</td>
<td>0.01</td>
<td>0.01</td>
</tr>
<tr>
<td>TRADE BALANCE</td>
<td>.489</td>
<td>9.88</td>
<td>4.39</td>
<td>6.48</td>
<td>21.75</td>
</tr>
<tr>
<td>India's Trade Balance</td>
<td>-8,692.70</td>
<td>-14,306.55</td>
<td>-27,981.49</td>
<td>-46,075.19</td>
<td>-59,341.42</td>
</tr>
</tbody>
</table>

Note: The country’s total imports since 2000-2001 does not include import of Petroleum Products (27100093) and Crude Oil (27090000)

## Table 5

### India’s Trade with Turkmenistan 2002-07 (Values in Rs. Lacs)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>EXPORT</td>
<td>4,982.03</td>
<td>8,828.77</td>
<td>6,854.40</td>
<td>8,336.26</td>
<td>15,309.08</td>
</tr>
<tr>
<td>%Growth</td>
<td>77.21</td>
<td>-22.36</td>
<td>21.62</td>
<td>83.64</td>
<td></td>
</tr>
<tr>
<td>India's</td>
<td>25,513,728.00</td>
<td>29,336,674.00</td>
<td>37,533,952.00</td>
<td>45,641,788.00</td>
<td>57,177,928.00</td>
</tr>
<tr>
<td>Total Export</td>
<td>14.98</td>
<td>27.94</td>
<td>21.60</td>
<td></td>
<td></td>
</tr>
<tr>
<td>%Share</td>
<td>0.02</td>
<td>0.03</td>
<td>0.02</td>
<td>0.02</td>
<td>0.03</td>
</tr>
<tr>
<td>IMPORT</td>
<td>2,615.70</td>
<td>4,290.83</td>
<td>4,882.40</td>
<td>5,468.81</td>
<td>5,457.35</td>
</tr>
<tr>
<td>%Growth</td>
<td>64.04</td>
<td>13.79</td>
<td>12.01</td>
<td>-0.21</td>
<td></td>
</tr>
<tr>
<td>India's</td>
<td>29,720,586.00</td>
<td>35,910,764.00</td>
<td>50,106,456.00</td>
<td>66,040,888.00</td>
<td>84,050,632.00</td>
</tr>
<tr>
<td>Total Import</td>
<td>20.83</td>
<td>39.53</td>
<td>31.80</td>
<td>27.27</td>
<td></td>
</tr>
<tr>
<td>%Share</td>
<td>0.01</td>
<td>0.01</td>
<td>0.01</td>
<td>0.01</td>
<td>0.01</td>
</tr>
<tr>
<td>TOTAL TRADE</td>
<td>7,597.73</td>
<td>13,119.60</td>
<td>11,736.79</td>
<td>13,805.07</td>
<td>20,766.42</td>
</tr>
<tr>
<td>%Growth</td>
<td>72.68</td>
<td>-10.54</td>
<td>17.62</td>
<td>50.43</td>
<td></td>
</tr>
<tr>
<td>India's</td>
<td>55,234,314.00</td>
<td>65,247,438.00</td>
<td>87,640,408.00</td>
<td>111,682,676.00</td>
<td>141,228,560.00</td>
</tr>
<tr>
<td>Total Trade</td>
<td>18.13</td>
<td>34.32</td>
<td>27.43</td>
<td>26.46</td>
<td></td>
</tr>
<tr>
<td>%Share</td>
<td>0.01</td>
<td>0.02</td>
<td>0.01</td>
<td>0.01</td>
<td>0.01</td>
</tr>
<tr>
<td>TRADE BALANCE</td>
<td>2,366.34</td>
<td>4,537.95</td>
<td>1,972.00</td>
<td>2,867.45</td>
<td>9,851.73</td>
</tr>
<tr>
<td>India's</td>
<td>-4,206,858.00</td>
<td>-6,574,090.00</td>
<td>12,572,504.00</td>
<td>-20,399,100.00</td>
<td>-26,872,704.00</td>
</tr>
<tr>
<td>Trade Balance</td>
<td>0.01</td>
<td>0.02</td>
<td>0.01</td>
<td>0.01</td>
<td>0.01</td>
</tr>
</tbody>
</table>

Note: The country's total imports since 2000-2001 does not include import of Petroleum Products (27100093) and Crude Oil (27090000).

The exports from India to Turkmenistan, which showed a remarkable growth in 2002-2003 period, came down in 2004-2005 period. Similarly, India’s imports from Turkmenistan showed a continuous growth from 2001-2002 period to 2003-2004, but witnessed a little less growth in the 2004-2005 period. Exports from India mainly comprised pharmaceuticals, machinery and equipments while imports included chemicals. (Mavlonov, p. 34) Indian Export of Meat and meat preparations was of the value US $ 2.45 million in 2006-2007. Turkmenistan is largely a meat-eating nation. Indian meat (Buffalo) is in demand in Turkmenistan. At the request of EoI, Ashgabat, Agricultural and Processed Food Products Export Development Authority (APEDA) has sent a list of exporters/abattoirs of Meat and Poultry products for onward transmission to Ministry of Trade and Economic Relations of Turkmenistan. (DGCI&S, Ministry of Commerce, Govt of India Documents, 2007)

Under an agreement signed in April 1992, India and Turkmenistan agreed to cooperate in several fields including natural gas extraction, chemicals, processing of agricultural products, hotel construction and banking. (Anita Inder Singh, p. 80) However, there has been no such cooperation in the field of Science and Technology, Railways, Space, Information Technology, Biotechnology, Infrastructure, Mining etc.

Under ITEC Assistance and Programmes, more than 200 Turkmen nationals have availed training facilities programme since 1991. The Government provides eight scholarships every year under the General Cultural Scholarship Scheme. In addition, one slot for learning Hindi in India is also allotted to Turkmen students. The Government of India gifted machinery worth US$ 0.5 million for setting up a
Turkmen-Indian Industrial Training Centre at the Turkmen Polytechnic Institute, Ashgabat in December 2002. Nine Turkmen technicians were imparted training at HMT (I) Ltd., Bangalore for operating the machines supplied at the Centre.

**Indian Credit Lines/Official Assistance**

India has a joint venture called Turkmenistan-Ajanta Pharma Ltd. commissioned in 1998 through a credit line of $5 million extended by India in March, 1993. Out of another credit line of $10 million approved the same year, only $2.3 million has been utilized by Turkmen parties as the interest rate charged is perceived to be high.

In August and September 2000, ‘Days of Turkmen Culture in India’ and ‘Days of Indian Culture in Turkmenistan’ were held. Turkmen Minister of Culture, Orazgeldy Aydogdiev, led Turkmen Cultural delegation to India. The Indian Minister of Tourism and Culture, Shri Anant Kumar, led the Indian delegation and inaugurated the days of Indian culture in Turkmenistan as well as a Manuscript exhibition on Bairam Khan. The exhibits were gifted to the Turkmenistan side. An Indian cultural troupe of Bhangra and Giddha dancers visited Turkmenistan during the Days of Indian Culture. A dance troupe of 18 Turkmen artistes visited India in September 2003 at the invitation of the ICCR. It performed in Delhi, Chandigarh, Dehradun and Mussorie. (http://www.mea.gov.in/index.htm)

A Medical College in Ashgabat established in 1978 was named after Indian Prime Minister late Indira Gandhi in 1984. It is one of the premier institutions of Turkmenistan imparting training to nurses, laboratory assistants and technicians. The
students of this college have great admiration for Indian music and dance. On their own initiative, they have learnt Hindi film and folk dances and give performances during important cultural events organized by the Embassy and local authorities.

(www.indianembassy-tm.com)

Turkmenistan Airlines operates two flights every week on Ashgabat-Delhi-Ashgabat Sector and six flights every week on Ashgabat-Amritsar-Ashgabat Sector. Indian Airlines/Air India does not operate on these sectors. (www.indianembassy-tm.com) First Meeting of the India-Turkmenistan Inter-Governmental commission on Trade-Economic, Scientific and Technological Cooperation 04/10/2006. E. Ahmed, Minister of State for External Affairs and co-chair of the India-Turkmenistan Inter-Governmental commission on Trade-Economic Scientific and Technological Cooperation led the Indian delegation for the 1st meeting of the Inter-Governmental Commission held in Ashgabat on 2-3 October 2003. Ahmed was accompanied by a high level delegation with representatives from Ministries of External Affairs, Petroleum and Natural Gas, Departments of Commerce and Science and Technology, State Trading Corporation and Public Sector Oil and Gas companies, namely ONGC Videsh and Gail India Limited.

On his arrival in Ashgabat, Ahmed was received by his counterpart and co-Chair of the Turkmen side of the Inter-Governmental Commission Rashid Meredov, Minister of Foreign Affairs of Turkmenistan. Ahmed had extensive discussions with Meredov on all aspects of the bilateral relationship as well as issues of regional cooperation such as India's participation in the Turkmenistan-Afghanistan-Pakistan
The Turkmen Foreign Minister conveyed the support of Saparmurat Niyazov, President of Turkmenistan to greater Indian involvement in various sectors in Turkmenistan, notably in the hydrocarbon sector. Meredov informed Ahmed that Turkmenistan supports India becoming a member of TAP. (http://www.mea.gov.in/index.htm)

Ahmed addressed the plenary session of the Inter-Governmental Commission wherein he stressed the need for India becoming a development partner for Turkmenistan. The Inter-Governmental Commission meeting was conducted through meetings of various sub-groups including the 1st meeting of the India-Turkmenistan Joint Working Group (JWG) on Hydrocarbons. The JWG on Hydrocarbons discussed possible areas of bilateral cooperation such as India's interest in participation in prospecting and eventual exploration and production in the offshore Caspian blocks of Turkmenistan. (http://www.mea.gov.in/index.htm)

India also agreed to facilitate the issue of permission for Turkmenistan's designated carrier to fly to additional points of call in India namely Ahmedabad and Kochi. India also offered to establish in Ashgabat an India-Turkmenistan Centre for Information Technology for capacity building of nationals of Turkmenistan in the information technology area.

Both sides resolved to make efforts for intensifying commercial relations through trade related joint ventures. The Turkmenistan side agreed to facilitate imports of Indian pharmaceutical products in Turkmenistan. Cooperation in science and technology particularly in seismic studies as well as in combating desertification
was also agreed upon. A joint protocol outlining the specific areas of cooperation was
signed at the conclusion of the Inter Governmental Commission by the two Co-
Chairs. (http://www.mea.gov.in/index.htm)

Export of Pharmaceuticals during the financial year 2006-2007 was of the
value US $ 3.6 million. There is potential to increase our share/presence in the
pharma market. Though the market is limited by the small Turkmen population of 5
million, there is potential to increase our market share as the competitor's (mainly
European and East European countries) products are expensive compared to Indian
products. Potential exists in diagnostic tools, supply of lab kits, and surgery
equipment. Ajanta Pharma, an Indian company has also set up a joint venture in
Turkmenistan.

Indo-Turkmen Cultural Exchange

The Embassy of India in Ashgabat celebrated World Hindi Day on 10 January
2007. On this occasion, a function was organised in which the heads of the diplomatic
missions accredited to Turkmenistan, staff of the Ministry of Foreign Affairs and
other ministries and departments of the country and representatives of the Indian
companies working in Turkmenistan for several years participated. Ambassador
Extraordinary and Plenipotentiary of the Republic of India to Turkmenistan, Ram Pal
Kaushik said that as a symbol of the rich cultural heritage of the nation of billion
people Hindi language has a mission to serve spiritual closeness and establishing of
more fruitful cultural dialogue called to strengthen the ties of friendship Turkmen
people. (http://www.turkmenistan.gov.tm/politika/pol&out_eng.htm)
There is a vast sphere for humanitarian exchange in Turkmenistan, and the annual holding of Indian Cinematograph Weeks and various art exhibitions, and study by Turkmen scholars studying Hindi in India organised within the framework of special educational programmes sponsored by the Indian government served this.

The Federation of Indian Export Organisations (FIEO) organized a “Round Table on Trade with CIS Countries” at New Delhi with exporters and senior diplomats from Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Tajikistan, Ukraine and Uzbekistan on prospects and problems of raising India’s CIS trade and investment partnership. Welcoming the distinguished guests and the participants, Subhash Mittal, Convenor, FIEO Committee on International Trade and Export Promotion noted that because of the Focus: CIS Programme of the Government, India’s overall trade with the region had started rising in 2002-2003. India’s exports to CIS, he said, were worth US$ 919 million and its imports were of the order of US$ 843 million. In the year 2003-04, India’s exports jumped to US$ 1021 million and imports to US$ 1216 million. In the first six months of the 2003-04 fiscal year, Mittal noted, India had exported goods worth US$ 523 million and imports worth US$ 825 million. Percentage-wise, he said, trade between India and the CIS had gone up sharply from a mere 2.75 to 29 between the years 2002-03 and 2003-04. India’s trade with the Central Asian countries, he said, had expanded to a greater degree, recording above 50 per cent growth since 2002-03. This development, Mittal said, showed that there was still very large scope for India and the CIS countries to raise their trade, and
also that “we are not doing enough to exploit the opportunities that we have”.

The Inter-Governmental Commission on Trade, Economic, Scientific and Technological Co-operation is headed by MoS (External Affairs). The first meeting of the Joint Commission was held in Ashgabat in October 2007. The 2nd meeting was held on 21st and 22nd January 2008 in New Delhi. Other issues relating to trade & Economic Co-operation discussed during the meeting are as follows:

1. Turkmenistan side expressed their willingness to receive a business delegation from India in March 2008, for comprehensive discussions on import, export and investment opportunities. Time being short, FICCI/CII were advised to consider sending a delegation to Ashgabat as early as possible. Matter is being followed up with FICCI/CII.

2. Holding of an exhibition of Indian goods in Ashgabat in June 2008. FICCI/CII have been advised to take necessary steps for holding the exhibition in June 2008 in consultation with each other and coordinate with ASSOCHAM, India-CIS Chamber of Commerce and Industry. Matter is being followed up.

3. Regarding organization of exhibition of Turkmenistan Goods in India in December 2008. ITPO has been requested to take further necessary action.

4. The State Trading Corporation of India Limited and the State trade organization of Turkmenistan “Turkmen Intorg” will explore opportunities for trade and investment, including the possibility of opening Trading
House in the two countries. Turkmenistan side has been requested to provide details of the concerned contacts in the State trade Organization of Turkmenistan “Turkmen Intorn”, along with their contact details so that STC can pursue with them further. (DGCI&S, Ministry of Commerce, Government of India Documents, 2007)

The recent close economic cooperation between India and Turkmenistan faces some hurdles. It has been observed that the highly restrictive conversion facility is a big bottleneck thereby adversely impacting repayment to Indian exporters. Currency conversion has been restricted to mainly repayment of foreign credits extended to Turkmenistan, repatriation of foreign investments and profits, purchase of specified medicines, raw materials and other inputs needed for production of goods and services. This facility is available largely to public sector commercial bodies. Private traders have practically no avenue except the private money market. Indian exporters find a way out through barter trade to convert their earnings into hard currency or trade at official rate of exchange due to which there is a delay in repatriation proceeds. The present Turkmen visa regime is very restrictive. Turkmen Mission in India was not authorized to issue visa till recently and even now an invitation letter from Turkmenistan is required for grant of visa. Prior visa clearance from State Service for Registration of Foreigners is a prerequisite and has to be arranged through a local contact or organization. The Indian Embassy has been helping potential Indian businessmen in issue of invitation letters. Such clearances generally take about three weeks. Visas are
refused abruptly without assigning any reason even for businessmen based here.

Despite the above mentioned constraints in Indo-Turkmen economic relations, both the countries are making efforts towards greater cooperation. India, in particular, is interested to maintain healthy relations with the energy rich Turkmenistan, with a hope that the energy resources of this Central Asian Republic will cater to her energy demands in the years to come.