Chapter - IV

The Armenian-Indian Economic Relations and Cooperation in the Area of Science, Technology and Education
In the broader universe of international relations, involving governments and nongovernmental actors like public organizations, business companies, corporations and individuals, economic transactions comprise the great majority of activities. Even in intergovernmental relations the frequency of economic transactions and events exceeds the number of other type of interactions. On the one hand, politics largely determines the framework of economic activity. On the other hand, the economic process itself tends to shape politics and transforms relationship between the countries. Thus, the dynamics of international relations in the modern world is largely a function of the reciprocal interaction between economics and politics.¹

Wealthy countries and developing nations alike consider the mobilization of inward foreign investments (FDI) and export promotion as the essence of advancing interests in foreign countries. The four pillars of economic work in the framework of bilateral relations, keeping in mind also tourism promotion, are the following: a) Trade promotion, with prime but not exclusive focus on exports, b) Investment promotion, mainly focused on inward investments, but not excluding the home country’s outbound investments, where appropriate, c) Attracting suitable technologies, plus technology “harvesting”, d) Management of economic aid, which is important for most developing countries as “recipients”, and as “donors” for developed nations.² It should be noted that in the economic setting of the contemporary world some countries, including India, are both donors and recipients of external economic assistance. India focuses on providing such kind of aid that is best suited to its strengths, especially technical assistance, which leverages domestic availability of high quality trained manpower and the training infrastructure.

The Armenian-Indian cooperation in economic, scientific-technological and educational realms of modern period originated in its embryonic form yet since the Soviet era. High technologies constituted its essential component. Armenia, the smallest of the Soviet republics but the most industrialized, was one of the prime centers for R&D and production of the first generation “mathematical machines” as well as electronic equipment, designated for defense and space systems in the Soviet Union. Not

² Kishan Rana, *Bilateral Diplomacy*, New Delhi, 2002, p. 69
inadvertently, during the visit of the Prime Minister Indira Gandhi to Soviet Armenia in 1976, a tour of Yerevan’s Computer Research Institute named after Mergelian was organized. The Indian delegation was introduced to one of the leading high technologies research and production facilities in the Soviet Union. Memory chips production line, which was an advanced Soviet technology of its time, came into the focus of Indian dignitaries’ attention.\(^3\) Indira Gandhi left the following writing in the visitor’s journal at the Mergelian institute: “I am admired by the work of the Armenian engineers and industrial designers. This is a testimony to intensive scientific advancement of the republic’s industry. The cooperation between Indian and Soviet specialists in the area of information technology needs to be developed further on”.\(^4\) The Prime Minister’s consequent actions paved a road for wider collaboration in this field. In the aftermath of the Prime Minister’s visit, a model of the first Soviet mainframe computer, designed and made in Soviet Armenia, was presented to India as a gift from the Armenian Academy of Sciences. That was reciprocated by valuable Indian gifts of relevant software for similar mainframe computers in the USSR.

The program of the visit in Yerevan envisaged displaying the Armenian products for Prime Minister Gandhi and her delegation, with a tour at the “exhibition of achievements of the peoples’ economy”. It is a known fact that Soviet Armenian research institutes and industrial enterprises brought their contribution in realization of numerous Soviet industrial-engineering projects in India, in particular in Bhilai, Bokaro, Ranchi, Durgapur, Hardwar, Ankleshwar and few in Assam. Industrial products of Soviet Armenia were exported to India since 1955. Among them were asynchronic generators, high-quality transformers, hydro pumps, compressors, bulbs, plastics, electrical equipment and electronics.\(^5\) During the implementation of industrial projects hundreds of Indian specialists underwent training courses in Armenian factories and research-design institutions, also aimed at acquiring relevant technologies. Soviet Armenia, in its turn, served as a market for Indian products like medicines, textiles, garments, leather goods and light industry items.

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\(^3\) "Indira Gandhi’s Visit to Soviet Armenia", (in Armenian), Voice of Motherland, Yerevan, 16 June, 1976

\(^4\) Rafik Abrahamian, “Pages from History of the Armenian-Indian Friendship”, (in Armenian), Soviet Armenia, no. 8, 1985

\(^5\) Rafik Abrahamian, USSR-India, Friendship Coming From Centuries, p. 28
Following the devastating earthquake in Soviet Armenia in December 1988, along with the international community extending helpful hand "Prime Minister's National Relief Fund" of India donated $2.2 million and sent $1.1 million in relief supplies to affected areas. An Indian medical team was sent to Armenia for relief work. Mother Teresa visited Armenia in December 1988, and set up a still functioning orphanage in the earthquake-hit city of Spitak.

After the Armenia's independence of 1991 the engagement of the two countries in trade-economic interrelation acquired systematic nature. Spectacular transformation in India's economic power and external economic priorities set the tone in the evolvement of the Armenian-Indian bilateral relation. This was basically an outcome of transition of India's developmental strategy from one phase to another. The first - spanning over after the independence of the country in 1947 - was essentially an inward looking plan of action whose normative goal was to establish a self-reliant, self-sustaining and socialistically-oriented economy to meet the needs of a large and growing internal market. The second strategy, timidly introduced in the mid-eighties but formally proclaimed in 1991, was just the opposite with a focus on building an interdependent, export-oriented economy with a wide window opened to the outside world.6

From the very beginning of its independence Armenia has strongly advocated for neo-liberal economic globalization, and closely cooperated with its main international institutions and the U.S. In general, Armenia went considerably beyond the majority of former Soviet republics in carrying out International Monetary Fund and World Bank prescribed economic and structural reforms. The land reform and massive privatization entailing other sectors of economy were implemented with certain neo-liberal zeal. Despite numerous after-independence period challenges, Armenia was able to create a healthy economy. Yet sound foundation of economy alone could not guarantee its further development in terms of gaining access to external markets. For a country with limited domestic market and resources, such as Armenia, active presence in big regional markets was an imperative. Armenia's economy had to deal with the issue of creating knowledge-based entrepreneurial capacities on its own. It was clear that without consistent expansion to the common markets of the CIS and the EU, and emerging for Armenia markets in the

6 Harish Kapur, Diplomacy of India: Then and Now, New Delhi, 2002, p. 149
Asia and Middle East, Armenian economy will lose the momentum to acquire sustainability.

The profile of the Armenian economy has undergone substantial changes in comparison with the Soviet background. Armenia could not sustain huge industrial capacity of the past, which needed to be upgraded in order to be competitive, adjusted according to the market demands, rechanneled to the new partners, secured in financial terms, etc. Several selective areas of economy were prioritized, while the previous industrial capabilities were lost. Among the prioritized sectors of the economy were IT, mining, chemical industry and production of synthetic rubber, jewelry and diamond cutting/polishing, food processing, etc.

India viewed Armenia as an emerging market, being part of the Commonwealth of Independent States (CIS). According to the Indian perception, the emerging markets of the CIS region displayed all the portents of becoming the new markets of the future. Since the nature of competition has undergone a significant change, for carving out a niche in these markets, a need was realized for concerted and focused efforts to ensure that all Indian organizations act cohesively in tapping the opportunities offered by the region. The potential for expansion of trade and investment is great since this region is rich in natural resources that need to be tapped, exploited and converted into value-added products. Not only Central Asian countries have huge deposits in mineral resources but also Armenia, having copper, molybdenum, and gold. Further, the countries of this region represent investment markets, where establishment of joint ventures in the core sectors can prove to be extremely rewarding. To benefit from these advantages, the Indian industry has to adopt the medium and long term strategy rather than the short-term strategy. The countries of CIS are technically very advanced. The region is also endowed with different kinds of fruits and agricultural products, thus offering vast opportunity for cooperation in food processing sector. There is great scope of cooperation in the tourism sector. Above all, the people of this region are well aware of Indian products and culture since the Soviet era and it could prove to be an added advantage in efforts for enhancing trade relations with CIS countries.7

7 “Focus CIS: A Programme for Enhancing India’s Trade with the Countries of the CIS Region”, New Delhi, 2003
In the given economic scenario of the CIS region, the opportunities are stipulated by the following factors: a) Liberalized, growing economies and streamlining of banking operations b) The industrial units of Soviet era in CIS need upgradation and modernization as well as foreign investments c) The World Bank and other international financial organizations make available funds for revitalizing the economy of this region under various schemes d) Under the trade facilitation program of European Bank for Reconstruction and Development (EBRD) in CIS countries, EBRD provides guarantee facility to Exim Bank to cover “letters of credit”, received by Indian exporters from pre-approved banks e) Signing of Agreement on International North-South Transport Corridor between India, Iran and Russian Federation, joint at a later stage by Armenia, facilitates movements of goods. Armenia, being part of CIS, was viewed by India in the mainstream of the latter’s economic interests. The factor of being a small market of three million plus population, Armenia still represented an economic interest in a wider perspective.

Having explored the possibilities of launching trade-economic cooperation, the Armenian and Indian governments took a decision to proceed with creation of the required bilateral legal basis. This model of stimulating the economic interaction through the initial formation of the legal basis and building upon that consequently proved to be prolific. It is known that many countries, especially among the developed ones, in their policy approaches prefer to focus on legal basis only when the level of trade is considered to be ripe for it. The first legal Armenian-Indian document, relating to the area concerned, was the “Agreement on Trade and Economic Cooperation”, signed in March 1993 in New Delhi at the visit of Deputy Foreign Minister Navasardian. Another important document was the “Agreement on Economic and Technical Cooperation” of December 1995, endorsed during President Ter-Petrossian’s visit. The “Treaty of Friendship and Cooperation” of 1995 envisaged creation of a commission of the two governments to deal with economic as well as scientific-technological and other issues.

Capitalizing on established strong basis of political relations and aiming at the establishment of corresponding trade-economic relations, “Agreement on the Intergovernmental Commission on Trade, Economic, Scientific and Technological, 

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Ibid.
Cultural and Educational Cooperation” was signed in New Delhi in 1997. The latter created an institutional framework for intergovernmental cooperation in the relevant areas, convening meetings in respective capitals once in two years and headed by the two co-chairs on the level of deputy foreign ministers (in case of India corresponding to the level of Secretary at MEA). The first session of the Intergovernmental Commission was held in New Delhi in September 1997, at the visit of the Deputy Foreign Minister Manasarian. Identified areas of cooperation included trade and economy, information technology, tourism, civil aviation, health, science and technology, finance, environment, education and culture. In the following period the volume of bilateral trade started to steadily increase, even taking into account the fact, that the absolute volume of the trade turnover was insignificant. Both sides considered that the commercial data does not correspond to the level of political relations. Armenia’s export to India included synthetic rubber, iron and steel, aluminum foil. Food items, tea, medicine, activated carbon, rubber clothing and accessories, leather, books, machinery for rubber, plastics industry, electrical accumulators, spare parts for opto-electric instruments were imported from India.

In July, 2000, D.N. Tewari, Member of the Planning Commission of India visited Yerevan and held talks with a wide array of political, economic and business figures. During his visit new prospective areas of cooperation were identified, which could be realized only through joint efforts. Those areas were: a) Cultivation, processing and utilization of medicinal plants; b) Collection, utilization and marketing of non-wood forest products; c) Genetic tree improvement schemes to increase production and success of plantations; d) Armenian foresters to be trained in India in specialized fields such as Integrated Watershed Development, stabilization of landslides; e) Special environmental projects, such as conservation and development of lake Sevan in Armenia f) Joint ventures in processing of food and dairy products; g) Training of field staff in India in agro-technology, extension and processing of agricultural products i) Soil and water conservation programs.

During the visit of Foreign Minsiter Oskanian to India in December 2000, the talks also focused on the issue of expansion on economic relations. Apart from the counterpart Jaswant Singh, he also met ministers of communications and information
technology, agriculture, textile and health and family welfare. “Air Services Agreement” was signed.

In response to a request by Armenia’s Prime Minister Andranik Margaryan following the summer 2000 drought in Armenia, India gifted 750 MT of wheat and 250 MT of rice in February 2002. The whole transportation cost of this assistance to Armenia was covered by the Indian government, upon personal instruction of Prime Minister Vajpayee.

The second session of the Armenian-Indian Intergovernmental Commission was held in Yerevan in July, 2001. The co-chairmanship was represented by Deputy Foreign Minister Margarian and Additional Secretary at MEA and ICCR Director General Himachal Sorn. The two sides exchanged detailed views on the various concrete proposals in the spheres of trade, finance, tourism and civil aviation, information technology, health, including bio-research, seismological studies and disaster management, education. The two sides agreed to undertake to work out mutually a package of measures to promote bilateral trade and economic cooperation noting carefully the mutual overall advantages of the resources of the two countries to enter into cooperation/joint ventures in the following sectors: garments and textiles, chemicals, pharmaceuticals including herbal drugs, gems and jewelry, food processing, meat and meat products, information technology, machine-building and electronics industries, mining industry. The two sides agreed to encourage cooperation in the field of small and medium enterprises. Another important decision related to setting up Joint Business Council between India and Armenia. The sides welcomed the signing of the Bilateral Market Access Agreement by the two countries in March 2001. Members of the Intergovernmental Commission agreed to pursue after Armenia’s accession to WTO the signing of the “Agreement on sanitary and Phytosanitary regulations” and “Agreement on Exchange of Information on Doubtable Valuation of Duties.” Attaching special importance to the sector of IT, their conclusion was boosting further cooperation in professional training, consultancy and feasibility studies, including turnkey implementation of IT infrastructure, connectivity of Indian ERNET with Armenian internet provider, joint ventures, e-commerce, standardization, testing and quality assurance, exploration of third country markets. “Agreement between the Bureau of
billion from cargo transit a year. Moscow was calculating its earnings just as much. For Armenia North-South corridor project immediately appeared to be vital, given its landlocked status. Armenia could gain an access my means of this corridor both to South Asia and also Russia and Europe by joining the transportation corridor at the Iranian sector. Transport communication to its southern neighbor Iran was reliable, having also designed construction of railroad from Armenia to Iran. Joining the corridor could also substantially reduce transportation costs for Armenia, which operated two routes for external connection – Georgia, constituting 78-80% of all cargo turn-over, and Iran, having 20-30% share. Initially the agreement on corridor was signed by Iran, India and Russia, joined by Oman, while Tehran was depositary for it. Armenia naturally used this opportunity and formally applied to join the agreement in May 2002. The consortium implementing this project, which was coordinated and approved originally in the autumn of 2000, included 10 countries: Russia, Iran, Iraq, Oman, Kazakhstan, Belarus, Tajikistan, Azerbaijan, Armenia, and Syria. Other states, particularly the United Arab Emirates, have also displayed an interest. The project envisaged construction of railroads at corridor’s different sections. Linking the technological chain was expected to directly affect performance indicators, such as freight turnover, passenger miles, loading and unloading rates, and accelerated cargo delivery. The North-South Corridor was designed to cut shipping time from Northern Europe to India and Iran from 37 to 13-15 days. According to the Transport Ministry of Russia, it carried some 5 million metric tons of bulk cargoes worth over $5 billion through the North-South corridor in 2003. Work on the project was accelerated since fierce rivalry emerged in the Caspian region for cargo transit bypassing the Suez Canal. The rivals were the TRASEKA International Transport Corridor Europe-Caucasus-Asia, the Trans-Kazakhstan and Trans-Asian railways. Moreover, the Caspian commercial fleets of Azerbaijan and Kazakhstan were growing increasingly powerful. The North-South International Transport Corridor already began to play an increasingly significant role in international traffic between Europe and Asia. For Armenia it did not become operational, pending the construction of the railroad to Iran and getting an access to it via Iran. Armenia can join the North-South transport corridor and use the Iranian port of Anzali in the Caspian Sea, Iranian Foreign Minister Manuchehr Mottaki announced in July 2007 in his capacity co-chair of the Iranian-
Armenian intergovernmental commission. The Iranian minister said that the sides had already reached agreement to this effect. Armenian entrepreneurs were given opportunity to use the Iranian port Anzali for shipments to the Kazakh port of Aktau and the Russian port of Astrakhan. Armenia and Iran finalized their plans to build a second Iran-Armenia automobile road. They also planned to build a railway line. The agreement for the latter was approved in 2009, with an intention to start construction in 2010.

During the visit of President Kocharian to India in 2003, special importance in negotiations with the Indian leaders was attached to the promotion of trade-economic relations. Both the Armenian and Indian sides realized that strong political and cultural relations should be cemented by dynamic and substantial economic ties. Indian Prime Minister Vajpayee announced allocation of a grant of US$ 5mn, and an increase in ITEC slots for Armenia from 10 to 50.

The Joint Declaration, adopted at the mentioned visit of President Kocharian, contained clause, aimed at boosting economic cooperation: "While discussing possible ways of invigorating Indo-Armenian relations in trade, economic, scientific, technological and humanitarian spheres, the Sides noted the considerable untapped potential of mutually beneficial cooperation between Armenia and India in these spheres. The two sides agreed to explore further, ways and means of increasing, intensifying and diversifying bilateral trade and investment to mutual benefit, in particular in the areas of Information Technology, small and medium scale industries, textiles, food processing sector, pharmaceuticals and foodgrains. The Sides marked with satisfaction the functioning of the Indo-Armenian Inter-Governmental Commission." Two important documents – "Agreement on Avoidance of Double Taxation" and MoU of "Cooperation on Information Technology" – were finalized at the presidential visit of 2003. At the mentioned visit an important role was attached to presidential delegation’s interaction with the Indian business community. For business promotion of Armenia classical means of business conferences was chosen, offering direct insight into available opportunities. In October 2003, President Kocharian and the accompanying ministers attended a special Armenian-Indian Business Forum in New Delhi. The participants of the forum included

11 Joint Declaration on the State visit of H.E. Mr. Robert Kocharian, President of the Republic of Armenia to the Republic of India (October 29-November 1, 2003, New Delhi)
from the Armenian side thirty businessmen, representing seven sectors of the economy. Similar business meeting was organized in Chandigarh, attended by State of Punjab Chief Minister Amarinder Singh and local business community. President Kocharian pointed out that his government considers investment policy as one of the key aspects of economic development and accorded top priority to attracting private investments, including FDI. He listed hi-tech electronics, engineering and assembly, mining and metallurgy, electrical power systems, chemical production, light industry, banking services, computer software, tourism, food processing and packaging as major investment avenues for Indian businesses. The president complimented Punjab for achieving superlative growth in agriculture and expressed the desire of his government to share its experience and expertise in the field. The Chief Minister announced the intention to lead a delegation of prominent agriculturists, experts and captains of business to Armenia.

As kind of a breakthrough was regarded the establishment of direct cooperative ties between major business associations of the two countries. These developments were reflected in finalization of "Memorandum of Understanding between Federation of Indian Chambers of Commerce and Industry and Union of Businessmen and Manufacturers of Armenia" - May 2003, New Delhi – and "MoU between Confederation of Indian Industry and Chamber of Commerce and Industry of Armenia" - October 2004, Yerevan. According to these documents, the parties agreed to maintain close and regular contacts, to exchange information and publications about economic and business developments in their respective countries. They decided to offer mutual assistance in promoting the general understanding of the market and investment situation and to organize activities with the view to promote business opportunities in India and Armenia for companies of both countries. They also agreed to identify and resolve bottlenecks in the expansion of bilateral economic cooperation in respect of business interactions, as well as to visit each other with the intention to enhance mutual cooperation, promote activities of both parties.

The third session of the Indo-Armenian Intergovernmental Commission on Trade, Economic, Scientific and Technological, Cultural and Educational Cooperation was held in New Delhi on May 23, 2003. The Armenian side was led by Deputy Foreign

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12."Armenia Keen on Continuing 'Old' Ties with India", The Hindu, November 3, 2003
Minister Margarian and the Indian side by Secretary (EAA) of the Ministry of External Affairs Shashank. The interlocutors exchanged detailed views on various concrete proposals in the spheres of trade, finance, civil aviation, information technology, small and medium scale industries, including light engineering, agriculture, including animal sciences and natural resource management, science and technology, Indian traditional systems of medicine, food processing, institutional linkages and seismology. They expressed satisfaction that the decisions taken during the second session had been given a concrete shape and trade and economic ties had received a boost in the intervening period. However, it was mentioned that present levels of economic and commercial relations were much below the potential. The Armenian side invited the Indian side to participate in the Expo Armenia Trade Fair in September 2003. An important decision was the exploration of possibility of signing a Free Trade Agreement/Preferential Trade Agreement between the two countries. The Indian and Armenian colleagues discussed the issue of the North-South Corridor for the enhancement of trade and economic cooperation between India and Armenia and in this context, welcomed the Armenian side’s interest in accession to the Corridor. They also agreed to intensify efforts to cooperate in the field of finance and banking. The Indian diplomats pledged to explore possibilities of extending credit lines for the sale of rice and sugar or other appropriate food commodities to Armenia. With a view to further sustaining and strengthening the long-lasting historical and civilization links between the two peoples, the side noted the need to enhance the cooperation in the field of tourism and civil aviation. The need for a liberal system of obtaining tourist visas was stressed. The Commission members decided to step up cooperation in the food processing sector. In addition to the export of fruits and fruit pulp, it was concluded that Armenia could benefit from Indian expertise in providing machinery and equipment for the establishment of fruits and vegetables processing plants. Training facilities in this sector for Armenians could have also been imparted under the Indian Technical and Economic Cooperation (ITEC) program. As far as agriculture is concerned the two sides came to agreement that Indian expertise ingathered in the area of rain water harvesting, buffalo breeding for the improvement of the Armenian stock, poultry farming and dry-land farming would be shared with Armenia. The Armenian and Indian plants are rich in high bio-active materials and were in great
demand in pharmaceuticals, medical, perfumery, and in dye-stuff production. The session participants decided to extend cooperation in the field of bio-resources conservation, phytotherapy, forestry and other related fields. The two sides also concluded that in the field of seismology, India could benefit from Armenian research and technology. It was decided to follow up on the proposals for cooperation made by the Armenian Seismic Protection Agency. Marketing of the hi-tech industries was highlighted.

In order to strengthen the economic cooperation and to give a new impetus to the already dynamically developing trade relations, Armenia appointed in 2005 Honorary Consul in Mumbai, the leading financial-economic center in India. Citizen of India Harshad Mehta assumed the position of the Honorary Consul of Armenia and officially inaugurated the Consulate in Mumbai on November 28th, 2005. Being the Managing Chairman of Rosy Blue Company, the largest in the world in diamond cutting, the Armenian Honorary Consul engaged in implementation of several business projects. Rosy Blue of Mumbai was running two diamond cutting and polishing units in Armenia. The Lori factory operations netted exports of over US$ 50 million a year. Another standing example was the Talin factory. Both factories employed over 500 Armenian and Indian workers processing over 6000 carats of diamonds per month. The primary functions of the representative of Armenia in Mumbai, as were accordingly delegated to him, constituted promotion of the country in the State of Maharashtra, presenting existing commercial and investment opportunities in Indian business circles, facilitating interaction and entrepraneural dealings between the two countries, creating a favourable business climate for Armenia in Mumbai and vice versa, and addressing commercial disputes between Armenian and Indian exporters-importers. Harshad Mehta organized and led sixteen-member business delegation to Armenia, comprising of representatives of pharmaceutical, gem and jewellery and Bollywood film Industry in March 2006.

As far as the picture on the practical ground for commercial affairs was concerned, a leading Armenian car dealer tied up with Mahindra in April 2003 to introduce the Indian made Scorpio cars. The first Scorpios were launched on 15 August 2003 to a spectacular response. Representative of Tata Motors have also visited Armenia in the beginning of 2007 and launched process of collaboration with local businessmen for setting up an assembly unit for sale of Tata buses in Armenia. The first ever officially
organized business delegation from India, which included exporters of rice, wheat, sugar, tea, led by Joint Secretary in the Ministry of Consumer Affairs, Food and Public Distribution, visited Armenia in April 2003 and identified its business partners. Indian rice and sugar entered the Armenian market in July 2003. Following a successful visit to Armenia by Secretary, Indian Systems of Medicine and Homeopathy in June 2003, Indian Ayurvedic medicines was introduced to the Armenian consumers in 2005. The first ever buyer-seller business meeting for Indian products in Armenia was organized in end-August 2003 in Yerevan as well as in Tbilisi in cooperation with the Indian Council for Leather Exports. The response was overwhelming. A spectacularly successful Confederation of Indian Industry exhibition “Enterprise India” was held in Yerevan in October 2004. Seventeen Indian companies participated, presenting automotive spares, pharmaceuticals, tea, coffee, cosmetics, beauty aids, ready-mades etc. Business worth an estimated US$ 2 million was generated. CII entered into institutionalize relationship with the Chamber of Commerce and Industry of Armenia. In February 2005, the Indian Mission arranged for the Deputy Health Minister of Armenia and one leading pharma importer to attend the India-CIS Health Summit.

The trade from the Indian side mainly continued to comprise of exports of foodstuffs, essentially meat, coffee, glass and glassware, pharmaceuticals and chemical products. Since 2003, Indian sugar, rice and cars are additions to India’s export trade basket to Armenia. Armenia’s exports primarily consisted of non-ferrous metals and diamonds. Bilateral trade was growing, though still below potential. Indo-Armenian bilateral trade which was US$ 4.6 million in 2002 increased to US$ 6 million in 2003 and went up further to US$ 9 million in 2004. From January to May of 2005, bilateral trade has been around US$ 5 million. According to the National Statistical Service of Armenia, bilateral trade in 2007 was 24,7 million. The figures for just Jan-Oct 2008 were US$ 36,3 million.

India’s Sterlite Industries constituted one of the major foreign investors in Armenia. The company had invested significantly in the Ararat Gold Recovery Company (AGRC) gold mining company in 1999. However in 2007, the company which had been taken over by Vedanta Resources earlier in June 2006 entered in the process of selling its operations.
A fourteen-member delegation from Gem and Jewellery Export Promotion Council of India visited Armenia in August 2006 and explored possibilities of trade in gems and jewellery with Armenian businessmen. Armenia exported diamond and gold items costing $303,000 to India during 2003-2004 and India exported similar items costing $1.6 million during the same period. In the course of 2004-2005, India doubled its export to Armenia, exceeding $3 million, and Armenia exported gold and diamond products costing $348,000. Under the jurisdiction of the Indian Ministry of Trade and Industry, the Council functions since 1966 and represents 6,500 goldsmiths. It reports $17 billion export annually. “Best of India”, exhibition-cum-sale of Indian products was held in Yerevan from 20 to 28 September 2008. The event organised by ANS Corporation based in Delhi, brought some 20 Indian businessmen with their exhibits to Yerevan. The event got a very good response from the local population. Businessmen from Armenia have also been participating in various trade promotion fairs/exhibitions and buyer-seller meets in India organized by various Export Promotion Councils of India. 300 Indian tractors, pledged by the government of India to Armenia yet in 2003, were duly delivered. The Indian grant of $5 million to Armenia was realized through supply of tractors, upon the request of the Armenian government. Indian experts were supervising the assembling of tractors on the spot in Armenia. The fourth round of Intergovernmental Commission held in New Delhi in January 2007 was headed by the Armenian co-chairman, Deputy Foreign Minister A. Baibourtian and the Indian co-chairman, Secretary (East) of the Ministry of External Affairs N. Ravi. The session addressed, among the whole spectrum of bilateral relations, two issues of primary importance. The first one was IT related. To secure a breakthrough in this sector of India’s utmost strength and apparent comparative advantage on the world scale, the Armenian government came up with a proposal to set up an Indian IT Centre of Excellence in Yerevan. The logic behind this project was pointing at prospect of generation of IT related activities from India in case there is a special Indian IT centre on the ground. IT constituted one of the fastest growing sectors of the Armenian economy, comprising 1.7% of GDP, and the one to receive special treatment from the government site. Some 50 domestic and 15 foreign software companies operated in Armenia. Yerevan sought to position itself as a provider of IT enabled services in niche areas. In July 2000 the
Armenian Minister of Industry and Trade wrote to EAM seeking India’s assistance in promoting information technology, especially IT administration and legislation, as well as aid in setting up technology parks. In May 2002, the US AID in Yerevan offered to fund a visit by Indian experts to present the Bangalore concept to Armenia, attempting to establish trilateral India-Armenia-US cooperation. A five-member Indian delegation, including the Director, Ministry of Information Technology and the Director, Software Technology Park, Guwahati participated in the European Union sponsored international conference on “E-development for the Caucasus Region, held in Yerevan in April 2002. Under a World Bank funded project in 2002, MDP Consultants from New Delhi worked on Integrated Financial Systems Management software for the Armenian Treasury. NIIT initiated set up of its training operations in Armenia. The World Bank funded Enterprise Incubator Foundation of Armenia was put in touch with Indian NASSCOM to explore possibilities for placement of Armenian ICT entrepreneurs in successful Indian companies for internship purposes. In April, 2003, Additional Secretary of the Indian Ministry of Communications and Information Technologies visited Armenia. An assessment of Armenia’s IT capabilities was conducted. The Indian-Armenian Intergovernmental Commissions have constantly stressed the importance of cooperation in this area. MoU on cooperation in Information Technology signed during the Armenian President’s visit in October 2003 provided sound framework for bilateral cooperation. In the fourth round of Intergovernmental Commission of 2007, Indian side agreed to assist in setting up Indian IT Center of Excellence in Armenia. Subsequently an Indian IT delegation visited Yerevan in August 2007 to do a feasibility study. Upon its successful completion, final report was presented on details of the project. The latter was also designed to avail for Indian IT companies a channel of business operations and for making inroads to Armenia. In June, 2009, the project was finalized, and Deputy Foreign Minister Karine Khazinian and Indian Ambassador Reena Pandey have signed an intergovernmental memorandum of understanding for establishing India-Armenia Centre for Excellence in Information and Communication Technology in Yerevan.

Another agenda item of the fourth Intergovernmental Commission session in New Delhi was India’s assistance to Armenia in implementation of the rural development project. Armenia launched a policy of rural development to eliminate substantial
disparities and gaps between the urban areas, especially the capital, and the regions. As a result, the All-Armenia Fund and the Indian Embassy in Armenia finalized an agreement, according to which the Indian side pledged to allocate US$ 400,000 to the All Armenian Fund Armenia. That amount was envisaged to be directed to the reconstruction of Artsni village school of the northern Armenian region of Lori.

The Indian Expo “Best from India” that kicked off in Yerevan in September 2008 was yet another attempt to further boost Armenia-India economic cooperation, according to Martin Sargsyan, chairman of Armenia’s Chamber of Commerce and Industry (CCI). The CCI Chairman said Armenian exports to India showed a six-fold increase previous year, exceeding by $3.2mln the forecasts. Armenia’s exports to India diversified. Armenia supplied India with new export items like carbide, calcium, synthetic rubber as well as uncut diamonds. Indian imports to Armenia reached US$ 21mln in 2007 against US$ 15.7 million in the previous year. About 20 Indian companies manufacturing textile, leather, clothes, simple jewels, semi-precious stones, souvenirs, cosmetics, perfumes and household appliances showcased their products in Yerevan. The organizers of the 8-day expo were the Indian Embassy and Armenia’s Chamber of Commerce and Industry.

Another Armenia-India business forum was organized at the Federation of Industry and Commerce Chambers of India (FICCI) in New Delhi on 1-2 December, 2008. Armenian Foreign Ministry press-service reported that FICCI Deputy Director-General Rajan Kohli, Armenian Deputy Minister of Agriculture S. Avetisyan, Deputy Minister of Economy M. Tumasyan and entrepreneurs delivered speeches at the plenary session of the forum on 1 December. Armenian and Indian businessmen held separate meetings to explore business opportunities. Deputy Ministers met with the State Minister of External Affairs of India E. Adamed and Secretary of the Textile Ministry A.K. Singh. The sides discussed issues related to the opening of the Indian Information Technology center in Armenia, plantation of Armenian apricot trees in India, and the agenda of the meeting of the Armenian-Indian inter-parliamentary commission scheduled for the first half of 2009 in Yerevan as well as the prospects of cooperation in the textile, agriculture and food industry sectors. S. Avetisyan met with the administration of Agri Machinery and Tractors, EXCORTS Limited in Faridabad.
In the framework of different sectors of the economy, cooperation was evolving along the following lines. Exploring possibility of reviving the heavy industrial sector, the Armenian government focused on small and medium industry that, during the Soviet era, contributed some 30% of state revenue. The Director and Deputy Director of Armenia’s Small and Medium Enterprise Development National Centre visited India in October 2003 to familiarize with the Indian capabilities in the area. Diamond cutting and polishing contributed a fifth of Armenian exports. Raw diamonds were being imported upon intergovernmental agreement from Russia at preferential prices, under a five year quota system, and re-exported after value addition. However, following price liberalization by the Russian company Alrosa, Armenian factories started to import upon market prices or from other source-countries. The Indian diamond exporters commenced exporting cut and polished diamonds to Armenia from 2004.

Agriculture contributed approximately a quarter of Armenia’s GDP. Some 38 milk-processing enterprises produce 320,000 tons of pure dairy products and 22,000 tons of cheese annually. Four concrete areas in the agricultural sector have been identified for cooperation – rainwater harvesting, buffalo breeding in terms of improvement of Armenian stock, poultry farming and dry land farming. Indian When in November 2006 the Indian grant of all 300 Indian tractors was handed over to the Armenian Minister of Agriculture, it constituted a fundamental support to the sector. It also made inroads for commercializing further imports of India made tractors and spare parts to Armenia.

Following a bilateral air services MoU, initialized in February 1996, while the relevant agreement was signed in December 2000, Armenian Airlines flew twice a week between Yerevan and Delhi during June-October of 1998, carrying 4,905 passengers both ways. Flights were suspended owing to alleged mismanagement. Though Armenian leaders stressed the need to resume direct flights to boost bilateral commercial relations, direct flights between India and Armenia were not yet established. Commonly used route was via Moscow, Dubai, Vienna, Munich or London. As a result of promotion of tourism, regular package tours from Armenians to India started since 2008.

In 1994, Armenia proposed an inter-bank agreement between the Central Bank and Reserve Bank of India. Since 2003 direct cooperation between the key banking institutions started. In 2003, Indian EXIM Bank launched a programme in association
with the European Bank of Reconstruction and Development in London to support Indian exports to CIS and East European countries. In February 2004, India included Armenia among countries eligible for soft loans under the India Development Initiative. In 1996, Exim Bank of India trained officials from Armenia’s Enterprise Development and Foreign Investment Agency in enterprise support and export market development.

Kanti Lal Bhuria, Minister of State for Agriculture visited Armenia in July 2007. He participated in the first International Apricot Conference held in Yerevan on 5-6 July 2007.

Though there is substantial divergence between official figures from the two countries, partly explained by the routing of India exports via Dubai or Moscow and carrying certificate of origin of the transit country, bilateral trade between the two countries grew 8 times during 8 years since 2000.

Trade turn-over between India and Armenia (in US$ million), according to the National Statistical Service of Armenia\(^\text{13}\), is reflected in the following figures:

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>India’s Exports</td>
<td>4.3</td>
<td>6.0</td>
<td>8.38</td>
<td>16.2</td>
<td>22.7</td>
<td>21.5</td>
<td>48.9</td>
</tr>
<tr>
<td>India’s Imports</td>
<td>0.3</td>
<td>0.04</td>
<td>0.29</td>
<td>0.3</td>
<td>0.5</td>
<td>3.2</td>
<td>2.4</td>
</tr>
<tr>
<td>Total Turnover</td>
<td>4.6</td>
<td>6.04</td>
<td>8.67</td>
<td>16.5</td>
<td>23.2</td>
<td>24.7</td>
<td>51.3</td>
</tr>
</tbody>
</table>

India has been offering 50 Indian Technical and Economic Cooperation (ITEC) slots to Armenia every year. The courses enjoyed popularity amongst Armenian nationals and all slots were fully utilized. Armenian diplomats have also availed of slots in the Professional Course for Foreign Diplomats at Foreign Service Institute of the Ministry of External Affairs. Over 15 Armenian diplomats have attended courses at India’s Foreign Service Institute. Indian Council for Cultural Relations (ICCR) also offered two scholarship slots under the General Cultural Scholarship Scheme (GCSS) to Armenian nationals. The slots are being properly used, and the Armenians benefited from studies in

\(^{13}\) Yearbook of the National Statistical Service of Armenia, Yerevan, 2009
India. Slots have also been offered in the study of Yoga and Ayurveda. Armenians citizens were also offered scholarship by the Kendriya Hindi Sangsthan in Agra to study Hindi every year.

Both Armenia and India had comparative advantages in education and science, based on traditional strengths in those areas. India acquired world-wide fame in its scientific educational capacities, known as a country that spares no efforts for R&D and high-quality education. Armenia, in its turn, was acknowledged since Soviet era as one of leading science and education “incubators”. Armenia needed Indian support to revive its scientific potential, to engage in joint researches and enrich its educational curricula and proficiency as well as offer to India its strengths.

Not by coincidence, the first ministerial visit from Armenia to India was of that Armenian Minister of Science and Higher Education Vardges Gnuni in March 1994 and “Agreement on Cooperation in Science and Technology” was signed then.

Unique cooperation started between the two countries in seismology. The latter advanced in Armenia due to the tragedy of 1988 earthquake and extensive input of leading countries in the field. In January 2001, Armenia had sent an eighteen-member team of seismologists, earthquake engineers, geologists, doctors and rescue workers to assist in the rescue operations after the Gujarat earthquake. The team carried sophisticated equipment like accelerator recorder, which provides information on the underground motion of the earth and which could serve as guidelines for future construction procedures, apart from other demolition and rescue operation equipment. The team was given the task of checking if the buildings were erected on soil appropriate to hold the strength of multistoried buildings in Ahmedabad city.\textsuperscript{14} The Armenian National Survey for Seismic Protection presented short-term and long-term plans for cooperation with the Indian side, relating to seismic risk reduction program development for Indian megacities, recovery and rehabilitation planning in the disaster areas, the “multiparameter national observation network” establishment under the framework of Indian seismic protection survey, early warning system establishment in India, “rapid response force” creation, etc. It gave a beginning to fruitful cooperation in seismology.

Subsequently, representative of the Armenian National Survey for Seismic Protection

\textsuperscript{14} The Asian Age, 5 February, 2001
participated in international mission that visited Gujarat in June 2001 under the aegis of the Asian Disaster Reduction Centre in Kobe, Japan.

The small Armenian community and the Armenian Holy Church of Nazareth in Kolkata made a contribution of Rs.25 lakhs to the Prime Minister's National Relief Fund for construction of the hospital in earthquake-stricken town of Bhuj. The Armenian National Survey for Seismic Protection donated Rs. three lakhs, collected among its employees.

In March, 2001, cooperative bond were established between Yerevan State Medical University (YSMU) and Indian Council of Medical Research ICMR), at the visit of YSMY Rector Hakobian and Vice Rector Zilfian to India. Cooperation was launched by means of joint research in pharmacology, immunology, bioinformatics, molecular epidemiology and HIV/AIDS.

Armenia’s Minister of Education and Science Levon Mkrtchian visited India in October 2002 and signed “Exchange Program on Cooperation in Education” as well as “MoU on Cooperation in Science and Technology for 2003-2005”. His delegation comprised of eminent Armenian academicians Radik Martirosian, Rector of Yerevan State University, Vilen Hakobian, Rector of Yerevan State Medical University as well as Aram Isabekian, Rector of Armenian Academy of Fine Arts. MoUs on cooperation between Armenia’s leading Yerevan State University and Indian Jawaharlal Nehru University (JNU) and Indira Gandhi National Open University (IGNOU) were also signed. JNU acquired fame for high standard of post-graduate studies and IGNOU in providing distance education to 870,000 students from all over India by using latest telecommunications means. Both Armenian and Indian sides during official meetings were accentuating that a significant resource for their economic development is the scientific-technological potential. Apart from the universities’ leaders and professors, the Armenian delegation had meetings with the Union Minister for Human Resource Development Murli Manohar Joshi, Minister for Health and family Welfare Shatrughan Sinha and others.15

The President of the Armenian National Academy of Sciences (ANAS) visited India in October 2002 and signed a MoU on scientific cooperation with the Indian National Science Academy (INSA). Joint research and exchange of experience, including

15 Socialook International, New Delhi, November, 2008
A scientific policy, was envisaged upon that document. Under a MoU in between ANAS and INSA, the first Armenian scientist went to India in January 2003.

From December 4 to 11, 2005, Armenian Minister for Education and Science Sergo Yeritsyan visited India at the invitation of our HRD Minister. The sides discussed the opportunities for expanding existing cooperation.

Approximately 700 Indian students study in Armenia, pursuing courses in medicine, as in case of majority of them, and engineering.

Scientific-educational collaboration between Armenia and India was also expressed in other areas. In May, 2007, India joined SEVAN, the world wide Space Environmental Viewing and Analysis Network, led by the Cosmic Ray Division (CRD) of Yerevan Physics Institute. At a May 19 meeting of the International Heliophysical 2007 conference in Bad Honnef in Germany, CRD's head Prof. Ashot Chilingarian and Prof. Saumitra Mukherjee of the School of Environmental Sciences of Jawaharlal Nehru University signed a memorandum of understanding for their cooperation. SEVAN consist of portable, state-of-the-art space weather detectors designed by the CRD scientists in Armenia which are placed in countries around the earth's circumference for an extensive program of space weather observation, analysis, and forecasting. The most technical and sensitive parts of the detectors were built in Armenia.