

Evolving Dynamics of Energy Cooperation and Economic Integration: India-Kazakhstan Relations

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Abstract

The strategic relationship between India and Kazakhstan has evolved from a limited energy-based engagement into a broader framework of economic cooperation and regional connectivity. This paper examines the transition “from energy partnership to economic integration” by analysing the political, economic, and strategic dimensions shaping bilateral relations since Kazakhstan’s independence in 1991. Drawing on trade data, official policy documents, and regional cooperation initiatives, the study explores how energy security, transport corridors, and institutional mechanisms such as the India–Kazakhstan Inter-Governmental Commission have deepened mutual interdependence. The analysis situates this relationship within the context of India’s Central Asia policy, the Eurasian Economic Union (EAEU), and multilateral platforms like the Shanghai Cooperation Organisation (SCO). Findings reveal that while hydrocarbon trade remains the cornerstone of cooperation, diversification into sectors such as pharmaceuticals, IT, education, and defense signals a gradual movement toward sustainable economic integration. However, structural challenges—geopolitical constraints, limited connectivity, and overlapping external influences—continue to impede the full realization of this potential. The paper concludes that a multidimensional approach emphasizing connectivity, investment facilitation, and institutional synergy is essential to transform the India–Kazakhstan partnership into a comprehensive economic alliance.

Keywords: India–Kazakhstan relations, energy cooperation, economic integration, Central Asia, connectivity, Eurasian Economic Union, foreign policy

Introduction

The contemporary strategic landscape of Eurasia has highlighted the increasing salience of energy security, economic diversification, and regional connectivity as core priorities for emerging states. Within this evolving geopolitical environment, the relationship between India and Kazakhstan has assumed enhanced relevance. Diplomatic engagements have gained heightened significance in the twenty-first century, following a period of relative passivity during the 1990s. Both countries are now striving to establish a comprehensive commercial and strategic partnership in the Central Asian region.¹ Since the dissolution of the Soviet Union and the ensuing “parade of sovereignties,” India has progressively reoriented its strategic gaze towards the newly independent republics of Central Asia², who reconstructing and reshaping their systems and adopted liberal measures in their economic sector and democratic values in their political system.³ This intensified engagement has been underpinned by India’s strategic objective of cultivating robust partnerships with energy-

¹ Ministry of External Affairs, Government of India. India-Kazakhstan Relations. MEA Brief, 2023.

² Kumar, Dr. Hemant, and Devi, Preeti (2023), Central Asia's Security: A study of Great Powers, Bilateral Treaties and Regional Organizations, NIU International Journal of Human Rights, 10(III): 115-128, ISSN: 2394-0298. URL: https://www.researchgate.net/publication/372110443_Central_Asia's_Security_A_study_of_Great_Powers_Bilateral_Treaties_and_Regional_Organizations

³ Kumar, H. (2024), Democratic Process and Political Process in Central Asian States, Central Asia and the Caucasus (14046091), 25(1): 1-14. URL: https://www.researchgate.net/publication/391279315_DEMOCRATIC_PROCESS_AND_POLITICAL_CULTURE_IN_CENTRAL_ASIAN_STATES

abundant states as a means of enhancing its long-term energy security.⁴ In contrast, Kazakhstan has consistently pursued a multi-vector foreign policy orientation, seeking to consolidate constructive and pragmatically calibrated relations with both regional stakeholders and major global powers.⁵ Over the past three decades, the scholarly literature has systematically interrogated multiple dimensions of Kazakhstan's external engagements, with particular emphasis on its interactions with major global powers such as Russia and China, given their immediate geopolitical contiguity, and with Turkey, in light of its pronounced civilizational and cultural affinities with Kazakhstan.⁶ Meanwhile, Kazakhstan and India have successfully cultivated constructive bilateral relations predicated on mutual respect and reciprocal benefit, which resonate with the profound historical linkages between the two nations.⁷ Nevertheless, the evolving dynamics of Kazakhstan-India relations remain underexplored within contemporary scholarly discourse.⁸

At the same time, it must be recognized that these relations do not adhere to a conventional pattern but instead demonstrate a dynamic and evolving character across multiple domains. In the third decade of the twenty-first century, Central Asia is witnessing an increasingly intricate geopolitical landscape—marked, on one side, by Russia's persistent political influence, and on the other, by China's growing economic ascendancy.⁹ In this fast-changing environment, India wants to strengthen its strategic role—not just with Kazakhstan, but across the whole Central Asia region—in three key ways: as a neighbour, a regional power, and a global player.¹⁰ Central Asia plays a major role in Eurasian geopolitics, affecting global decisions and growth paths, which makes the region a vital part of the world political system.¹¹ In today's shifting geopolitical challenges, Kazakhstan's role is growing more important as the economic leader of the area.¹²

Research Design and Methodology:

The study employs a mixed-methods comparative case study design to scrutinize the evolution, structural patterns, and determining factors of India–Kazakhstan economic relations across multiple dimensions of integration over the period 1992–2024. It addresses three central research questions: first, the defining characteristics and trajectories of the bilateral economic relationship; second, the comparative dynamics of India's engagement vis-à-vis those of other major external actors, particularly Russia and China; and third, the structural, institutional, and geopolitical variables that explain the persistent divergence between articulated aspirations for “comprehensive economic integration” and the concrete outcomes achieved. Methodologically, the research integrates quantitative sectoral analysis, institutional mapping, and qualitative examination of bilateral and regional frameworks. The empirical foundation encompasses a broad range of primary and secondary sources, including official trade and investment statistics, intergovernmental policy documents, institutional records, corporate reports, and scholarly analyses. Economic integration is operationalized through several interrelated dimensions: trade structure, investment flows, energy cooperation, and connectivity infrastructure, thereby facilitating a multidimensional evaluation transcending energy-centric interpretations. The comparative framework systematically situates the India–Kazakhstan partnership within the broader matrix of Kazakhstan's external economic relations with Russia and China, focusing on variations in

⁴ Roy, Meena Singh. *India and Central Asia: Renewing the Old Ties*. New Delhi: Anamaya Publishers, 2007.

⁵ Olcott, Martha Brill. *Kazakhstan: Unfulfilled Promise*. Washington, DC: Carnegie Endowment for International Peace, 2010.

⁶ Cooley, Alexander. *Great Games, Local Rules: The New Great Power Contest in Central Asia*. Oxford University Press, 2012.

⁷ Kothari, Rajesh. “India's Relations with Central Asian Republics.” *India Quarterly*, Vol. 69, No. 1, 2013.

⁸ Blank, Stephen. “India's Strategic Interests in Central Asia.” *Eurasia Daily Monitor*, Jamestown Foundation, 2019.

⁹ Laruelle, Marlene & Peyrouse, Sébastien. *Globalizing Central Asia: Geopolitics and the Challenges of Economic Development*. M.E. Sharpe, 2013.

¹⁰ Dave, Bhavna. *India and Central Asia: Building Linkages in an Age of Globalization*. London: Chatham House, 2016.

¹¹ Cornell, Svante E. *Central Asia: A New Great Game?* Washington, DC: Johns Hopkins University Press, 2011.

¹² Satpayev, Dosym & Umbetaliyeva, Tolganay. “The Policy of Kazakhstan in the Global World.” *China and Eurasia Forum Quarterly*, Vol. 5, No. 3, 2007.

trade composition, investment magnitude, and institutional density. While recognizing inherent methodological limitations—such as data insufficiencies, attributional challenges in multilateral contexts, restricted access to proprietary corporate data, and shifting geopolitical developments following the 2022 Ukraine conflict—the study mitigates these constraints through rigorous source triangulation and longitudinal analysis, thereby ensuring analytical depth and empirical reliability.

Energy Cooperation: Strategic Pillar

Energy cooperation forms one of the central pillars of India-Kazakhstan relations. As the largest Central Asian republic endowed with vast reserves of oil, natural gas, coal, and uranium, Kazakhstan plays a critical role in shaping Eurasia's energy geopolitics.^{13,14} For India, a rapidly growing economy with one of the world's highest energy demands, diversification of energy sources has been an enduring strategic priority.¹⁵ Against this backdrop, energy cooperation between New Delhi and Astana has developed into a cornerstone of their bilateral engagement since the 1990s. The trajectory of India-Kazakhstan energy cooperation reflects broader global transformations. The dissolution of the Soviet Union in 1991 opened Central Asia's hydrocarbon-rich markets to external actors, including India.¹⁶ Simultaneously, India's post-liberalization economic growth spurred a dramatic rise in energy consumption, pushing policymakers to secure access to overseas resources.¹⁷

Kazakhstan, pursuing a multi-vector foreign policy, welcomed Indian participation in its energy sector, while India sought to counterbalance its dependence on West Asian oil and diversify suppliers.¹⁸ Kazakhstan possesses the second-largest proven oil reserves in Eurasia after Russia, with approximately 30 billion barrels.¹⁹ The Tengiz, Kashagan, and Karachaganak fields rank among the largest in the world. Additionally, Kazakhstan has substantial reserves of natural gas (over 2 trillion cubic meters) and coal, making it a regional energy hub.²⁰ Of particular importance for India is Kazakhstan's role as the world's leading producer of uranium, accounting for over 40 percent of global supply.²¹ Uranium exports to India have become a major driver of cooperation, reflecting New Delhi's commitment to nuclear energy as a clean and sustainable option. The country's strategic location, bordering both Russia and China, with access to the Caspian Sea further enhances its energy profile.²² Kazakhstan serves as both a producer and a transit corridor for energy flows across Eurasia, linking Europe, Russia, China, and South Asia. This geographic centrality aligns with India's desire to expand connectivity to Central Asia through initiatives such as the International North-South Transport Corridor (INSTC) and the Chabahar Port project.²³ India is the world's third-largest energy consumer, after China and the United States.²⁴ Its reliance on imports for crude oil exceeds 85 percent, and for natural gas nearly 50 percent.²⁵ Such dependence exposes India to volatility in global energy markets, supply disruptions, and geopolitical risks in the Gulf, where most of its current imports originate. To mitigate these vulnerabilities, Indian policymakers have sought to diversify both the geographic sources of supply and the forms

¹³ Bhavna Dave, *Kazakhstan: Ethnicity, Language and Power* (London: Routledge, 2007), 221-225.

¹⁴ Kumar, Dr. Hemant (Dec. 2015), *Geopolitics and Great Powers in Central Asia, Perspective India: A Quarterly Journal*, 1(1): 61-81, ISSN: 0974-5394. URL: https://www.researchgate.net/publication/390985314_Geopolitics_and_Great_Powers_in_Central_Asia

¹⁵ Rajiv Sikri, *Challenge and Strategy: Rethinking India's Foreign Policy* (New Delhi: Sage, 2007), 146-148.

¹⁶ Alexander Cooley, *Great Games, Local Rules: The New Great Power Contest in Central Asia* (Oxford: Oxford University Press, 2012), 54-56.

¹⁷ Subhash Narayan, "India's Energy Security Strategy," *Economic and Political Weekly* 45, no. 6 (2010): 23-27.

¹⁸ Stephen Blank, "India's Strategic Interests in Central Asia," *Eurasia Daily Monitor*, Jamestown Foundation, 2019.

¹⁹ U.S. Energy Information Administration (EIA), *Kazakhstan: Country Analysis Brief*, 2020.

²⁰ International Energy Agency (IEA), *World Energy Outlook 2019*.

²¹ World Nuclear Association, "Uranium Production Figures, Kazakhstan," 2020.

²² Martha Brill Olcott, *Kazakhstan: Unfulfilled Promise* (Washington, DC: Carnegie Endowment, 2002), 301-305.

²³ Ministry of External Affairs (MEA), Government of India, *Connect Central Asia Policy*, 2012.

²⁴ BP Statistical Review of World Energy 2022.

²⁵ Ibid.

of energy, such as oil, gas, coal, renewables, and nuclear.²⁶ In this context, Kazakhstan represents a reliable and complementary partner. Unlike the Middle East, Central Asia has been relatively insulated from maritime chokepoints like the Strait of Hormuz.²⁷ Moreover, Kazakhstan's emphasis on stable, pragmatic, and multi-vector diplomacy makes it attractive for long-term partnerships. India's quest for strategic autonomy resonates with Kazakhstan's approach of balancing relations among Russia, China, the West, and emerging powers like India.²⁸

Formal energy cooperation between India and Kazakhstan began in the mid-1990s, when both countries signed agreements on trade, science, and technology.²⁹ However, substantive progress came in the early 2000s with the establishment of the India-Kazakhstan Inter-Governmental Commission (IGC) on Trade, Economic, Scientific, Technological, Industrial, and Cultural Cooperation.³⁰ Energy was consistently identified as a priority area within the IGC framework. In 2005, ONGC Videsh Limited (OVL), India's state-owned overseas oil and Gas Company, acquired a 25 percent stake in the Satpayev oil block in Kazakhstan's Caspian region.³¹ Although the project faced delays and was eventually relinquished in 2015, it represented India's first major energy investment in Central Asia. The Satpayev experience underscored both the opportunities and challenges of cooperation, including regulatory hurdles, competition with Russian and Chinese firms, and infrastructure limitations.³² Nevertheless, Kazakhstan emerged as a significant partner in India's civilian nuclear program. Following the conclusion of the 2008 India-U.S. Civil Nuclear Agreement and India's subsequent access to international uranium markets, Kazakhstan signed a contract to supply 2,100 tonnes of uranium to India between 2010 and 2014.³³ A second agreement in 2015 extended uranium supplies for another five years, cementing Astana's role as a crucial contributor to India's nuclear energy security.³⁴

Energy ties between India and Kazakhstan are not confined to economics but are embedded in the larger geopolitical framework. For Kazakhstan, diversifying its energy export partners is a strategic priority, given its heavy dependence on Russian pipeline routes and growing Chinese dominance in the energy sector, especially in a regional environment shaped by post-Soviet power contestations, NATO's strategic interests, and the evolving Russia-China-U.S. rivalry, all of which have intensified competition over Central Asia's energy corridors.³⁵ For India, Kazakhstan provides an entry point into Central Asia's resource wealth. The partnership also complements New Delhi's broader "Connect Central Asia" policy announced in 2012, which emphasized political, security, and economic engagement with the region.³⁷ By cultivating energy cooperation, India strengthens its presence in a region that is often seen as a strategic backyard of Russia and an emerging sphere of Chinese influence under the Belt and Road Initiative (BRI).³⁸

²⁶ Subhash Narayan, "India's Energy Security Strategy," 25-26.

²⁷ Brahma Chellaney, *Asian Juggernaut: The Rise of China, India, and Japan* (New York: HarperCollins, 2010), 155-157.

²⁸ Bhavna Dave, *India and Central Asia: Building Linkages in an Age of Globalization* (London: Chatham House, 2016), 28-30.

²⁹ Ministry of External Affairs (MEA), Government of India, "India-Kazakhstan Relations," Annual Reports 1995-1999.

³⁰ Ibid.

³¹ ONGC Videsh Ltd., *Annual Report 2005-06*.

³² Pravesh Kumar Gupta, "India's Quest for Energy in Central Asia: The Case of the Satpayev Oil Block," *IDSA Issue Brief*, 2015.

³³ World Nuclear Association, "India's Uranium Imports," 2016.

³⁴ MEA, Government of India, "India-Kazakhstan Joint Statement," July 2015.

³⁵ Kumar, H. (2021), Traditional and Non-Traditional Threats in Central Asian Republics, *Journal of Education: Rabindra Bharati University*, XXIII(9): 86-93, ISSN: 0972-7175. URL: https://www.researchgate.net/publication/390980175_TRADITIONAL_AND_NON-TRADITIONAL_THREATS_IN_CENTRAL_ASIAN_REPUBLICS

³⁶ Cooley, *Great Games, Local Rules*, 78-80.

³⁷ MEA, *Connect Central Asia Policy*, 2012.

³⁸ Nargis Kassenova, "Kazakhstan and the Belt and Road Initiative: A View from Astana," *China-Eurasia Forum Quarterly* 16, no. 2 (2018): 23-28.

The historical and strategic foundations of India-Kazakhstan energy cooperation reveal a convergence of interests. Kazakhstan's resource wealth and desire for diversification align with India's quest for energy security and strategic outreach. Although early projects such as the Satpayev oil block faced challenges, the uranium partnership has been highly successful, symbolizing mutual trust and complementarity.³⁹ Energy cooperation thus represents both a practical necessity and a strategic opportunity for India and Kazakhstan to deepen their economic and geopolitical ties in the 21st century.

Kazakhstan, being the world's largest uranium producer (≈40% of global output), is a cornerstone of India's civilian nuclear program. India signed long-term uranium supply agreements in 2010, 2015, and 2019, which continue to sustain its nuclear energy sector.⁴⁰ India's ONGC Videsh Ltd. sought entry into Kazakhstan's energy market through the Satpayev oil block, though commercial viability issues led to its exit in 2018. Despite this, hydrocarbons remain a discussion point in bilateral dialogues, reflecting India's aim to diversify beyond Middle Eastern suppliers.⁴¹ Despite this, hydrocarbons remain a discussion point in bilateral dialogues, reflecting India's aim to diversify beyond Middle Eastern suppliers.⁴² Post-2022, both countries have widened cooperation to renewables, solar, wind, and critical minerals. Kazakhstan's natural potential in green energy and India's expertise in renewable technology make this a promising area of cooperation.⁴³ Energy relations form the central pillar of Indo-Kazakh ties. While Kazakhstan secures a long-term market for its uranium and energy exports, India enhances its energy security and geopolitical reach in Central Asia.⁴⁴

Energy Composition: India vs. Kazakhstan

Country	Coal (%)	Oil / Petroleum Products (%)	Natural Gas (%)	Other / Renewables & Nuclear (%)
India (Primary Energy Consumption, 2023-24)	~60 %	~ 29 %	~ 7 %	~ 4 % (Hydro, Nuclear, Renewables)
Kazakhstan (Total Primary Energy Consumption, 2024)	~47.2 %	~ 17.4 %	~ 33.1 %	The rest (minor renewables and nuclear) - data implies renewables are small in the primary mix.

Source: Bureau of National Statistics, *Energy Balance of Kazakhstan 2024*, Government of Kazakhstan

In the fiscal year 2023-24, coal constituted approximately 60% of India's primary energy consumption. Crude oil contributed about 29%, and natural gas around 7%. Other forms (hydro, nuclear, and non-fossil renewables) together made up the remaining small share (~4%). For electricity generation (which is part of the final energy consumption), coal dominates even more: in FY2022-23, about 77.0% of total power generation was from coal, followed by natural gas (~6.8%) and electricity from hydro + nuclear + renewables (~7.6%). According to Kazakhstan's official energy statistics for 2024, in the total primary energy consumption (sum of coal + oil + gas + others), coal accounts for ~47.2%, natural gas ~33.1%, and oil and petroleum products ~17.4%. In earlier years (e.g., 2020), oil was over 50% of energy production; coal ~28%, natural gas ~17%.

³⁹ MEA, Government of India, "India-Kazakhstan Relations," Annual Report 2016-17.

⁴⁰ Department of Atomic Energy (India), *Press Release on Uranium Supply Agreement with Kazakhstan*, 2019.

⁴¹ ONGC Videsh Ltd., *Annual Report 2018*, section on Kazakhstan projects.

⁴² ONGC Videsh Ltd., *Annual Report 2002-03*.

⁴³ Ministry of External Affairs (India), *India-Kazakhstan Energy Dialogue Report*, 2023.

⁴⁴ Embassy of India (Astana), *Bilateral Cooperation in Hydrocarbons*, 2009.

India remains heavily coal-dependent, both in primary energy and electricity generation. Oil is significant, natural gas is moderate, and alternative sources (renewables, nuclear, hydro) are still emerging. The heavy reliance on coal poses challenges for emissions and transition goals. Kazakhstan has a more mixed fossil fuel profile: though coal is large, natural gas has a much bigger share compared to India, and oil, while significant, has a lower percentage than in India's energy consumption. Their renewables/nuclear share in primary consumption is still relatively low, but Kazakhstan has policy plans to increase alternative sources.

Economic Integration beyond Energy:

Economic integration between India and Kazakhstan extends well beyond the energy sector and increasingly encompasses trade in goods and services, bilateral investment flows, and the development of connectivity frameworks that determine the practical depth and sustainability of economic cooperation. While the early 1990s were marked by limited interaction following Kazakhstan's independence in 1991, the subsequent decades have witnessed a gradual strengthening of trade, investment, and energy cooperation. These three pillars form the backbone of the bilateral partnership and highlight the mutual complementarity between the two economies. India's growing need for resources, coupled with Kazakhstan's role as Central Asia's largest economy and a key energy supplier, has created fertile ground for cooperation.

Trade forms the first and most visible component of India-Kazakhstan economic engagement. Bilateral trade, though modest compared to Kazakhstan's trade with Russia or China, has been marked by consistent growth. According to India's Ministry of Commerce, bilateral trade reached over USD 2.5 billion in 2022-23, with Kazakhstan exporting energy resources, minerals, and metals, while India supplied pharmaceuticals, tea, machinery, and textiles.⁴⁵ The complementarity of the two economies is evident in the composition of trade. Kazakhstan's comparative advantage lies in hydrocarbons, uranium, and raw materials, while India's strength rests in pharmaceuticals, information technology, and manufactured goods.⁴⁶ However, challenges remain: India faces a significant trade deficit, largely due to its dependence on Kazakh oil and uranium imports. To address this imbalance, both countries have emphasized the need to diversify trade baskets, particularly in agriculture, IT, and services.⁴⁷ Multilateral frameworks have supported these trade relations. India's membership in the Shanghai Cooperation Organization (SCO) since 2017 has created new platforms for trade facilitation, while ongoing negotiations on a Free Trade Agreement between India and the Eurasian Economic Union (EAEU), of which Kazakhstan is a member, are expected to significantly boost economic exchanges.⁴⁸

Investment constitutes the second pillar of bilateral relations, reflecting long-term economic engagement. Indian companies have been actively exploring opportunities in Kazakhstan's mining, pharmaceuticals, and infrastructure sectors. A notable example is ONGC Videsh Limited's (OVL) participation in Kazakhstan's hydrocarbon projects, though some initiatives have faced regulatory and geopolitical challenges.⁴⁹ Similarly, Indian pharmaceutical companies such as Dr. Reddy's Laboratories and Sun Pharma have established a strong presence in Kazakhstan, benefiting from the country's growing healthcare needs and reform of its pharmaceutical sector.⁵⁰ Kazakhstan, in turn, has shown interest in the Indian market, especially in sectors like IT, food processing, and textiles. Bilateral business councils, such as the India-Kazakhstan Joint Business Council facilitated by FICCI and the Chamber of International Commerce of Kazakhstan, have provided institutional mechanisms for fostering

⁴⁵ Ministry of Commerce and Industry (Government of India), Export Import Data Bank, 2023.

⁴⁶ Bhavna Dave, *India and Central Asia: Building Linkages in an Age of Globalization* (London: Chatham House, 2016).

⁴⁷ Rajiv Sikri, *Challenge and Strategy: Rethinking India's Foreign Policy* (New Delhi: Sage, 2007).

⁴⁸ Pravesh Kumar Gupta, "India and Eurasian Economic Union: Prospects for Trade Cooperation," *Indian Council of World Affairs*, Issue Brief, 2019.

⁴⁹ ONGC Videsh Limited (OVL), *Annual Report 2021-22* (New Delhi: OVL, 2022).

⁵⁰ Ministry of External Affairs (India), *India-Kazakhstan Relations: Bilateral Brief*, 2023.

investment cooperation.⁵¹

These platforms are essential for addressing bureaucratic hurdles, enhancing investor confidence, and promoting cross-border projects. Despite these initiatives, the scale of investment remains below potential. Geographical distance, inadequate transport connectivity, and strong competition from Russia and China have constrained India's investment footprint in Kazakhstan.⁵² Nevertheless, the "Connect Central Asia Policy" announced by India in 2012 and the subsequent "India-Central Asia Summit" in 2022 have underlined New Delhi's commitment to expanding economic footprints in Kazakhstan and the wider region.⁵³ A key structural factor shaping this outcome is connectivity. For India and Kazakhstan, the question of connectivity is not merely logistical but geopolitical: Kazakhstan's position as the largest land-locked economy in Central Asia and India's need to diversify access to Eurasian markets make transport corridors, multimodal links, and transit agreements central to bilateral ambitions. Over the past decade, India's diplomatic initiatives (Connect Central Asia), multilateral engagements (SCO), and investments in regional infrastructure (Chabahar, support for INSTC) have aimed to overcome the historical handicap of geography and create practical channels for trade, investment, and people-to-people contact. The operationalization of these corridors, however, remains contested by technical challenges and geopolitical competition.

Transportation corridors linking South Asia and Central Asia matter for three interlocking reasons: economic diversification, strategic autonomy, and regional integration. First, from an economic standpoint, corridors lower trade costs and transit times, enabling more competitive trade in manufactured goods and time-sensitive consignments. For India, corridors that connect to Kazakhstan open pathways to the Eurasian heartland, a market for pharmaceuticals, engineering goods and services, and a source of energy and strategic minerals. For Kazakhstan, diversifying market access beyond Russia and China is critical to its multi-vector foreign policy. Second, corridors have strategic implications: connectivity projects alter the leverage of external powers and can be instruments of influence, making them inseparable from security considerations. Third, corridors matter for region-building: institutionalized transit (agreements, customs cooperation, harmonized standards) can catalyze wider economic integration in Central Asia and between Central Asia and South Asia. These imperatives explain why India invests political capital in corridors such as the International North-South Transport Corridor (INSTC), Chabahar port developments, and is watching the emergence of the Trans-Caspian/Middle Corridor closely. The INSTC is a multimodal (sea, rail, road) corridor conceived to link India with Iran, the Caspian littoral, the Caucasus, Russia, and ultimately Northern and Eastern Europe. For India-Kazakhstan trade, the INSTC provides a practical route: Indian goods travel by ship to an Iranian port (e.g., Bandar Abbas), cross Iran by road/rail, are shipped across the Caspian to Azerbaijan (or directly land-link through Iran-Turkmenistan-Kazakhstan corridors), and thence into Kazakhstan by road/rail. The INSTC therefore functions as both a direct conduit and an enabling network, integrating with regional routes (Trans-Caspian, Ashgabat Agreement corridors) that reach into Kazakhstan.⁵⁴

Rail connectivity constitutes another important dimension of bilateral engagement. Kazakhstan's extensive rail network, which forms part of the Trans-Caspian International Transport Route (TITR), aligns with India's objective of establishing stable supply chains with Central Asia. The Trans-Caspian International Transport Route (TITR), widely referred to as the "Middle Corridor," seeks to connect China and East Asia with Europe via Kazakhstan, the Caspian Sea, the South Caucasus (Azerbaijan, Georgia), and then to European markets. The TITR is conceptually distinct from INSTC (north-south vs east-west orientation) but

⁵¹ Federation of Indian Chambers of Commerce and Industry (FICCI), India-Kazakhstan Business Forum Report, 2021.

⁵² Stephen Blank, "India's Strategic Interests in Central Asia," Eurasia Daily Monitor, Jamestown Foundation, 2019.

⁵³ Ministry of External Affairs (India), First India-Central Asia Summit: Joint Statement, January 2022.

⁵⁴ International Energy Agency (IEA), Central Asia Energy Outlook 2023, Paris: OECD/IEA, 2023.

operationally complementary. For India, the TITR's importance is indirect: while trade volumes between India and China are enormous and overland via China is problematic for India strategically, the Middle Corridor nonetheless expands the set of Eurasian pathways that Kazakhstan can offer to trading partners.

Complementing the INSTC is India's engagement with Iran's Chabahar Port, which provides a strategic gateway to Central Asia bypassing Pakistan. Chabahar's integration with road and rail networks connecting to Afghanistan and further north creates opportunities for Kazakhstan to diversify its southern access routes. Kazakhstan has expressed interest in utilizing Chabahar for the export of grain, uranium, and other commodities to Indian and Southeast Asian markets, underscoring the port's potential as a node of India–Kazakhstan logistical cooperation. The Chabahar–Iran link is therefore both operational infrastructure and diplomatic leverage in India–Kazakhstan connectivity.⁵⁵

The Ashgabat Agreement is another important multilateral framework that has direct relevance for India–Kazakhstan connectivity and economic cooperation. The Ashgabat Agreement (multimodal transport agreement), including Turkmenistan, Uzbekistan, Iran, Oman, Qatar (observer status historically), and Kazakhstan, provides an institutional foundation for preferential transit terms between the Persian Gulf and Central Asia. The Ashgabat framework links directly with INSTC and is an enabling mechanism for India–Kazakhstan connectivity.⁵⁶

In addition to all these connectivity projects, the Khorgos Gateway has acquired indirect yet increasing significance for India–Kazakhstan relations, especially in relation to regional connectivity, logistics integration, and India's broader strategy of engagement with the Eurasian region. The Khorgos Gateway (on Kazakhstan's border with China) and other dry ports (e.g., Dostyk/Alashankou on the Kazakhstan–China border, Aktau on the Caspian) have reconfigured overland flows across Eurasia. For Indian exporters and logistics planners, Khorgos reduces handling times at the China–Kazakhstan interface and provides predictable transshipment capacity if INSTC or Middle Corridor legs can be efficiently linked.⁵⁷

Nevertheless, connectivity cooperation holds long-term strategic significance. Enhanced transport linkages not only facilitate trade and energy cooperation but also embed India more deeply within Kazakhstan's multi-vector foreign policy architecture. For India, improved access to Central Asia supports broader objectives of regional outreach, energy security, and participation in Eurasian supply chains. For Kazakhstan, engagement with Indian-led connectivity initiatives contributes to diversification away from overreliance on any single transit partner. In this context, connectivity, transport corridors, and logistics integration function not merely as technical instruments of trade but as strategic pillars of India–Kazakhstan relations.

In the context of India–Kazakhstan economic cooperation, energy serves as the central pillar of the relationship, while broader economic integration is shaped by trade in goods and services, bilateral investment flows, and critical connectivity initiatives that collectively determine the scope and feasibility of deeper commercial engagement.

India's positioning in Kazakhstan's Multipolar Partnership Landscape

Kazakhstan's foreign policy is firmly grounded in the principle of multi-vectorism, which seeks to cultivate balanced and pragmatic relations with multiple major powers while preserving national sovereignty and strategic autonomy. Within this diversified partnership architecture—encompassing Russia, China, the United States, the European Union, and regional actors—India occupies a distinct and evolving position characterized by political

⁵⁵ International Transport Forum, *Eurasian Transport Connectivity: Challenges and Opportunities*, OECD/ITF, 2021.

⁵⁶ Ministry of Commerce and Industry (India), *Annual Report on International Trade and Logistics*, Government of India, 2023.

⁵⁷ P. Stobdan, *India and Central Asia: The Strategic Dimension*, Institute for Defence Studies and Analyses (IDSA), New Delhi, 2019.

trust, sectoral complementarities, and minimal geopolitical friction. A comparative assessment of India's engagement with Kazakhstan reveals both its strengths and limitations vis-à-vis other key partners.

Russia remains Kazakhstan's most entrenched partner due to historical, linguistic, economic, and security linkages inherited from the Soviet period. Bilateral cooperation is institutionalized through frameworks such as the Collective Security Treaty Organization (CSTO) and the Eurasian Economic Union (EAEU), which provide Moscow with considerable influence over Kazakhstan's security and economic policies.⁵⁸ In contrast, India's relationship with Kazakhstan lacks binding security dependencies, allowing for a partnership grounded more in strategic convergence than structural asymmetry. This absence of hegemonic overtones enhances India's perception as a benign and reliable partner, particularly in sensitive sectors such as uranium supply and defense training.

China represents another dominant pole in Kazakhstan's external relations, primarily driven by economic pragmatism and geographic proximity. Through the Belt and Road Initiative (BRI), China has emerged as a leading investor in Kazakhstan's infrastructure, energy pipelines, and logistics corridors.⁵⁹ While Chinese engagement has delivered tangible economic benefits, it has also generated domestic concerns within Kazakhstan regarding debt sustainability, labor migration, and economic overdependence. India, by comparison, offers a more selective and demand-driven economic engagement, focusing on pharmaceuticals, information technology, space cooperation, and capacity-building initiatives. Although India's economic footprint is comparatively modest, its cooperation model aligns more closely with Kazakhstan's objective of diversification without dominance.

The European Union collectively constitutes Kazakhstan's largest trading partner and foreign investor, particularly in hydrocarbons, mining, and green energy sectors.⁶⁰ EU-Kazakhstan relations are underpinned by normative frameworks emphasizing regulatory alignment, sustainability, and governance reforms. India's engagement, while less capital-intensive, differs in orientation by emphasizing South-South cooperation, technological transfer, and human resource development. This distinction allows India to complement rather than compete with European involvement, reinforcing Kazakhstan's multipolar strategy.

The United States maintains a focused but influential presence in Kazakhstan, largely centered on energy investment, nuclear non-proliferation, and regional security stabilization. However, U.S. engagement is often mediated by broader geopolitical priorities, particularly vis-à-vis Russia and China. India's strategic interaction with Kazakhstan is comparatively insulated from great-power rivalry, enabling sustained cooperation across political transitions and external shocks. This strategic predictability strengthens India's credibility as a long-term partner.

Regionally, Kazakhstan's partnerships with Turkey, Iran, and other Central Asian states are shaped by cultural affinities, connectivity initiatives, and regional security concerns. India's positioning within this landscape is unique due to its civilizational links, growing regional presence through the International North-South Transport Corridor (INSTC), and active participation in multilateral forums such as the Shanghai Cooperation Organisation (SCO). These platforms enhance India's diplomatic visibility while reinforcing Kazakhstan's role as a bridge between South Asia, Eurasia, and Europe.

In comparative terms, India's positioning within Kazakhstan's multipolar partnership framework is defined less by scale and more by strategic quality. While Russia and China dominate in terms of security and infrastructure, and the EU and U.S. in capital and technology, India contributes a distinct combination of political neutrality, sectoral complementarities, and long-term strategic trust. As Kazakhstan continues to navigate an

⁵⁸ Marlène Laruelle, "Kazakhstan's Multivector Foreign Policy," *Asian Affairs*, Vol. 49, No. 2 (2018), pp. 210–228.

⁵⁹ Alexander Cooley, *Great Games, Local Rules: The New Great Power Contest in Central Asia* (Oxford: Oxford University Press, 2019), pp. 156–162.

⁶⁰ European Commission, *EU-Kazakhstan Enhanced Partnership and Cooperation Agreement*, Brussels, 2020

increasingly complex geopolitical environment, India's role—as a non-intrusive, diversification-oriented partner—is likely to gain incremental significance within its multi-vector foreign policy paradigm.

Challenges and Constraints to Deeper Integration

Despite the steady development of India-Kazakhstan relations since the establishment of diplomatic ties in 1992, several structural and geopolitical challenges continue to constrain the full realization of economic potential between the two nations. Although bilateral trade has witnessed gradual growth, rising from USD 78 million in 1999 to nearly USD 2.4 billion in 2023, this expansion remains far below the actual capacity of the two economies. The persistent trade imbalance, overdependence on a few sectors, limited connectivity, and external geopolitical influences in Central Asia have restricted the diversification and institutionalization of their economic engagement.

The most persistent challenge in India-Kazakhstan economic relations is the structural trade imbalance and overreliance on hydrocarbons. Kazakhstan's exports to India are overwhelmingly dominated by crude oil, uranium, and other mineral resources, while India mainly exports pharmaceuticals, machinery, tea, and consumer goods. According to the Ministry of External Affairs (2024), energy resources account for nearly 85 percent of Kazakhstan's exports to India, whereas India's non-energy exports have not seen proportional expansion. This imbalance reflects a narrow economic base and exposes both nations to market volatility, especially fluctuations in global oil prices. Moreover, India's limited investment in Kazakhstan's downstream sectors, such as petrochemical refining and industrial processing, reduces the potential for value addition and employment creation. The lack of diversified trade portfolios prevents the two countries from achieving the "comprehensive economic partnership" envisioned in official policy documents.

The trade imbalance is further accentuated by logistical constraints and the absence of direct trade routes, which raise transaction costs. India imports about 3.5 million tonnes of crude oil annually from Kazakhstan through third-country intermediaries, primarily due to the lack of pipeline or maritime routes connecting the two nations directly. Hence, the overdependence on a single sector also hinders long-term resilience in bilateral trade, especially given the global transition toward renewable energy sources. Kazakhstan's foreign policy is characterized by a multi-vector strategy, balancing its relations among Russia, China, the West, and other partners, including India. However, the geopolitical dominance of Russia and China in Central Asia poses significant limitations for India's economic outreach. Russia retains strong control over regional transport infrastructure, customs arrangements, and defence cooperation through institutions such as the Eurasian Economic Union (EAEU) and the Collective Security Treaty Organization (CSTO).

Connectivity is the Achilles' heel of India's engagement with Kazakhstan. The absence of direct sea or land routes means that most trade between the two countries is conducted through transit via Iran, Russia, or China, which substantially increases costs and delays. According to the Federation of Indian Export Organisations (FIEO), logistics expenses add nearly 20-25 percent to the final cost of Indian exports to Kazakhstan. The proposed International North-South Transport Corridor (INSTC) linking India to Central Asia via Iran and the Caspian Sea has yet to reach full functionality due to infrastructure gaps and international sanctions on Iran.¹⁴ Similarly, the Turkmenistan-Uzbekistan-Kazakhstan-Russia corridor, part of the Trans-Eurasian railway system, remains underutilized by Indian traders because of high customs tariffs and the absence of digital trade facilitation.

India's attempts to counterbalance this through the International North-South Transport Corridor (INSTC) and the Chabahar Port Project have faced delays due to geopolitical tensions in Iran and Afghanistan. While Kazakhstan supports India's connectivity initiatives, the operationalization of these routes remains incomplete, slowing the diversification of supply chains. As a result, India's trade volumes in Central Asia pale in comparison to those of China, which invested more than USD 25 billion in Kazakhstan alone by 2022.

Another underlying issue stems from the asymmetric economic structures of the two countries. Kazakhstan's economy is resource-dependent, with hydrocarbons accounting for over 50 percent of its GDP and 60 percent of exports, whereas India's economy is service-oriented, with services contributing nearly 54 percent of GDP. This structural divergence limits the scope for industrial integration and co-production initiatives.

Private sector participation remains relatively low in both directions. While Indian public-sector enterprises such as ONGC Videsh Limited (OVL) have engaged in Kazakhstan's energy exploration projects, private Indian firms are yet to establish a substantial presence. Similarly, Kazakh investors have made only modest inroads into India's manufacturing and infrastructure sectors. This lack of private sector dynamism reflects a broader issue of information asymmetry limited awareness of market opportunities on both sides. To overcome this, both governments have encouraged trade fairs, such as the India-Kazakhstan Business Forum, but participation levels and follow-up investment agreements remain limited. Addressing these structural and institutional barriers requires deeper financial cooperation, streamlined regulations, and the establishment of joint business councils to ensure continuity beyond political interactions.

Conclusion:

The future of India-Kazakhstan economic relations holds significant promise, shaped by a combination of historical ties, complementary economic interests, and evolving strategic priorities in the region. Over the past two decades, bilateral relations have steadily expanded from diplomatic engagement to comprehensive economic collaboration. Both nations recognize the immense potential in leveraging their strengths: India's growing technological and industrial base and Kazakhstan's abundant natural resources, strategic location, and investment-friendly policies. This synergy provides a strong foundation for deepening trade, investment, and strategic connectivity in the coming years.

One of the most encouraging prospects for bilateral economic cooperation is the steady expansion of trade. Currently, India and Kazakhstan maintain a modest trade volume, but both sides have expressed a strong intent to substantially increase it. Kazakhstan aims to triple its trade with India, targeting an increase from around \$1 billion to \$3 billion in the near future. Such growth is likely to be driven by sectors where India has strong capabilities, such as pharmaceuticals, information technology, manufacturing, and education. Simultaneously, Kazakhstan's abundant reserves of minerals, oil, and gas provide India with a reliable source of energy and raw materials to sustain its growing industrial and technological sectors. The alignment of supply and demand across these sectors ensures that bilateral trade can not only expand in volume but also diversify in scope, moving beyond traditional commodities toward knowledge-intensive and high-value products.

Investment flows between the two countries also point toward a bright economic future. Indian investments in Kazakhstan have shown significant growth, exceeding \$525 million, reflecting increasing confidence in Kazakhstan's stable economic environment. Indian companies are increasingly exploring opportunities in manufacturing, agro-processing, and pharmaceuticals, while Kazakhstan is keen to attract technological and infrastructure investments from India. Moreover, large-scale initiatives such as the Mont Vert Group's partnership with Kazakhstan's Big B Corporation to establish a medical university and a 1,000-bed multi-specialty hospital highlight the potential for transformative projects in healthcare and education. These projects not only strengthen economic ties but also promote human capital development, capacity building, and people-to-people interactions, which are critical for sustained bilateral engagement.

Strategic connectivity is another area with enormous potential to enhance economic relations. The development of the International North-South Transport Corridor (INSTC) and Kazakhstan's participation in the Ashgabat Agreement create new trade routes that reduce transit time and costs, making trade more efficient. Improved connectivity will facilitate smoother movement of goods, services, and investments, integrating India more closely into Central Asia's economic landscape. By positioning itself as a critical hub linking South Asia,

Central Asia, and Europe, Kazakhstan becomes a key partner in India's efforts to diversify its trade and expand its regional presence.

Energy cooperation remains a cornerstone of India-Kazakhstan economic relations. Kazakhstan's focus on expanding fuel exports and developing its oil refining industry aligns with India's growing energy demand. This collaboration is likely to deepen over the next decade, as both nations explore opportunities in renewable energy, mining, and sustainable resource management. The potential for joint ventures, technology transfer, and knowledge sharing in these areas will further strengthen the economic partnership, ensuring mutual benefits in the long term.

Looking forward, the future prospects of India-Kazakhstan economic relations are underpinned by a shared vision of strategic partnership, economic diversification, and regional integration. By fostering collaboration across trade, investment, education, healthcare, and energy, the two countries are laying the groundwork for a multifaceted and resilient economic relationship. While challenges such as geographical distance, market access, and regulatory alignment remain, the political will, strategic foresight, and growing institutional frameworks provide strong mechanisms to overcome these hurdles. In conclusion, India and Kazakhstan are well-positioned to transform their bilateral economic ties into a comprehensive, long-term partnership that promotes sustainable growth, regional connectivity, and mutual prosperity, making the future of their relations both promising and strategically significant.

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