
INDIA'S QUEST FOR ENERGY IN CENTRAL ASIA AND ITS PROSPECTS

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Abstract

The Central Asia region has huge hydrocarbon resources which can satisfy the energy hungry economy of India. These resources could be transported to India through pipeline projects like TAPI. However these projects are not viable unless and until the situation in Afghanistan is stable and Pakistan have friendly relations with India. The Government of India has the opportunity to adopt pro-active policy towards Central Asia by having warm relations with Pakistan and Afghanistan.

Keywords: *Strategic, Silk Road, Extended Neighborhood, terrorism and Caspian region*

India remains an energy deficient country. In the first half of the twenty first century, it is estimated that Indian will become one of the top five consumers of energy. In order to fulfill the growing demands of its burgeoning population and expanding economy, India needs to look for alternative sources of energy, to augment those which it is presently acquiring from the Persian Gulf region. India's glowing need for energy coupled with its aspirations of becoming a regional power, and ultimately a global one, underlies New Delhi's increased interest in the region of Central Asia.

Over the centuries, Central Asia has been India's door to the outside world and has deeply influenced India's history, culture and polity. While the region south of the Himalayas has largely determined the mainstream features of Indian civilization, Central Asia has continued to exert influence on India in many an important way.¹ New Delhi has often described this region as its "extended neighborhood".² It has always been closely connected with Central Asia and the close contracts continued during the soviet period as well due to India being an ally of the former USSR. Remnants of Buddhist monasteries have been found in many towns of Central Asia. During the medieval period, travelers and merchants further consolidated the bonds of relationship between the peoples of the two regions.³ The region provided the link in the shape of the fabled silk route between china and India and Europe till the discovery of sea routes in the fifteenth century. India and Central Asia has number of common interests and can cooperate in many areas. Their relations, based on a shared commitment to open and progressive societies, secularism and democracy, and improving the lot of the common people have been reinforced by similarity of views in the fight against terrorism , drug trafficking and in many other areas of security.⁴

Economic cooperation is major pillar of establishing strategic depth in Central Asia. As Indian economy grow, there would be ever increasing requirement of energy and natural resources to fuel and maintain the momentum of our growth. Discovery of large reserves of hydrocarbon deposits and other resources needed for sustaining economic growth also make the region immensely attractive for forging a mutually beneficial cooperative relationship.⁵ In the first half of the twenty first century, it is estimated that Indian will

become one of the top five consumers of energy. In order to fulfill the growing demands of its burgeoning population and expanding economy, India needs to look for alternative sources of energy, to augment those which it is presently acquiring from the Persian Gulf region.⁶ India's growing need for energy coupled with its aspirations of becoming a regional power. The region has more than 6 percent of the world's proven oil reserves and almost 40 percent of its gas reserves. According to US department of energy estimates in June 2000, even if one did not count Russia's and Iran's regional assets, the rest of the Caspian region (Kazakhstan, Turkmenistan and Azerbaijan) has about 16-32 billion barrels of proven oil reserves, and another 206 billion barrels of possible oil reserves. The energy resources of the Caspian Sea region (which includes two Central Asian states - Turkmenistan and Kazakhstan) and rest of Central Asia is least unexplored and unexploited at present. The Caspian region's proven oil reserves (16-32 billion barrels) compared with 22 bb for the US and 17 bb for the North Sea. A proven gas reserve in the region was estimated at 23 -337 trillion cubic feet (tcf.), compared to reserves of 300 tcf in the USA.⁷ The opening -up of these resources to the outside world generated huge expectations among international oil companies. Although Central and South Asia have been geographically more connected through the ancient "Silk Road," the analogy has not been observed in practice during the past two decades. India, particularly, has displayed limited engagement with the Central Asian Republics. India lags significantly behind all the major players in the region (Russia, China, Iran, US and Turkey) in trading volumes with the Central Asian countries and has failed to exploit the vibrant consumer market. According to some estimates,

India has a distinct, geographic disadvantage in Central Asia compared to India. While China shares borders with Kazakhstan, Kyrgyzstan and Tajikistan, as well as Russia, India does not share a land border with any of the Central Asian states.⁸ However, the presence of two unfriendly regimes of Pakistan and Afghanistan between India and Central Asia has slowed the progress of indo-Central Asian cooperation in the economic, transportation and energy spheres.

In contrast, India's regional rivals China and Russia possess vast economic resources and more efficient state machinery that they can galvanize to project their economic power and access the region's energy market. Beijing's capacity to rapidly mobilize resources in developing communication, transport and pipeline infrastructure in Central Asia is unrivalled in scope, scale and speed. It is often said that whereas India spends millions, China spends billions. But in crucial cases, ONGC Videsh (OVL), the Indian public sector company that made the effort, was unable to match up to completion from china.⁹ A standard round of international companies, together with Russian and Chinese players, dominated the output of the Kazakh oil and natural gas sector, under the watchful eye of privatized state corporations.

India has made some important strides in the right direction recently. The Third Connect Central Asia Dialogue successfully organized on 10 October, 2014 in Dushnbe, Tajikistan, was yet another step towards building a long-term partnership with this region. The objective behind this regional conference is to have a regular annual dialogue forum among academics, scholars, government officials and business representatives from India and the CARs, with the aim of providing inputs to governments on both sides. In the First India-Central Asia Dialogue, a Track-II initiative organized on 12-13 June 2012 in Bishkek, Kyrgyzstan, E. Ahmad, Minister of State for External Affairs in India, pronounced India's

new “Connect Central Asia” Policy. He said: “India is now looking intently at the region through the framework of its ‘Connect Central Asia’ policy, which is based on pro-active political, economic and people-to-people engagement with Central Asian Countries, both individually and collectively.”¹⁰ The “Connect Central Asia” policy is a broad-based approach, which encompasses political, economic and cultural connections between India and the CARs. To improve connectivity to the region, India is working on the International North-South Transport Corridor (INSTC) among other options

The greater Central Asia strategy also finds resonance with India because of the potential of realizing Turkmenistan-Afghanistan-Pakistan - India (TAPI) gas pipelines. Integrating Central and south Asia are part and parcel of India’s long term strategic perspective. Fructifying of this concept would result in vast economic benefits to all the stake holders leading to a positive outcome for stability and security in the region. Implementation of TAPI pipeline project is likely to create mutual interdependency and help attenuate India-Pakistan peace process.¹¹ However, there are clear barriers to the fulfillment of this project, including India’s turbulent relationship with Pakistan, with both countries restricting transit across their border. Then there is the ongoing instability in Afghanistan, which may well worsen following the NATO military pullout in near future, something that would rule out a transit route through its territory.

Despite the political roadblocks the impair central Asian oil and gas flowing to India via Afghanistan and Pakistan, India still enjoys other optional routes, should it decide to shed political misgivings and join china, Russia and the central Asian counties in a long term energy strategic policy. In fact, considering the degree to which India enjoys political good will among these states, new Delhi’s initiatives for embarking on new ventures, especially in long-term projects, have been limited, India needs to draw up a long-term strategy, similar to that of china if it is to secure energy supplies to sustain economic growth.

The pipeline route through Xinjiang is potentially the most viable and the shortest route between India and Central Asia. The “Silk Route Extension” (SRE), origination from Xinjiang, could come through the undisputed parts of Sino-Indian border along the Karakorm pass at Daulat Beg-Ulde into Nubra Valley. In the past, British India used the SRE to serve its political and economic interests in the region vis-a vis tsarist Russia and China.¹² Although China is developing infrastructure not for profit but rather to provide energy to the country, it does not have enough resources to develop the infrastructure alone. Therefore, China’s pipeline development projects fit very well as a viable energy supply route for India to get Central Asian oil. Not only are discovered oil fields at a very short distance from Ladakh border but also a small land-portion of south west Xinjiang separates the link between Ladakh and the Central Asian republics of Tajikistan, Kyrgyzstan and Kazakhstan.

The current developments in Afghanistan raise serious questions on the stability of the region as a whole. No amount of prodding the private sector to participate in India-CAR trade can be possible unless the connectivity issue is resolved. Whether India transcends its risk aversion remains to be seen. However India can play a positive role in the Central Asian environment where regional states are hard put to maintain balances between other major players. Further, in the last decade. India’s stature in the international order has risen thanks to its economic growth. India has also been pursuing policies to restore its traditional linkages with the region and to re-integrate itself with the immediate and extended

neighbourhood. However, the Indian establishment, which is used to viewing its engagement with the Central Asian states through the prism of its former ties with the USSR, will need to become more flexible if it is to master the ever-changing strategic scene.

India can also play a more constructive role in Afghanistan, the second missing piece in the puzzle of India's energy diversification dilemma, which could host a pipeline and land route linking India and Pakistan to the Central Asian energy market. Russia, a key benefactor in Central Asia, and India can develop a complementary rather than a competitive relationship in the region through enhanced security co-operation to stabilize Afghanistan after the NATO pullout. Already India provides security personnel for relief and construction work; going forward, both countries could share the burden of development and humanitarian assistance, spreading the financial risk of such ventures and increasing the volume of aid. They could also consider jointly investing in the region's underdeveloped infrastructure and promote increased growth in trade across the Tajik-Afghan border. India has already been involved in the building of hydropower dams on Afghan rivers, and has emerged as one of the largest regional donors to the country. This co-operation could amplify its soft power further in the region, building on existing positive Afghan perceptions of its involvement, projecting its influence, and ultimately facilitating access to energy resources in the region.

The omens are promising and it is in such rare windows of opportunity that India can make inroads into Central Asia. However, so long as there is no real progress in advancing intensive cooperation with Pakistan or an improvement in the security situation in Afghanistan, Central Asia will remain an elusive backyard: near but just beyond reach and positioned firmly in the orbit of its powerful neighbours, Russia and China.

End Notes

1. ¹ Ranjana Mishra "India and Central Asia: from Hiatus to Hopes" *World Focus*, Vol. -XXX, No-8, August 2009, p-323
2. ² Swaran Singh, "India and the Shanghai Forum", *Strategic Analysis*, Vol. XXIV, No. 6, September 2000, p-1172.
3. ³ Shams-Ud-Din, "India and Central Asia", *World Focus*, Vol. 19, November 3, March 1998, p-15.
4. ⁴ Vinod Anand "Multi-directional Policies of Central Asian Nations and India" *World Focus*, Vol-XXX, Annual Number Nov-Dec 200, p-449.
5. ⁵ Ibid
6. ⁶ Ranjana Mishra, no.1
7. ⁷ Ajay Patnaik, "Central Asia and Indo- Pak Relations", *World Focus*, Vol. 22, No. 10-11, Oct-Nov-Dec 2001, p-54.
8. ⁸ Ranjana Mishra, no.
9. ⁹ Hari Vasudevan "India's Economic Relations with Central Asia after the 2008 'Meltdown': Perspective on Trends" *World Focus*, Vol. XXX, No. 8, August 2009, p-312.
10. ¹⁰ www.idsa.in > [Publications](#) > [PAPERS & BRIEFS](#) > [IDSA Comment](#)
11. ¹¹ Vinod Anand, no.4, p. 458
12. ¹² P.Stobdan, "The Caspian/Central Asian Oil and India" *Strategic Analysis*, Vol.. XXIII, No.2, May 1999, p. 341.