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Working Paper

The Silk Road Growing Role of India

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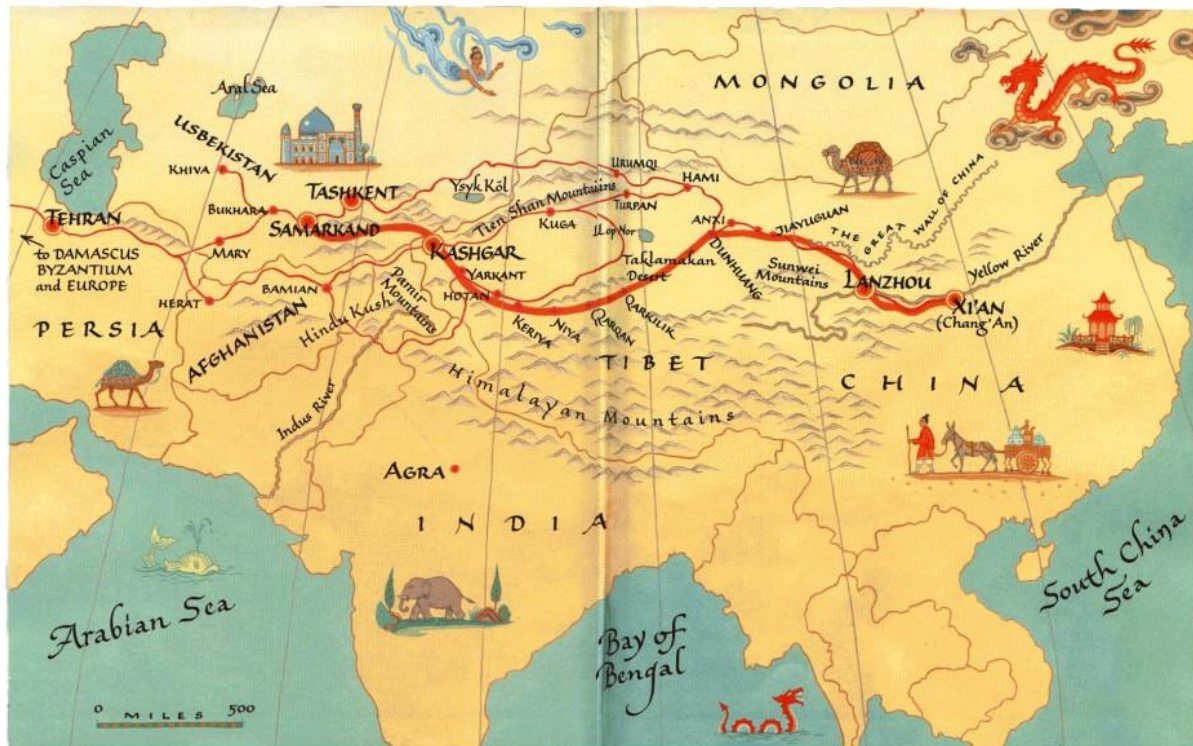
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The Silk Road Growing Role of India

Opportunities in International Trade Networks

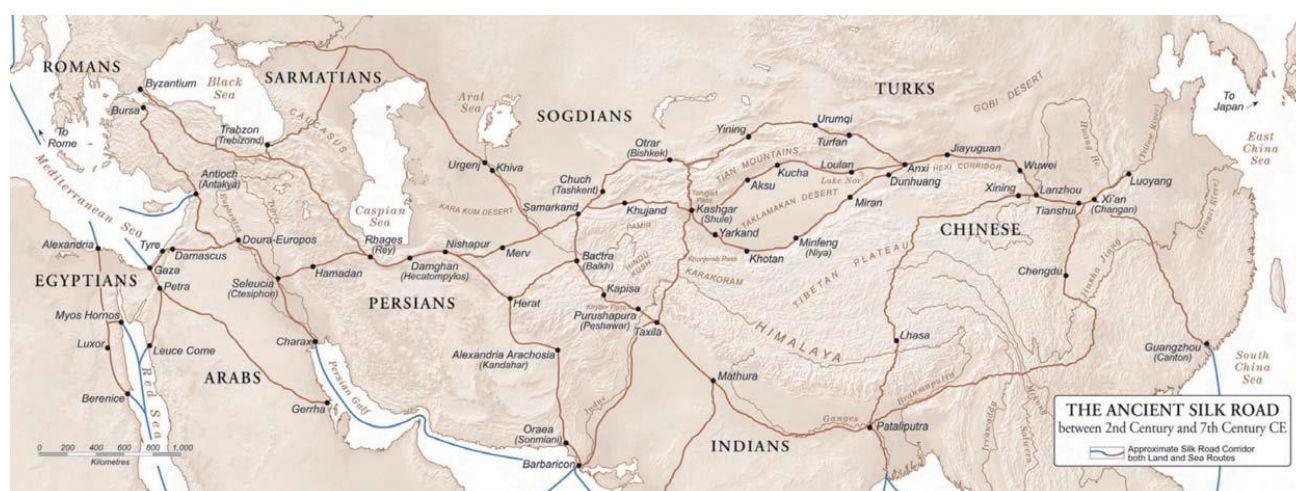


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ABSTRACT:

The growing positive tendencies and various efforts towards revival of the Silk Route have been strongly supported by India. After initiating various efforts to revive ancient trade route. India is trying to follow the Silk Route as a metaphor of its economic and trade interests in Eurasia. South Asia can again be a hub of economic activities through improved connectivity, India must focus on improving connectivity along the ancient Silk Route in order to establish itself as a hub for Asia-Europe trade, "Reviving the Asian trade route would put South Asia at the centre of Europe and East Asia," India have to explore the full potential of the region. Now India's development experience and technologies can be valuable for other developing countries. These offices are striving to facilitate the sharing of experiences and knowledge between India and other developing countries in South Asia and beyond, which assists the group's member states in capacity building for transfer and development of technology. In the past two years, a new wind of regionalism has swept across Central Asia. This encouraging development follows years in which Central Asia, in part due to the paucity of regionalism among the region's states, was viewed mainly as an arena of competition among great powers. Too often, outsiders, including Westerners, have had a tendency to talk about Central Asia with others rather than to promote the agency of the region itself. That, however, is about to change. Central Asian leaders are coordinating policies more frequently with India, in more areas than ever, and are currently seeking ways to structure more developed forms of regional cooperation under the Indian actions and the nature and character of India's policy initiatives. The paper is organized as follows, briefly explores the Silk Roads and Indian bilateral relations with the Silk Route Countries since independence and discusses why India should consider actively participating in this zone as well as India's position on the matters.



Key Words: The Silk Road, International Relations, International Economics and Trade, India Bilateral Cooperation, JEL Codes: F

*"The Silk Road is the longest, most ancient trade route, connecting diverse cultures and far-away countries over the centuries. Most people associate the Silk Road with Asia only. its routes extend over all European countries from the Atlantic Ocean and the Baltic Sea to Turkey, Russia, Ukraine and to the wider geographical area of Eurasia? Included in Eurasia are Georgia, Armenia and Azerbaijan, as countries bordering the Black Sea."*¹

¹ The European Federation of Tourist Guide Associations

PART 1 INTRODUCING THE SILK ROAD

The term “Silk Road” is tied to images of traders from long ago selling their goods on the backs of camels through enchanted cities separated by inhospitable deserts. While the romanticism of the Silk Road has been replaced by the hard realities that many of its current inhabitants face, the Silk Road is gradually being “reconstructed” to offer a number of potential business opportunities.² The Silk Roads were an interconnected web of routes linking the ancient societies of Asia, the Subcontinent, Central Asia, Western Asia and the Near East, stretching to about 7,500 km east to west but covering over 35,000 km along all the many branch routes. The political, social and cultural impacts of these movements had far-reaching consequences for all the societies touched by them. The Silk Roads encompass some of the most complex and fascinating systems in the history of world civilizations. A shifting network of roads and pathways for trade that evolved over centuries, it enabled the exchange of cargo such as silk, spices, gems, furs, but also shared art, religion and technology. It is also one of the first cultural ‘corridors’ to be inscribed on the World Heritage List, embodying the principles of cultural diversity, heritage and peaceful cooperation that are fostered by both UNESCO and the World Heritage Convention.³

A. The history of the Silk Road

The Silk Road is a name coined by German geographer F. Von Richtofen in 1877, but it refers to a trade network used in antiquity. It was through the Silk Road that imperial Chinese silk reached luxury-seeking Romans, who also added flavor to their food with spices from the East. Trade went two ways. Indo-Europeans may have brought written language and horse-chariots to China. The Silk Road (or Silk Route) is one of the oldest routes of international trade in the world. First called the Silk Road in the 19th century, the 4,500-kilometer (2,800 miles) route is actually a web of caravan tracks which actively funneled trade goods between Chang'an (now the present-day city of Xi'an), China in the East and Rome, Italy in the West at least between the 2nd century BC up until the 15th century AD.



The Silk Road was the epicentre of one of the first waves of globalization, connecting eastern and western markets

² The Investment Guide to the Silk Road, UNCTAD, 2009

³ The Silk Roads, 2019, UNESCO World Heritage

The European explorer **Marco Polo** (1254-1324 CE) traveled on these routes and described them in depth in his famous work but he is not credited with naming them. Both terms for this network of roads were coined by the German geographer and traveler, Ferdinand von Richthofen, in 1877 CE, who designated them 'Seidenstrasse' (silk road) or 'Seidenstrassen' (silk routes). Polo, and later von Richthofen, make mention of the goods which were transported back and forth on the Silk Road.⁴



One of the most well-known Europeans to travel the silk road in Medieval times was Marco Polo (1245-1324), a merchant, explorer and writer who recorded his travels in the book "Livres des merveilles du monde" (Book of the world's marvels), published around the year 1300. In English, this book is also known as The Travels of Marco Polo, and it describes – among other things – Polo's travels along the Silk Road and the various Asian regions and cities that he traverses, including China.⁵

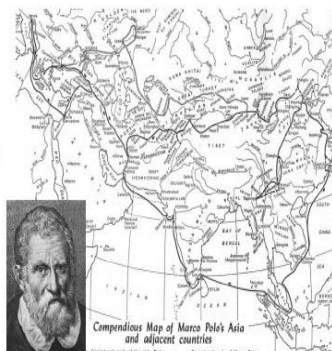


Zhang Qian was the pioneer of the Silk Road who opened up this ancient trade road during the reign of the Han Emperor Wudi. From 139 BC to 119 BC, he went to the Western Regions twice and brought back an immense amount of information about the Central Asia and West Asia. The Silk Road marked the beginning of a new era with an extensive exchange of culture, economy and religion between China and the West.⁶

The Travels of Marco Polo

Marco Polo (1254-1324)

Marco Polo (1254-1324), is probably the most famous Westerner traveled on the Silk Road. He excelled all the other travelers in his determination, his writing, and his influence. His journey through Asia lasted 24 years. He reached further than any of his predecessors, beyond Mongolia to China. He became a confidant of Kublai Khan (1214-1294). He traveled the whole of China and returned to tell the tale, which became the greatest travelogue.



Marco Polo became its most famous explorer when he traveled from Europe to Asia in the late 13th century. The Polos stayed in China for 17 years, amassing vast riches of jewels and gold. When they decided to return to Venice, unhappy Khan requested that they escort a Mongol princess to Persia, where she was to marry a prince. During the two-year return journey by sea across the Indian Ocean, 600 passengers and members of the crew died. By the time they reached Hormuz in Persia and left the princess, just 18 people remained alive on board. The promised prince, too, was dead, so the Polos had to linger in Persia until a suitable match for the princess could be found.

Eventually, the Polos made it back to Venice. After being gone for 24 years, people did not recognize them and the Polos struggled to speak Italian.⁷

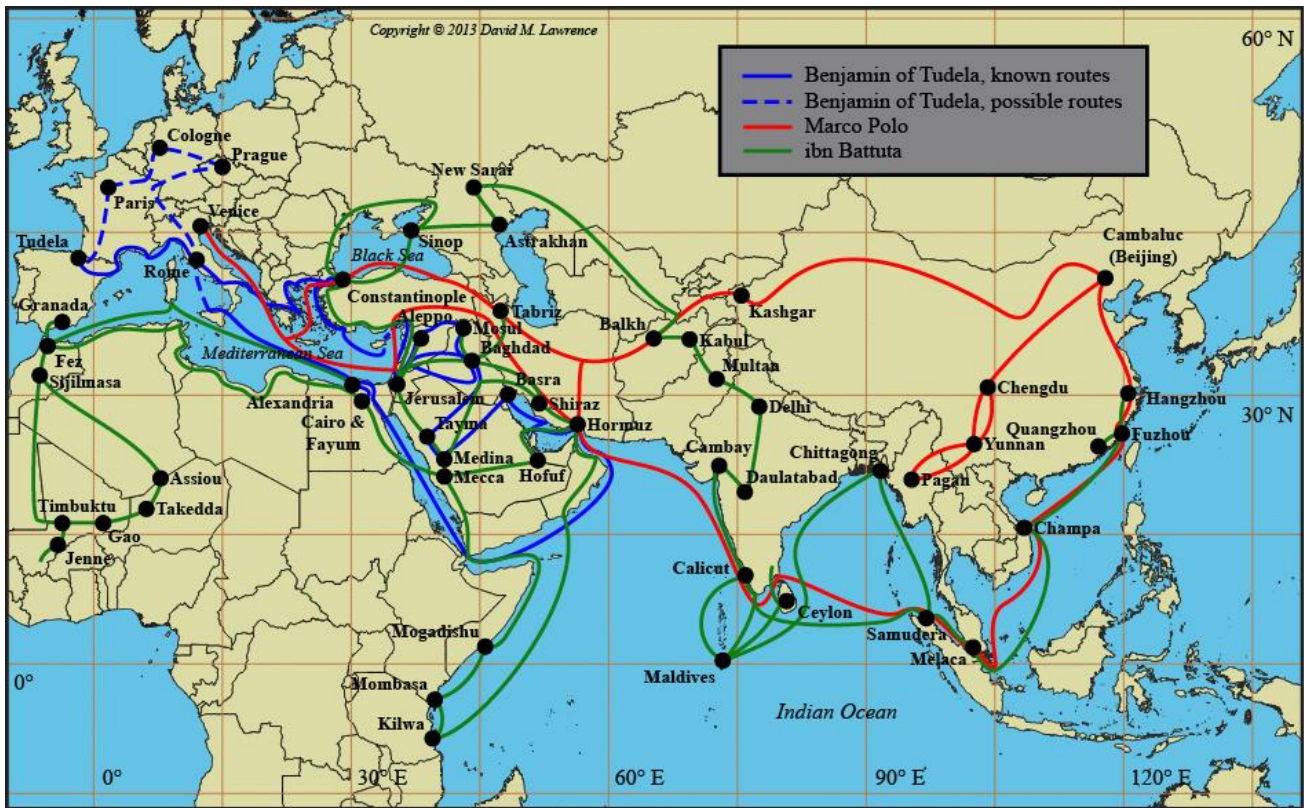
⁴ https://www.ancient.eu/Silk_Road/

⁵ Marco Polo and his travels

⁶ Travel China Guide

⁷ <https://www.livescience.com/27513-marco-polo.html>

Map of Benjamin of Tudela, Marco Polo, and Ibn Battuta's travel paths



The term “Silk Road” is tied to images of traders from long ago selling their goods on the backs of camels through enchanted cities separated by inhospitable deserts. While the romanticism of the Silk Road has been replaced by the hard realities that many of its current inhabitants face, the Silk Road is gradually being “reconstructed” to offer a number of potential business opportunities.⁸ The Silk Route, the first trans-continental trade route of human civilization that crossed Eurasia from first millennium B.C. and linked the people and traditions of Asia with those of Europe is regarded as the legendary route from China to the capital of Rome. In fact, it connected two very contrasting worlds - East and West the two cultures of Asia and Europe. Before the discovery of the sea route the Silk Route had not only contributed to the exchange and development of ethical and material culture between East and West but also served as a confluence of various civilizations.

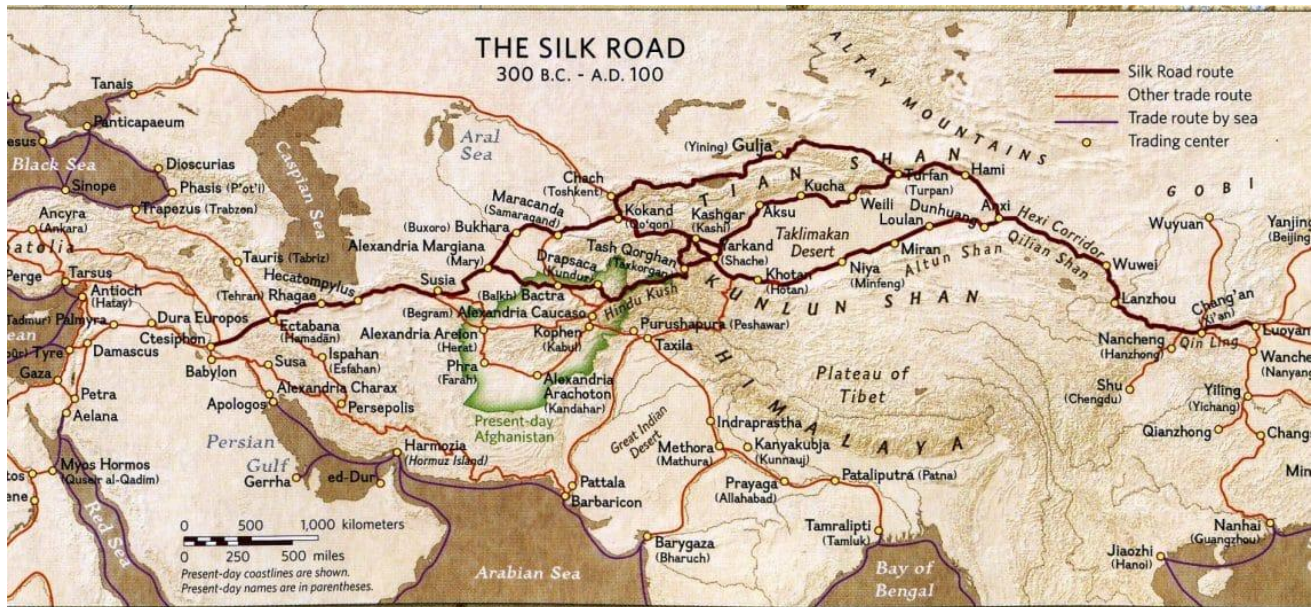
Routes of the Silk Road

Over two thousand years ago, ancient Roman demand for luxury silks imported from China was so strong that the Roman Senate tried, in vain, to ban the consumption of silk. Rome eventually procured its own silk production methods when Byzantine (Eastern Roman) Emperor Justinian (527-565 CE) reportedly sent spies to China to steal silk worms and bring them back to Greece. However, Byzantine silks never attained the quality of those imported from China, and it was not until European colonial powers dominated overseas trade that the importance of the Silk Road over

⁸ United Nations Conference on Trade and Development, *INVESTMENT GUIDE TO THE SILK ROAD*, United Nations New York

land routes connecting the West to China waned. During their heyday, the Silk Roads—both overland and maritime routes—profoundly influenced the Middle Eastern, Central Asian, Indian, Russian, European, and African civilizations they connected, stimulating the first truly international trade network, and marking the beginnings of globalization.

Goods Traded via the Silk Road



The Silk Road is an ancient caravan trail that stretches from East to West. From China through India, Asia Minor, ancient Mesopotamia, Egypt, the African continent, Greece and Rome, and finally to Britain. While many different kinds of merchandise traveled along the Silk Road, the name comes from the popularity of Chinese silk with the west, especially with **Rome**. The Silk Road routes stretched from China through **India**, Asia Minor, up throughout Mesopotamia, to Egypt, the African continent, **Greece**, Rome, and **Britain**.

The northern Mesopotamian region (present-day Iran) became China's closest partner in trade, as part of the **Parthian Empire**, initiating important cultural exchanges. Paper, which had been invented by the Chinese during the Han Dynasty, and gunpowder, also a Chinese invention, had a much greater impact on culture than did silk. The rich spices of the east, also, contributed more than the fashion which grew up from the silk industry. Even so, by the time of the **Roman Emperor Augustus** (r.27 BCE – 14 CE) trade between China and the west was firmly established and silk was the most sought-after commodity in Egypt, Greece, and, especially, in Rome. The Great Silk Road helped to develop towns, agriculture, private farming and silk production, and established land and sea transport routes. This was a unique economic process in the history of Eurasian civilization.

Trade Goods of the Silk Road



Women placing silkworms on trays together with mulberry leaves (Sericulture by Liang Kai, 1200s). Source: Wikipedia

The Ancient International Textile Trade

While important to keeping the trade connection open, silk was only one of many items passing across the Silk Road's network. Precious ivory and gold, food items such as pomegranates, safflowers, and carrots went east out of Rome to the west; from the east came jade, furs, ceramics, and manufactured objects of bronze, iron, and lacquer. Animals such as horses, sheep, elephants, peacocks, and camels made the trip, and, perhaps most importantly, agricultural and metallurgical technologies, information, and religion were brought with the travelers.⁹

The textile industry has been shaping international business and cultural trends for thousands of years. In fact, ancient Chinese silk was one of the catalysts for the formation of the world's first international commercial highway. The Silk Road, or Silk Route, was an ancient network of trade routes spanning from China through India and Central Asia. Ultimately, these routes connected two of the greatest and powerful ancient empires, the Chinese and the Romans. The Silk Road opened one of the world's first long-distance, international, geopolitical and economic relationships. While the tangible products of silk, spices, and gems were the cause for the creation of this relationship, the intangible transfer of culture and ideas has had the longest lasting effects. The Silk Road was one of the first connections between Western and Asian cultures and resulted in the spread of their respective ideas, philosophies, and religions.

⁹ Hirst, K. Kris. "The History and Archaeology of the Silk Road." ThoughtCo, Feb. 11, 2020, [thoughtco.com/along-the-silk-road-167077](https://www.thoughtco.com/along-the-silk-road-167077).



The Silk Road is also believed to be the primary facilitator of the Black Plague, which made its way from Asia to Europe in the 14th Century and went on to kill over 20 million Europeans, which accounted for approximately one-third of the population. Despite the fact that The Silk Road was established and operated many centuries ago, the impact that it has had on both historical and modern international business and politics is undeniable. In many ways, the ancient Roman demand for monopolized Chinese silk laid the groundwork for today's international economic and political environment.¹⁰ The Silk Road flourished and arguably reached its zenith during the time of the Chinese Tang dynasty (618–907). Chang'an served as the starting point and final destination for travellers along the Silk Road, and contained numerous religions and more than 5,000 foreigners. Caravans converged on Chang'an from all over the world, bringing exotic goods to China and taking Chinese products back through the extensive network of oases that sprung up along the Silk Road and around the Taklaman Desert. Kashgar served as the focal point through which these caravans journeyed to Central Asia and on to the West.

It was after the fall of the Tang dynasty in 907 A.D. that a number of factors began to erode the importance and dynamism of the Silk Road. Political instability in China led to economic decline and lower abilities to bring luxurious products into the country, and eventually the Ming dynasty (1368–1644) effectively closed China to the outside world. New forms of transport such as shipping emerged that were cheaper than land caravans. Other countries had already mastered the cultivation and production of silk. In addition, Islam had begun to spread from the West throughout the Taklaman region.

By the 15th and 16th centuries, the Silk Road had entered a period of much lower economic activity that would last effectively until the present day. The challenge of the region is to translate the history, evolution and former strengths of the ancient Silk Road into business opportunities for the

¹⁰ The Silk Road: The International Ramifications of Ancient Textile Trade, 2017, Tyler Beck

present. It is hoped that the process of rejuvenating the economies of the Silk Road as they emerge from centuries of relatively poor economic performance is only just beginning. The prominence of the entrepreneurial and merchant classes among the diverse ethnic groups of the region during the heyday of the Silk Road, and their ability to act as intermediaries in one of the world's greatest trading environments, indicates the business potential of the region.

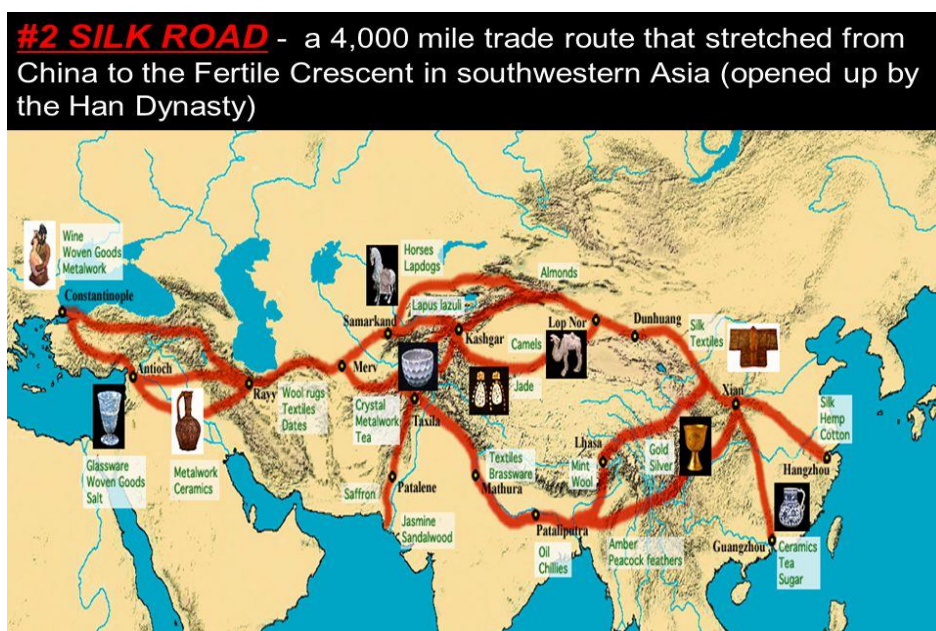
The Trade Routes and Transportation



The main transport in the silk trade was caravans

Animals are really an essential part in the history of the Silk Road. They played an irreplaceable role in the silk road transportation. While those animals such as sheep and goats supplied the necessities in everyday life for numerous folks, horses and camels both provided local requirements and had been keys to the development of worldwide relations and trade.

The process of travelling the Silk Roads developed along with the roads themselves. In the Middle Ages, caravans consisting of horses or camels were the standard means of transporting goods across land. Caravanserais, large guest houses or inns designed to welcome travelling merchants, played a vital role in facilitating the passage of people and goods along these routes. Found along the Silk Roads from Turkey to China, they provided not only a regular opportunity for merchants to eat well, rest and prepare themselves in safety for their onward journey, and also to exchange goods, trade with local markets and buy local products, and to meet other merchant travelers, and in doing so, to exchange cultures, languages and ideas.¹¹



¹¹ China Travel Guide

Both routes were used in Silk Roads; the Overland Route and the Maritime Route. The overland Silk Road route to the began in Chang 'An, the capital of China during the Han, Qin and Tang dynasties. From there, it headed west stopping in the towns of Zhangye, Jiayuguan, Langzhou, Yumen, Anxi and Nanhu before dividing in three main routes at Dunhuang.



The three main routes between Dunhuang and Central Asia were: **1) the northern route**, which went through northwest China through the towns of Hami and Turpan to Central Asia; **2) the central route**, which veered southwest from Turpan and passed through Kucha, Aksu and Kashgar; and **3) the southern route**, which passed through the heart of the Taklamakan Desert via the oasis towns of Miran, Khotan and Yarkand before joining with the central route in Kashgar.

More silk and Silk Road goods reached the West via sea routes rather than by overland routes. The main Silk Road sea routes were between Indian ports like Barbaricon, Barygaza and Muziris and Middle Eastern ports such as Muscat, Sur, Kane and Aden on the Arabian Sea and Muza and Berenike on the Red Sea. From the Middle East goods were transported overland to the Mediterranean Sea and then Europe. From India goods flowed to and from Southeast Asia, the East Indies and China.

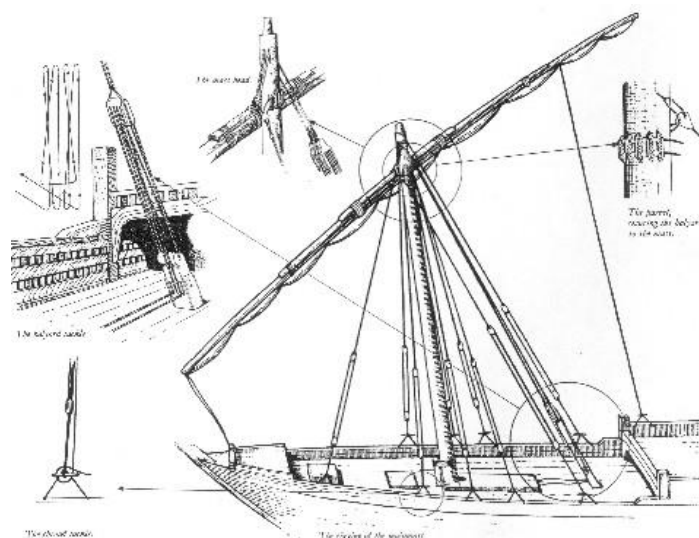


Figure Source: <http://factsanddetails.com/china/cat2/sub90/entry-4293.html>

A dhow is a type of sail boat that has been used by Arab sailors for over 2000 years in the the Persian Gulf, Arabian Sea, and Indian Ocean , on what may be the world's oldest continually run

commercial sailing route. The dhow that was discovered was just over 60 feet long. It was built of wood from Africa and India. It had a sharply angled prow (front-end) and stern (back-end), and it was fitted with square sails and made of planks sewn together with coconut husk fibers ¹². The Silk Road is a series of trade and cultural transmission routes that were central to cultural and commercial interaction through Asia and the Mediterranean Sea. In India there are 12 great silk road sites, spread across seven states: Bihar, Jammu and Kashmir, Maharashtra, Puducherry, Punjab, Tamil Nadu and Uttar Pradesh.

B. The present-day Silk Road



Modern day traders on the ancient Silk Road track in Central Asia.¹³

1. Political and economic developments since 1991

The collapse of the Soviet Union has resulted in the emergence of a number of new regions. The southern periphery of the Soviet Union, consisting of five states (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan), is one of these newly emerging regions. In the Soviet era, this region was divided into Middle Asia and Kazakhstan; in the post-Soviet era, it has been largely referred to as Central Asia. In geopolitical terms, however, this area has often been referred to as the Silk Road region. Many states have used the rhetoric of reviving the Silk Road to imply closer engagement with the CA region and its eventual integration into a network of economic ties.

The breakup of the former Soviet Union in 1991 dramatically transformed the political and economic landscape of the modern Silk Road. In a short period, the various territories that made up the former Soviet Union became independent sovereign states. Under the former Soviet Union, the Central Asian territories were integrated into the Soviet economic system. Specialized production and trading of unique resources were often allocated to the various regions. However, the breakup of the former Soviet Union left all of the newly independent Central Asian countries landlocked, with small

¹² <http://www.historyshistories.com/>

¹³ Why the New Silk Roads are a 'threat' to US bloc The Middle East is the key to wide-ranging, economic, interlinked integration, and peace
By PEPE ESCOBAR

markets, jigsaw puzzle-like borders and insignificant external markets. Not surprisingly, the Central Asian economies initially suffered severe economic contraction during their transition following independence. Trade within Central Asia collapsed after the dissolution of the former Soviet Union because trade links were broken and transit was impeded by new border restrictions. Newly erected border barriers and political turmoil in the region saw intraregional trade decline by almost 50% between 1992 and 2002.¹⁴

The new political landscape ushered in a new economic approach, as the Central Asian countries embarked on more market-oriented economic policies. The Central Asian countries are now at different stages of development in the transition to a market economy and privatization of state-owned enterprises (SOEs), but as a whole, the region is gradually moving towards more integrated and liberalized economies. Many of the Central Asian economies have received a strong boost from the oil, gas and mining sectors. Most countries enjoyed healthy economic growth in the last decade, and have seen vibrant recovery from the world economic crisis. In 2011, all Central Asian economies recorded growth above 7% – the most dynamic among all sub-regions of Asia. Benefits from China's economic growth spurt have trickled down to western China, including the four provinces covered by this investment guide, with more resources and economic activities flowing to the region.

2. Increasing economic connection in the region

Despite the close historic relations and kinship in culture and language, in the past economic links between the five Central Asian countries were limited. This was true even when these countries were part of the former Soviet Union, as each maintained external economic connections oriented more towards Moscow than between themselves. Central Asia and western China's geographic remoteness added to the isolation of the region, and has been considered a stumbling block in the quest to extend communications, develop new markets and attract foreign investment. After the dissolution of the Soviet Union, Caspian oil and gas resources are the key geostrategic and geo economic asset which focus the region's value to international relations¹⁵. Central Asia appears a highly fertile region for producing inflated imaginaries aimed at both domestic and external actors. Since the 1990s and more openly even since 2011, official Washington embraced the evocative and romantic concept of the Silk Road in formulating US policy for Central Asia. The Central Asia and Caspian Sea basin is an important, if often overlooked, region in regard to many of the challenges the U.S. faces around the world, such as a resurgent Russia, an emboldened Iran, wavering allies, growing China, and the rise of Islamic extremism. The region is at the heart of the Eurasian continent, and anything that is at the heart of something is, by definition, important. The region is a crucial geographical and cultural crossroads linking Europe and Asia and has proven strategically important for military and economic reasons for centuries. There are many opportunities for the U.S. to engage more in the region in a way that advances America's national interests. However, there are many challenges that stand in the way, too¹⁶.

¹⁴ ADB (2004), Building Partnerships for Development: Regional Cooperation Strategy and Programme 2004–2006. Manila.

¹⁵ Effects of Globalization on U.S. Foreign Policy with the Post-Soviet Caspian States, 2018, Ph.D. Thesis, Mishra, Mukesh Kumar,

¹⁶ The Heritage Foundation, 2017

However, with ongoing development in regional railways, roads and pipelines, this geographic seclusion can be turned to an advantage. With an aim to leverage the central position of the region between East and West to exploit trade and investment opportunities, efforts have been made to facilitate cross-border transport and increase trade.

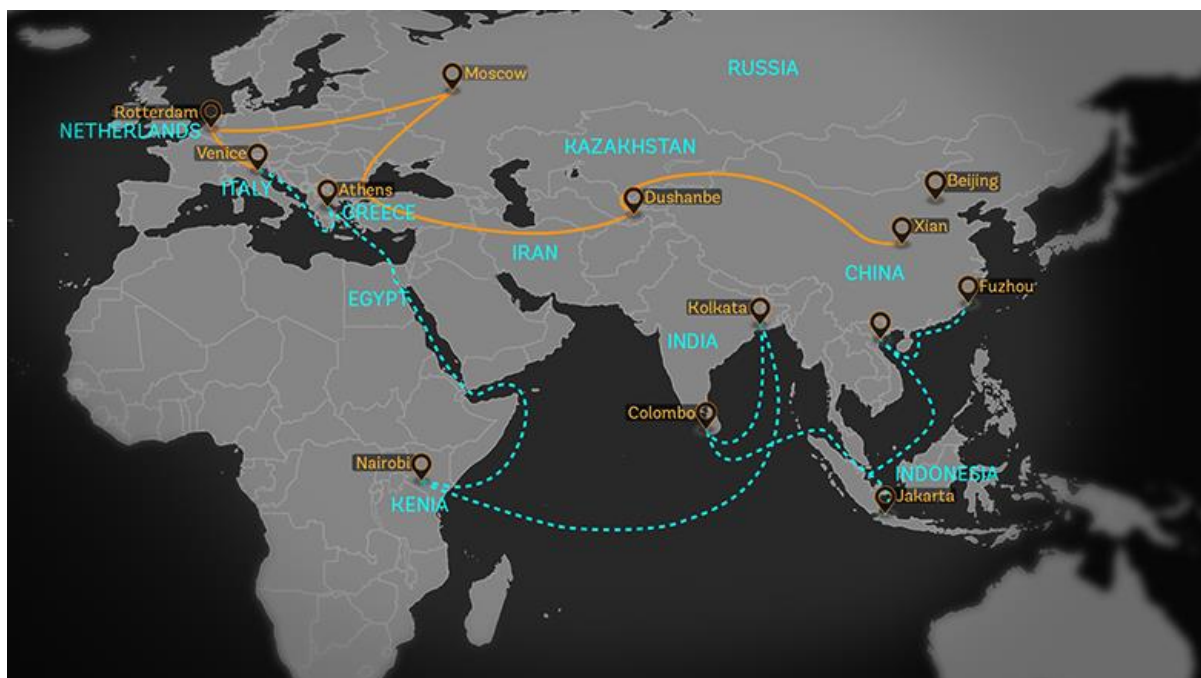


Astana, Kazakhstan, at night



Tashkent, Uzbekistan, at night¹⁷

China proposed the Belt and Road Initiative (BRI) in 2013 to improve connectivity and cooperation on a transcontinental scale. Quantifying the impacts of the BRI is a major challenge, which is why the World Bank Group has produced empirical research and economic models that assess the opportunities and risks of BRI projects and provides independent analysis of the BRI's links to trade, investment, debt, procurement, environment, poverty reduction and infrastructure¹⁸.



Map of some of the currently planned parts of the Belt and Road Initiative. Image World Bank

The Belt and Road Initiative includes includes 1/3 of world trade and GDP and over 60% of the world's population.

¹⁷ UNCTAD

¹⁸ Belt and Road Initiative, The World Bank

The Belt and Road Initiative (BRI) involves infrastructure development and investments and other potential changes including special economic zones and reduced customs formalities in 152 countries and international organizations in Asia, Europe, Africa, the Middle East, and the Americas. "Belt" refers to the routes for road and rail transportation, called "the Silk Road Economic Belt"; whereas "road" refers to the sea routes, or the 21st Century Maritime Silk Road.



DHL is one of the companies that are leveraging opportunities along the New Silk Road, Source: DHL

The New Silk Road is the defacto label applied to the emerging network of infrastructure mega-projects, enhanced transportation routes, and economic and energy corridors that are designed to increase connectivity between countries from China to Europe -- spanning 65 nations, 65% of the world's population, and 40% of the planet's total GDP. Although this international mega-project has been underway for over a decade, China's 2013 announcement of the Belt and Road initiative (BRI or OBOR) infused the plan with the financial, political, and marketing clout that it needed to have a real impact. Currently in its initial stages, the New Silk Road is an endeavour that's spearheaded by big governments and big international development banks. However, without investment from the private sector this project is little more than a naked framework of new highways and rail lines, vacant SEZs and underpopulated new cities.¹⁹

The New Silk Road is now physically rising up from the deserts, borderlands, and coastlines of Eurasia. This new trans-continental economic grid is expected to generate over \$2.5 trillion worth of trade each year within the coming decade, and new opportunities for investment are likewise beginning to arise.

¹⁹ <https://www.forbes.com/sites/wadeshepard/>

PART 2

The Growing Role of India in Silk Road

India has backed a multinational initiative to build a multi-billion dollar network of roads, railways and gas pipelines linking the resource-rich Central Asia with the continent's fast-growing economies. Exploring the evolution of the Silk Road and its connection with India, brings out the dynamics of cross-cultural relation between India and the rest of the Silk Road countries in a historical perspective. India's ties with Central Asia can be traced back to the ancient Silk Road, along which goods, people, and ideas flowed. While the dissolution of the Silk Road limited exchanges between the two, there is a renewed effort to reconnect New Delhi with the region. In the last decade, Central Asian nations have also been looking for viable partners particularly in economic and security sectors. Both sides share interests in tackling radicalization and terrorism, curbing illicit trade, and exploring opportunities for economic cooperation. India's deep-rooted bonds with the region provide the perfect opportunity for both sides to capitalize on the existing relationship and find new and innovative ways to enhance the current partnership²⁰.

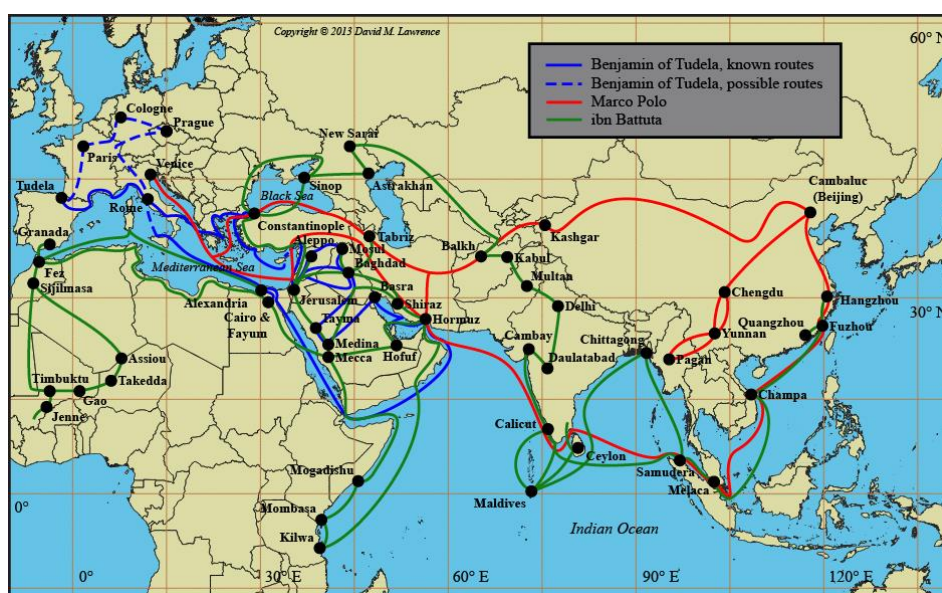
Since the early 1990s, India has been undergoing a transition to a liberalized free-market economy. The private sector is predominant in agriculture, most non-financial services, consumer goods, manufacturing and some heavy industry, although the State dominates the economy through public ownership in sectors such as finance, energy, capital goods and heavy industry, and infrastructure. India is also regarded as a giant in technological achievements and industrial output: it has significant expertise in nuclear energy, communication satellites, vehicles, software design, combat aeroplanes and helicopters, oceanography and deep sea oil drilling, as well as machinery and manufactured goods. Recent reforms include liberalized foreign investment and exchange regimes, industrial decontrol, significant reductions in tariffs and other trade barriers, reform and modernization of the financial sector, significant adjustments in government monetary and fiscal policies and safeguarding intellectual property rights. The rapidly growing software sector is boosting service exports and modernizing India's economy.

The growing positive tendencies and various efforts towards revival of the Silk Route have been strongly supported by India. After initiating various efforts to revive ancient trade route. India is trying to follow the Silk Route as a metaphor of its economic and trade interests in Eurasia. India has already participated in various infrastructure development projects to tap the economic potential of the Eurasian states as well as enormous hydrocarbon resources of the Caspian Sea region. However, the importance of the greater Central Asia to India should not be limited to the modest amount of regional trade. With the right initiatives, this region has the potential to alter the nature and character of India's policy initiatives.

²⁰ Carnegie India, December 2019

India's Link with Silk Trade Roads

There are four corridors which link India with ancient Silk Roads. (i) The road through high Tibetan plateau and down to the Ganges – to Sravasti. (ii) The Road through valleys and mountains of western Nepal to the fertile valleys of the Ganges. (iii) The Silk Roads through the Karakoram via Srinagar, Leh and Sangju Pass covering Western Himalaya. (iv) The road down the Ganges – Delhi to Chandrakhetgarh in West Bengal²¹. The two most famous Silk Road travelers, Marco Polo and Ibn Battuta, passed through India en route to China. Polo traveled India's eastern Malabar Coast, visiting Tamil Nadu, and had good things to say about traders from Gujarat that he met there. Battuta travelled south from Afghanistan into what are now parts of Pakistan, borrowed money from merchants in Multan in the Punjab, then lived in Delhi for seven years before making his way south to the Province of Sindh and exiting from what is now the Chinese invested Port of Gwadar²².



In fact, India had sixteen key Silk Road trading sites in ancient times, more than any other country excepting China. These extended from the far north, ran all the way along the southern Himalayan border with Tibet (Lhasa was also a Silk Road trading city and inland port) and along both east and west coasts. The northern routes as can be seen in the map above were essentially mountain passes, both dangerous in terms of being controlled by local warlords, being swept by unpredictable bad weather, and impassable during the winter months. There would be no cross border trade between China and India when the snows set in, except by the sea routes. Here, the Port of Calcutta began to develop, transporting tea, herbs, and madder both to and from Lhasa, directly to the north. Even today, Calcutta has the world's largest Tibetan diaspora, again descendants of ancient traders. Although these routes, such as the crossing at Nathu La still exist, they are unsuitable for modern

²¹ UNESCO

²² India's Silk Road Ambitions and China's OBOR Intentions, April 13, 2017 Silk Road Briefing

transportation needs, and both China and India are wary of existing border disputes mainly originating from the Chinese “liberation” of Tibet in 1950²³.

The Needs and Demand The New Silk Route and the effects on Indian Economy

“A rising china is developing strategies and building institutions in keeping with its return as a leader on the world stage and is based on its National Security Agenda”. The Silk Road, the ancient trade route that once ran between China and the West during the days of the Roman Empire. It’s how oriental silk first made it to Europe. And now it’s being resurrected. Announced in 2013 by President Xi Jinping, a brand new double trade corridor is set to reopen channels between China and its neighbours in the west: most notably Central Asia, the Middle East and Europe. According to the Belt and Road Action Plan released in 2015, the initiative will encompass land routes (the “Belt”) and maritime routes (the “Road”) with the goal of improving trade relationships in the region primarily through infrastructure investments²⁴.



East to west ... who stands to gain from China's controversial trade route?

The Background

Although the original trading routes were established more than 2,000 years ago, the Silk Road’s name — a reference to the delicate fabric long produced only in China — was coined in the 19th century by a German geographer. In its heyday, paper, gunpowder, porcelain and spices were transported to the west; horses, woolen rugs and blankets, gold, silver and glass made the return journey. Xi first proposed a New Silk Road in 2013 and later referred to it as “One Belt, One Road” before settling on the “Belt and Road Initiative.” As President Donald Trump scales back U.S. involvement in international trade agreements, Xi is using the Belt and Road to position himself as a champion of global cooperation and development as well as free trade. In 2018, the initiative extended into South America, the Caribbean and even the Arctic. Italy in 2019 became the first Group of Seven nation to sign up, brushing off warnings from its American and European allies²⁵.

²³ India’s Silk Road Ambitions and China’s OBOR Intentions, April 13, 2017 Silk Road Briefing

²⁴ World Economic Forum

²⁵ <https://www.bloomberg.com/quicktake/china-s-silk-road>

Belt and Road Backlash

Opposition to China's infrastructure push picks up across Asia

■ Supportive of Belt and Road Initiative ■ Opposed ■ Cautious

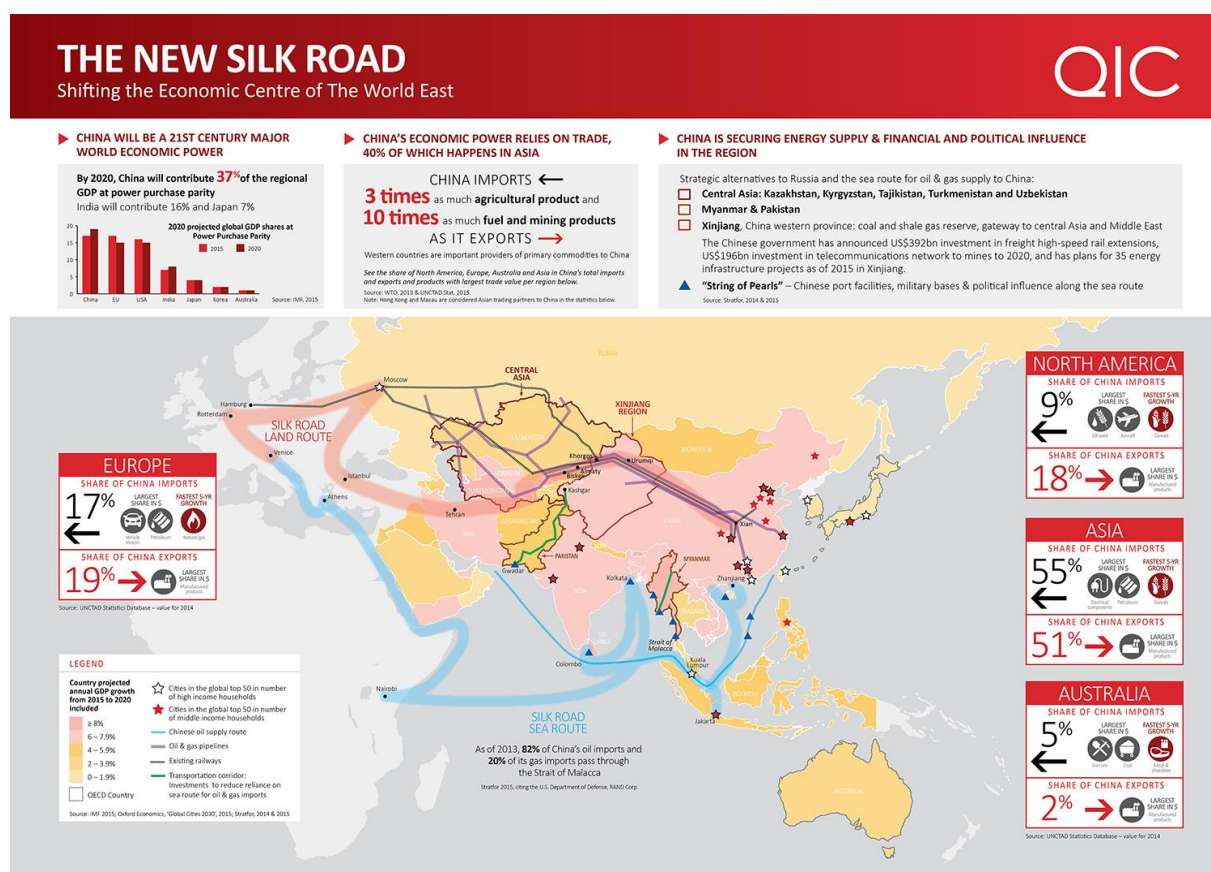


The New Silk Route has been envisaged to bring the world, and especially Eurasian Continent closer to emulate the ancient Silk Route. The New Silk Road program consists two routes, known as “One Belt, One Road”. The land route is called “the Silk Road Economic Belt,” linking central Asia, Russia and Europe. The sea route has an odd name: “the 21st Century Maritime Silk Road,” and goes through the western Pacific and the Indian Ocean. Thus, “One Belt, One Road.” The New Silk Road, which is a short-hand descriptor for the shift of global economic power from the West to the China-driven East ²⁶. The general Indian view of about the nature of the BRI right from the beginning - represented in both the academic and strategic community as well as the government - was that the BRI was less about economic development and more about larger political and strategic goals (Jacob 2017a).

According to the given map, the land-based “New Silk Road” will begin in Xi’an in central China before stretching west through Lanzhou (Gansu province), Urumqi (Xinjiang), and Khorgas

²⁶ <https://www.qic.com/>

(Xinjiang), which is near the border with Kazakhstan. The Silk Road then runs southwest from Central Asia to northern Iran to Syria, Turkey, and finally to North Western Europe, where it meets up with the equally ambitious Maritime Silk Road.



Following can be the visions and strategies of China in order to push its very ambitious New Silk Route:

- China wants to build the roads and pipelines into these countries to smooth trade access and secure more resources.
- Beijing hopes that economic development will pacify the riots in the traditionally troubled wester region. The New Silk Road program could be Beijing's silver bullet to solve the ethnic conflicts in the region and prevent Xinjiang from breaking away to become a renegade state.
- Like the Marshall Plan, the New Silk Roads will help boost China's soft power and establish greater influence in Asia and Africa.
- Through its omnipresence, it can dilute the hegemony and power of countries like US, Europe and even India in and around the regions of Silk Route.

Effects on Indian Economy

India was perhaps the most prominent and critical factor for the success of ancient silk route, owing to its rich civilisation, proximity to China and as a geographical link to the east. India, in present times is a fast emerging biggest market, a powerful democracy to take on board and is placed

geographically in a strategic position. These reasons are too catchy for China to lure a stalwart like India to join its new initiative of New Silk Route. However, from Indian perspective, it becomes too tricky to join it²⁷.

Analysis Realizing India's Strategic Interests

As India looks beyond its borders, Silk Routes and Central Asia provides India with the right platform to leverage its political, economic, and cultural connections to play a leading role in Eurasia.

INDIA'S ties with Central Asia can be traced back to the ancient Silk Road, along which goods, people, and ideas flowed. While the dissolution of the Silk Road limited exchanges between the two, there is a renewed effort to reconnect New Delhi with the region. In the last decade, Central Asian nations have also been looking for viable partners particularly in economic and security sectors. Both sides share interests in tackling radicalization and terrorism, curbing illicit trade, and exploring opportunities for economic cooperation. India's deep-rooted bonds with the region provide the perfect opportunity for both sides to capitalize on the existing relationship and find new and innovative ways to enhance the current partnership.

Over the next decade, as India's economy grew, so did its demand for energy and the need to diversify sources beyond the Gulf. During this period, Central Asia also looked toward supplying energy to fast-growing countries in Asia, such as India, to overcome its reliance on pipeline routes through Russia. Most significantly, India, Iran and Russia signed the International North-South Transport Corridor (INSTC) agreement in 2000, which was then ratified and came into effect in 2002. Aimed at the transit of goods through Iran and the Caspian Sea to Russia and Northern Europe, it also offers connectivity between India and Central Asia through Iran. Despite limited progress, India's growing interest in the region crystallized in the form of its 'Connect Central Asia Policy'.

India is entering a new “great game” in Central Asia.

The India-Central Asia Dialogue is, in that light, a start to implementing Modi's “extended neighbourhood” policy. India's emerging dialogues with Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan could prove useful in achieving its policy objectives.

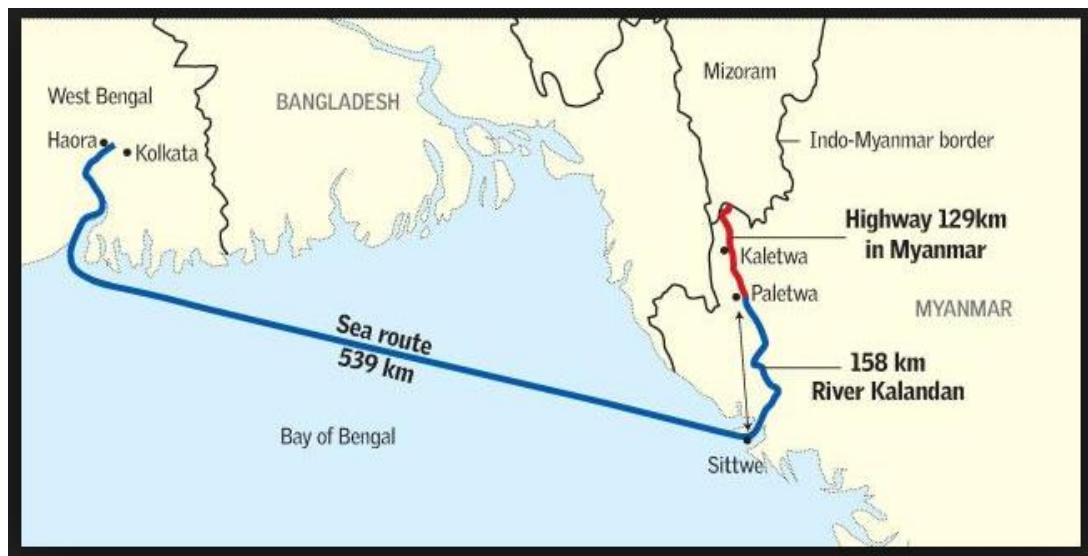
India is engaged in promoting dialogue on air corridors with its own and Central Asia's aviation companies so that goods can be transported efficiently and swiftly – addressing the slow INSTC progress – but this does not alleviate concerns about “hydrocarbon-rich” Central Asian countries incurring debt to China on projects that finance the construction of, for example, oil and gas pipelines of the sort India envisages to by-pass Pakistan.

In the run-up to his May 2019 election campaign and landslide victory, Prime Minister Modi announced an India-Central Asia Dialogue to be held in mid-January 2019 in Uzbekistan, India in 2020, and proposed setting up the India-Central Asia Development Group to take forward partnerships with Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan. In an

²⁷ The New Silk Route and the effects on Indian Economy. Jagran Josh APR 5, 2016

interesting connection, each of the countries along with China, Russia, Pakistan, and India, are members of the Shanghai Cooperation Organization (SCO). It held a summit meeting in Bishkek, Kyrgyzstan, in mid-June 2019. Modi attended, and a meeting with the host nation on the sidelines was held on 14 June, while informal meetings with the other Central Asian leaders were mooted. The Modi government's refreshed diplomacy is redirected towards its "distant neighborhoods", Central Asia, and is focused on economic potential, mainly defence-centred, with uranium supply an important aspect.

For India, the Maritime Silk Road MSR is more of a strategic concern than an economic opportunity. By promoting connectivity and investing in building infrastructure and developing ports in the Indian Ocean Littorals, China's access and reach through the region will grow immensely. Besides increased connectivity in the region, the proposed route will provide China with an incentive to expand its presence to the Bay of Bengal. The highly ambitious Belt and Road Initiative promises to fortify China as an economic superpower. But negotiations around the Bangladesh, China, India and Myanmar Economic Corridor are proving contentious. India, however, is examining and has committed to new options for overland route development, such as creating potential paths to China through Bangladesh and Myanmar. In fact, India has commenced work on connecting India to Bangladesh via upgrading rail routes with the Tripura Sundari Express, traversing from New Delhi to Agartala, and the India-Bangladesh Broad Gauge Rail link, connecting Agartala in India with Akhaura in Bangladesh. Concerning Myanmar, India has also begun work on the India-Myanmar-Thailand highway project, a 3,200km route planned to link India with ASEAN. China lies just to the east. The KMMTTP project is being piloted and funded by India's Ministry of External Affairs, with preliminary feasibility studies being carried out by Rail India Technical and Economic Services (RITES).



India is not opposed to infrastructure development in the region, but it is concerned about the strategic implications of certain Chinese-led initiatives²⁸. Asia has a massive and growing need for

²⁸ Carnegie India

infrastructure. There is tremendous potential for cross-border cooperation on connectivity and infrastructure development.

To best understand India's concerns, it is helpful to examine four specific corridors that constitute major components of the BRI and run through India's South Asian neighborhood: the CPEC, the BCIM Economic Corridor, the Trans-Himalayan Economic Corridor, and the MSR. These four corridors and the infrastructure projects associated with them have a direct bearing on India's strategic interests. They run close to India's continental and maritime borders and are affecting its security interests and strategic environment. China's engagement with India's immediate neighbors through these corridors threatens to alter existing power dynamics in the region. India is not opposed to infrastructure development in the region, but it is concerned about the strategic implications of certain Chinese-led initiatives.



On April 28-29, 2018, the Indian and Chinese Presidents met in Wuhan, capital of Hubei Province. Xi Jinping and Narendra Modi discussed a number of topics including the (de)militarization of their borders and regional cooperation. While New Delhi has consistently refused to formally join China's new Silk Roads initiative, especially because of issues related to the China Pakistan Economic Corridor and Indian claims in Kashmir, India could still participate in some projects related to the BRI, particularly in Afghanistan²⁹. India will have to work with its partners in the region to offer alternative connectivity arrangements to its neighbours. To date, New Delhi has been slow in identifying, initiating, and implementing a coherent approach to connectivity in the region. Although India has identified countries such as Japan as key partners in formulating a response, there has been little progress on a plan of action. New Delhi urgently needs a structured framework for providing an alternative to Chinese-led connectivity initiatives to protect its strategic goals and remain a dominant power in South Asia and the Indian Ocean region.

²⁹ <https://www.oboreurope.com/en/india-and-china-new-silk-roads/>



New Silk Road' for India



Russian President Vladimir Putin (R) and Indian Prime Minister Narendra Modi

As China encircles India with its Belt and Road initiative (BRI) — the 2013 rebranding of a longer-standing project to put China at the heart of a new pan-Eurasian economic order — India has a continent-crossing plan of its own. It's called the North-South Transport Corridor (NSTC), and it aims to better link India in with Iran, Russia, the Caucasus, and Central Asia. A prospective second route goes along the eastern side of the Caspian Sea, hitting up the new Kazakhstan-Turkmenistan-Iran railway and integrating with the North-South Transnational Corridor. Beyond physical infrastructure projects, India has been active on the political connectivity front as well, recently joining the Shanghai Cooperation Organization, signing on to the TIR Convention — a 71-country partnership for the more efficient international shipment of goods — is trying to push through a version of the Bangladesh-Bhutan-India-Nepal Motor Vehicles Agreement, and is also discussing a partnership with the Eurasian Economic Union — a customs zone that includes Russia, Belarus, Kazakhstan, Kyrgyzstan, and Armenia. For the countries in the middle of Eurasia — Iran, Kazakhstan, Turkmenistan, the Caucasus states — are working in partnership towards the exact same goal: transitioning from being the middle of nowhere into being the centre of the world.

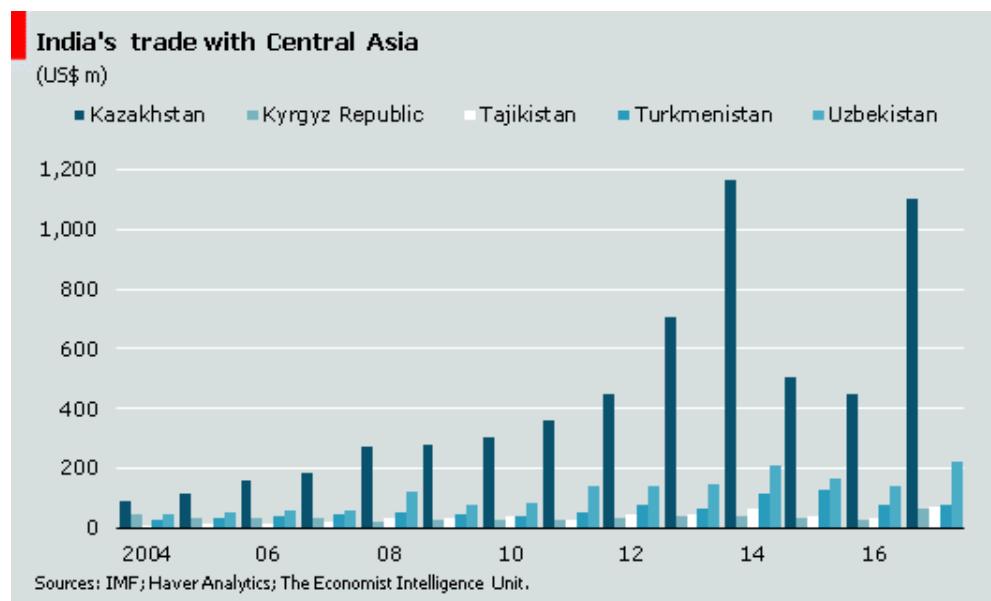


India's Prime Minister Narendra Modi and his Japanese counterpart Shinzo Abe shake hands in front of a Shinkansen train during their inspection at a bullet train manufacturing plant in Kobe, Hyogo, November 2016.

As Xi Jinping seeks to exponentially expand China's economic and political footprint upon the Eurasian and African regions. India and Japan are at the forefront of this movement, devising a mutual vision which could be labelled the 'other' New Silk Road. India, Russia, and Iran are busy at work putting together the North-South Transport Corridor, a multimodal route that goes from the west coast of India all the way to St. Petersburg, Russia. India also has its Connect Central Asia policy, Act East Initiative, an array of new road and rail projects that are extending throughout South and Southeast Asia, and seaport development projects at Chabahar in Iran and, potentially, at Paira in Bangladesh and Trincomalee in Sri Lanka ³⁰

India's vision for Central Asia Trade and integration

Since taking office in 2014, Prime Minister Narendra Modi has energetically pursued outreach to India's neighbors, this includes unprecedented engagement with Afghanistan, Bangladesh, Pakistan, and Sri Lanka. Meanwhile, Modi has forged closer relations with the United States, India has played a leading role in supporting the U.S.-led efforts, spending more than \$2 billion over the past decade. India's total trade turnover with Central Asia has grown from US\$108m in 2000 to US\$1.5bn in 2017, according to the IMF's *Direction of Trade Statistics*.



The analysis shows that while India's export basket to these countries consists of value-added final products (e.g., pharmaceuticals, apparel and garments, machinery and equipment), the imports generally includes mineral and primary products, semi-finished items and raw materials. The observation suggests that Central Asia on one hand has an enormous potential to deepen its linkage with India as a supplier of quality raw materials. On the other hand, given their moderate growth path, they can emerge as an untapped market for India's value-added exports, especially at a time when growth scenario in the EU-US is not on the upswing since 2011.

³⁰ <https://www.forbes.com/sites/wadeshepard/2017/07/31/india-and-japan-join-forces-to-counter-china-and-build-their-own-new-silk-road/#4fccb1db4982>

Concluding observations

There were a number of major impacts from this extensive network of interactions: The development of cities along these routes, which gained power and wealth from the trade, providing the infrastructure of production and redistribution, and policing its routes. Many became major cultural and artistic centres, where peoples of different ethnic and cultural backgrounds intermingled. The development of religious centres, which benefitted from the patronage of political systems and wealthy individuals. The movement of technologies, artistic styles, languages, social practices and religious beliefs, transmitted by people moving along the Silk Roads.

Today the reality of this historical Silk Road is re-emerging in a new geopolitical context, with the potential for shared prosperity among the states connected within this route. The new Silk Road of the 21st century covers almost all modes of communication infrastructure and transportation, including road network, rail and gas pipelines. Tracing the diplomatic and strategic perspective behind India's Look East policy, and the initiatives in the Central Asian republics, benefits for India. India is not opposed to infrastructure development in the region, but it is concerned about the strategic implications of certain Chinese-led initiatives. Asia has a massive and growing need for infrastructure. There is tremendous potential for cross-border cooperation on connectivity and infrastructure development. India's aspirations, despite the potential limits imposed by regional powers and Central Asian countries' domestic problems, present prospects at bilateral levels for its new "Great Game". Moreover, the availability of the raw materials from Central Asia can contribute significantly in the recently launched 'Make in India' initiative of India. Indian Prime Minister Modi *Looks To Re-Connect India at Silk Route Countries* and attempting to literally, rebuild its regional relations. India, due to the size and pace of expansion of its economy, could potentially be the biggest recipient of Chinese investment from the plan to spur trade by building infrastructure linking Asia with Europe.

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