

Why In news?

Iran has decided to move ahead with the construction of a railway line from Chabahar port to Zahedan without any assistance from India **due to delay in funding**.

The **railway line project** was part of India's commitment to the trilateral agreement with Afghanistan and Iran to build an alternate trade route to **Afghanistan and Central Asia**.

Significance of this project

Completion of this project would give India access to Afghanistan and beyond to Turkmenistan, Uzbekistan, Tajikistan, Kyrgyzstan, Kazakhstan, Russia and Europe via 7,200-km-long multi-modal North-South Transport Corridor (INSTC).

About Chabahar Port

Located on the **Gulf of Oman** and is the **only oceanic port** of the country.

With this, India can bypass Pakistan in transporting goods to Afghanistan.

It will also boost India's access to Iran, the key gateway to the International North-South Transport Corridor that has sea, rail and road routes between India, Russia, Iran, Europe and Central Asia.

It also helps India counter Chinese presence in the Arabian Sea which China is trying to ensure by helping Pakistan develop the Gwadar port.

Gwadar port is less than 400 km from Chabahar by road and 100 km by sea.

From a diplomatic perspective, Chabahar port could be used as a point from where humanitarian operations could be coordinated.

Chabahar Development Project

1. The project, signed in 2003, has been a symbol of **traditionally important India-Iran ties**.
2. Right from the beginning of its tenure, the government has underlined the **geostrategic importance** it attaches to the Chabahar port project.
3. Connected by sea lanes to ports on **India's west coast**, Chabahar would form the fulcrum of **India's outreach to Russia and Central Asia**, enhancing **connectivity, energy supplies and trade**.
4. Given that **Pakistan** had **blocked Indian aid** to Afghanistan and **all trade over land**, Chabahar provided India an alternative to permanently bypass its troublesome neighbour.
5. India was granted a 10-year lease to develop and operate two terminals and five berths, access to the Chabahar free trade zone, and the opportunity to build the 628 km rail line from Chabahar to Zahedan, just across the border from Afghanistan.
6. Indian Railways Construction Ltd (IRCON) had promised assistance to the railway line project besides financing worth \$1.6 billion. However, the work was never started as the United States imposed sanctions on Iran. While there was a **waiver on US sanctions** for the **specific railway line project**, India found it hard to pick equipment suppliers who were worried about possible action from the US.

Iran and China Strategic Partnership

- Meanwhile, complicating matters further, **Iran and China** are close to **finalising a 25-year Strategic Partnership** which will include Chinese involvement in Chabahar's duty free zone, an oil refinery nearby, and possibly a larger role in Chabahar port as well.
- "Comprehensive Plan for Cooperation between Iran and China", being finalised by officials in Tehran and Beijing, the cooperation will extend from investments in infrastructure, manufacturing and upgrading energy and transport facilities, to refurbishing ports, refineries and other installations, and will commit Iranian oil and gas supplies to China during that period.
- Iranian officials denied a report that also suggested Chabahar port, where India took, will be leased to China.
- However, Iran proposed a tie-up between the Chinese-run Pakistani port at Gwadar and Chabahar last year.

Conclusion

Regardless of the reasons for India's inability to join the railway project, the decision can only be seen as an opportunity lost.

The impression that India wavered due to U.S. pressure, especially after India cancelled oil imports from Iran, also questions **India's commitment to strategic autonomy**.

While Iran claims it will fund the railway using its own resources, it seems to have embarked on the **Chabahar-Zahedan project** with a confidence borne from an imminent deal with **China for a 25-year, \$400 billion** strategic partnership on infrastructure, connectivity and energy projects.

In a world where **connectivity** is seen as the **new currency**, India's loss could well become China's gain, and India must watch this space, created by its exit, closely.

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