



Chabahar Project

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Why in News

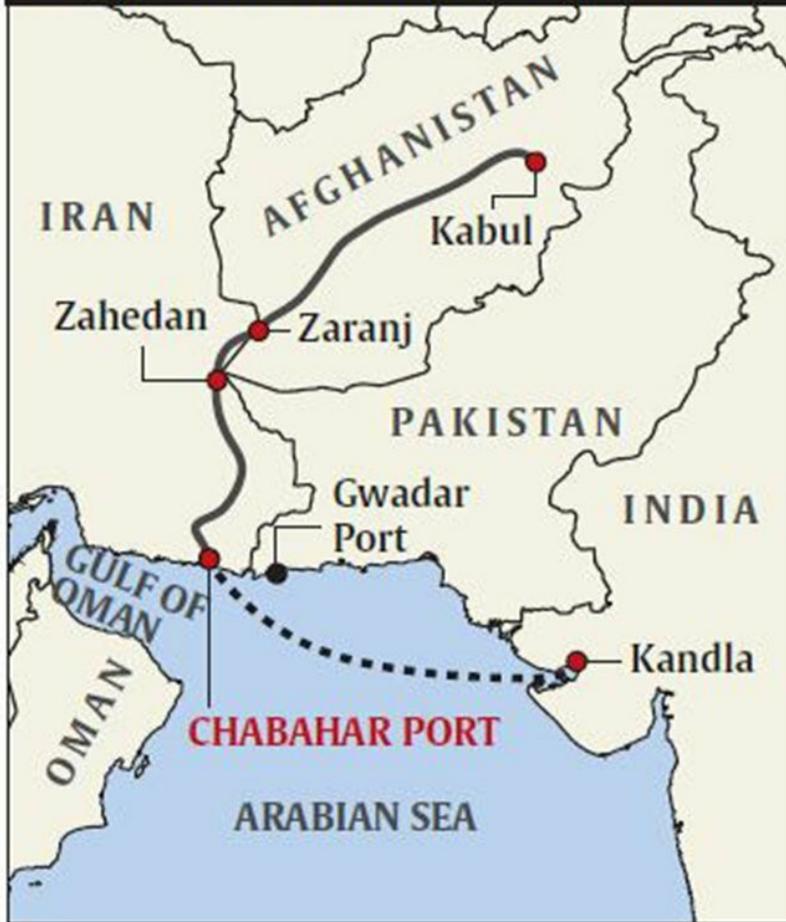
Recently, **Iran's Port and Maritime Organisation (PMO)** has **conveyed to India a request** for locomotives and signalling equipment for the **Chabahar-Zahedan railway line**.

- Iran has been facing **difficulty in procuring** them directly due to the **sanctions imposed by the USA**.
- Iran has also asked India to activate the **USD 150 million credit** line which was offered to it by India during the Iranian President's visit in 2018.

Chabahar Port

- It is located on the **Gulf of Oman** and is only **72 km away from the Gwadar port** in **Pakistan** which has been developed by China.
- The port serves as the **only oceanic port of Iran** and consists of **two separate ports named Shahid Beheshti and Shahid Kalantari.**]

BEING DIRECT: INDIA TO CHABAHAR



Key Points

- **Background:**
 - In **May 2016**, India, Iran and Afghanistan signed the **trilateral agreement** which entailed the establishment of **Transit and Transport Corridor** among them using Chabahar port in Iran as one of the regional hubs for sea transportation.
 - Construction of a **rail line from Chabahar port to Zahedan**, along the border with Afghanistan as an **alternate trade route to Afghanistan and Central Asia**, was also a part of it.
 - The state-owned **Indian Railways Construction Ltd. (IRCON)** signed a **Memorandum of Understanding (MoU) with the Iranian Rail Ministry** to provide all services, superstructure work and financing (around USD 1.6 billion).

- **Reasons for Excluding India:**

- **Iran's Stand:**

- In **July 2020**, Iran decided to proceed with the rail line construction on its own, citing **delays from the Indian side in beginning and funding** the project.

- **India's Stand:**

- IRCON completed the site inspection and feasibility report, and had been **waiting for the Iranian side to appoint a nodal authority.**
 - Although the project has **secured a special waiver from the USA**, India is **hesitant to deal with the construction company** which has links with the **Islamic Revolutionary Guard Corps (IRGC)** and is under the sanctions.
 - The IRGC is a **hard-line force which operates its own military infrastructure** in parallel to Iran's regular armed forces. In **April 2020**, it launched **Iran's first military satellite Noor.**
 - Fear of sanctions by the USA has also impacted Indian interest in the **Farzad-B gas field project** of Iran.

- **Significance of Chabahar Port for India:**

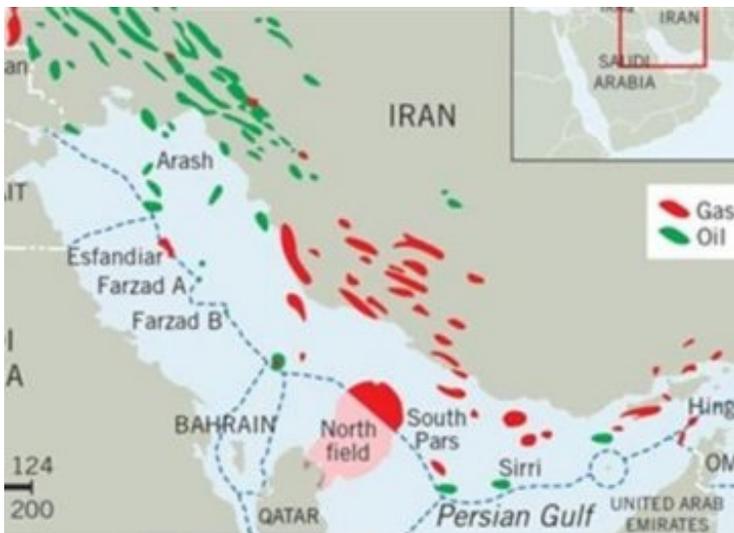
- **Trade:** It is being considered a **gateway to golden opportunities** for trade by the three countries with other **Central Asian countries** in the wake of Pakistan denying transit access to India.
 - **Security:** China is aggressively pursuing its own **Belt and Road Initiative** (BRI) under the **One Belt One Road (OBOR)** project. The port can also act as a counter to Pakistan's **Gwadar Port**, which is being developed with Chinese investment.
 - **Connectivity:** In future, the Chabahar project and the **International North South Transport Corridor** (INSTC) will complement each other by optimising Indian connectivity with Russia and Eurasia.

- **Evolving Scenarios:**

- With the **results of the USA elections**, both **India and Iran look for the possible ease of sanctions** allowing for increased engagements.
 - India is also keeping an **eye on the negotiations on a 25-year strategic cooperation agreement between China and Iran** (worth USD 400 billion) which could fund other parts of the Chabahar development, including a **free trade zone** along the Makran coast, and **oil infrastructure projects**, impinging on India's strategic ties with Iran.

Farzad-B Gas Field

- It is located in **Persian Gulf** (Iran) and the contract for exploration of the field was signed in **2002** by Indian consortium comprising **Oil and Natural Gas Corporation Limited (ONGC) Videsh, Indian Oil Corporation and Oil India**.
- The contract **expired in 2009** after declaration of commerciality of the field, based on the gas discovery. Since then, the consortium has been **trying to secure the contract** for development of the field.
- The **major dispute** between India and Iran was **over setting up of two pipelines**, and also over **money to be quoted** on the development plan.
- Around 75% of the deal was finalised by **May 2018**, when the **USA unilaterally withdrew from the nuclear deal and announced sanctions** on Iran.
- In **January 2020**, Iran clarified that it would develop the field on its own and would like to **involve India appropriately at a later stage**.



Way Forward

- In a world where **connectivity** is seen as the **new currency**, India's loss on account of these projects can become gain for some other country, **especially China**. Thus, India needs to play a **balancing act** between the USA and Iran and proactively protect its interest in the region.
- As an emerging power, India **cannot remain confined to South Asia** and a **peaceful extended neighbourhood** (Iran-Afghanistan) is **not only good for trade and energy security** but also plays a **vital role in India's aspirations of becoming a superpower**.

Source:TH