



Rasht-Astara Railway and INSTC

For Prelims: Rasht-Astara railway, [Central Asia](#), [CPEC](#), **Baltic**, **Chabahar Port**, [JCPOA](#).

For mains: [International North-South Transport Corridor](#), significance and Challenges.

Why in News?

Recently, **Russia and Iran** have signed a deal to build an Iranian railway line, the **Rasht-Astara railway** as part of an [International North-South Transport Corridor \(INSTC\)](#).

- The Rasht-Astara railway is seen as an important link in the corridor, **intended to connect India, Iran, Russia, Azerbaijan** and other countries via railways and sea – a route that Russia says can rival the [Suez Canal](#) as a major global trade route.



What is Rash Astra Railway?

- It is a 162-kilometer railway that will connect the city of **Rasht (Iran) near the Caspian Sea**, to Astara (Azerbaijan) **on the border with Azerbaijan**. The new connection will shave four days off that traveling time frame.
- The unique **North-South transport artery**, of which the Rasht-Astara railway will become a part, will **help to significantly diversify global traffic flows**. Transportation along the new corridor will have significant competitive advantages and will substantially cut travel times and costs and help develop new logistics chains.

- The railway along the Caspian Sea coast would **help to connect Russian ports on the Baltic Sea with Iranian ports in the Indian Ocean** and the Gulf.

What is the International North-South Transport Corridor?

▪ About:

- It is a 7,200-kilometer **Multi-Mode Transit System** that connects ship, rail, and road routes for moving cargo between India, Iran, Azerbaijan, Russia, Central Asia, and Europe.
- It was launched on **12th September 2000** in St. Petersburg, by Iran, Russia and India for the purpose of promoting transportation cooperation among the Member States.
- Since then, INSTC membership has expanded to include 10 more countries – Azerbaijan, Armenia, Kazakhstan, Kyrgyzstan, Tajikistan, Turkey, Ukraine, Syria, Belarus, and Oman.
 - Bulgaria has been included as an observer state. The Baltic countries like **Latvia and Estonia have also expressed willingness** to join.

▪ Routes and Modes:

- **Central Corridor:** It begins from the Jawaharlal Nehru Port in Mumbai and connects to the **Bandar Abbas port (Iran) on the Strait of Hormuz**. It then passes through the Iranian territory via Nowshahr, Amirabad, and Bandar-e-Anzali, runs along the Caspian Sea to reach the Olya and Astrakhan Ports in Russia.
- **Western Corridor:** It connects the **railway network of Azerbaijan to that of Iran via the cross-border nodal points** of Astara (Azerbaijan) and Astara (Iran) and further to Jawaharlal Nehru port in India via sea route.
- **Eastern Corridor:** It connects **Russia to India through the Central Asian countries of Kazakhstan, Uzbekistan, and Turkmenistan**.

What is the Significance of INSTC for India?

▪ Alternate Route:

- India sees INSTC as an alternative means of connecting with [Central Asia](#), **which is rich in hydrocarbons and has strategic importance**.
- Given the obstacles in the straight route through Pakistan, it creates a permanent **alternate route for trade between Afghanistan and Central Asia**.
 - China and Pakistan are working to strengthen their economic and trade ties through the [China Pakistan Economic Corridor \(CPEC\)](#) and the Gwadar port, both of which are part of China's [Belt and Road Initiative \(BRI\)](#).

▪ Reducing Time and Freight Cost:

- INSTC consists of sea routes, rail links, and road connections that connect Mumbai in India to Saint Petersburg in Russia, passing through Chabahar.
- The INSTC is projected to reduce **transit time by 40%**, shortening it from 45-60 days to 25-30 days. Additionally, it is expected to **decrease freight costs by 30%** in comparison to the Suez Canal route.

▪ Chabahar Port:

- India has invested in the Chabahar Port located in the Iranian province of Sistan-Balochistan and also signed an intergovernmental agreement for the INSTC.
- The Chabahar port is **regarded as a doorway to golden chances for India**, Iran, and Afghanistan to trade with Central Asian countries.
 - Chabahar is a port in **southwestern Iran on the Gulf of Oman**. It is Iran's sole port with **direct access to the sea**. It is situated on the southern coast of Iran's energy-rich Sistan-Balochistan region.

▪ Alternative to Suez Canal:

- Suez Canal's blockage in 2021, which roughly cost 12% of global trade and reportedly held up **trade valued at USD 9 billion per day**, has amplified the optimistic outlook towards the INSTC as a **cheaper and faster alternative multimodal transit corridor**.

▪ Potential to Connect Baltic:

- The INSTC connects India with Central Asia, Russia, and has the potential to expand up to the **Baltic, Nordic, and Arctic regions**.
- This connectivity initiative, when viewed with its underlying commercial advantages, **can bring about a transformative development** in the region, facilitating not just transit but humanitarian assistance as well as overall economic development.

▪ **Regional Supply Chains Across Eurasia:**

- The creation of diverse supply chains across Eurasia might surely alter the stereotype of **East as the producer and West as the consumer.**

What are the Challenges?

- The main challenges faced by INSTC are that the majority of projects associated with the INSTC, have not received financial support from major international financial institutions such as the [World Bank](#), [ADB \(Asian Development Bank\)](#), [European Investment Bank](#) and Islamic Development Bank.
- This is mainly due to the **unilateral sanctions imposed by the United States on Iran**, which has led to **concerns about possible “secondary sanctions.”**
- The harsher sanctions imposed on Iran after the US's withdrawal from the [JCPOA \(Joint Comprehensive Plan of Action\)](#) in 2018 resulted in many global companies withdrawing from infrastructure projects in Iran.

Way Forward

- The **INSTC** has great potential for various stakeholders, but realizing its full benefits requires more **financing, cooperation, political will**, and strategic planning.
- Funding is a major challenge, and private sector involvement is limited due to security **threats and political instabilities** in the region. Harmonization of tariffs and customs is also important for the corridor's success.
- To increase trade volume, it is **crucial to improve informational connectivity** and create demand. Currently, the export of goods from South Asia and Southeast Asia to Europe through the Suez Canal route is insufficient. Addressing this demand deficit is **necessary for the successful implementation of the ambitious INSTC** project.
- Moreover, the INSTC offers member countries the **opportunity to collaborate and enhance economic integration**. Establishing industrial parks and special economic zones focused on sectors of mutual interest, such as pharmaceuticals and agriculture, can further contribute to the development and commercial value of this connectivity corridor.

UPSC Civil Services Examination, Previous Year Question (PYQ)

Q. What is the importance of developing Chabahar Port by India? (2017)

- (a) India's trade with African countries will enormously increase.
- (b) India's relations with oil-producing Arab countries will be strengthened.
- (c) India will not depend on Pakistan for access to Afghanistan and Central Asia.
- (d) Pakistan will facilitate and protect the installation of a gas pipeline between Iraq and India.

Ans: (c)

[Source: TH](#)

