



India Dropped from Chabahar Rail Project

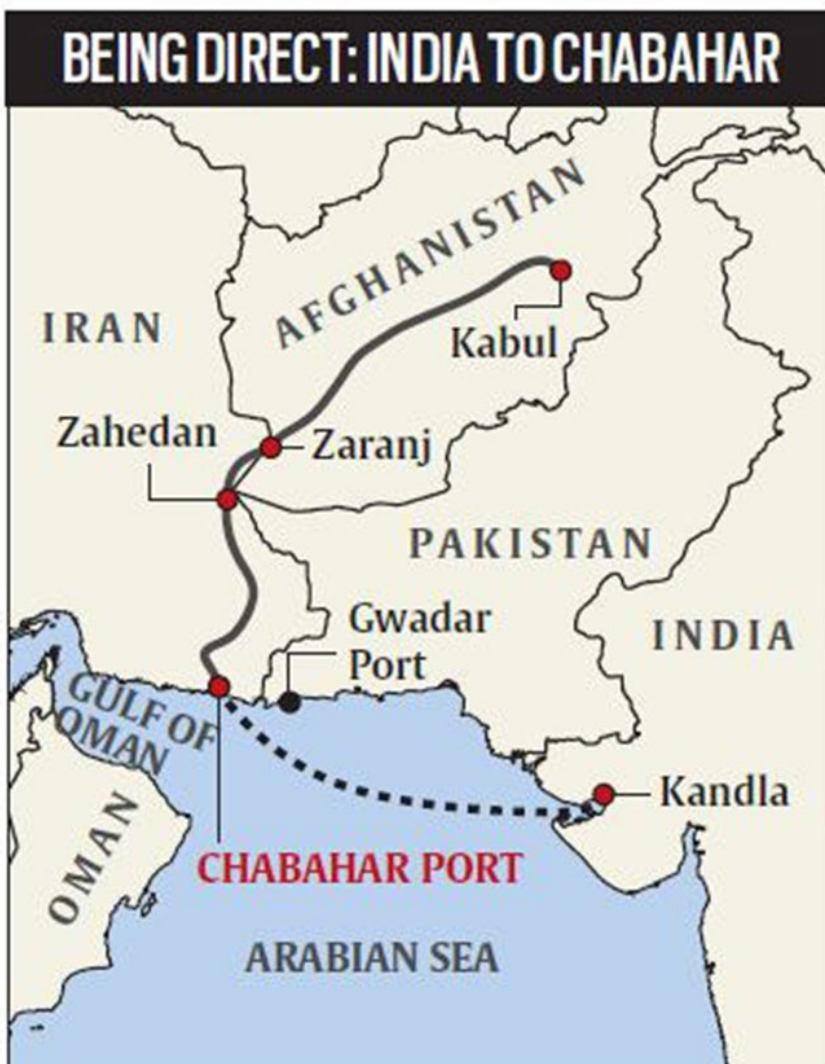
Why in News

Recently, Iran has decided to proceed with the [Chabahar](#) rail line construction on its own, citing [delays from the Indian side](#) in beginning and funding the project.

Chabahar Port

- Chabahar port 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.

//



दृष्टि
The Vision

Key Points

- Iran has inaugurated the track-laying process for the **628 km Chabahar-Zahedan rail line**, which will be **extended to Zaranj across the border in Afghanistan**.
- The entire project would be **completed by March 2022** and Iranian Railways will use approximately **USD 400 million** from the **Iranian National Development Fund**.
- **Background:**
 - In May 2016, India, Iran and Afghanistan signed the **trilateral agreement** which entailed the establishment of **Transit and Transport Corridor** among the three countries 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)** had signed a **Memorandum of Understanding (MoU)** with the **Iranian Rail Ministry** and promised to provide all services, superstructure work and financing (around USD 1.6 billion).
 - The Chabahar port 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**.
- **Reasons:**
 - Despite several site visits by IRCON engineers and preparations by Iranian railways, **India never began the work**, worrying that it could attract **sanctions by the USA**.
 - India has already **zeroed out its oil imports from Iran** due to USA sanctions.
 - The USA had provided a sanctions waiver for the Chabahar port and the rail line but it was **difficult to find equipment suppliers and partners** due to worries of being targeted by the USA.
 - Another reason could be the **'Comprehensive Plan for Cooperation between Iran and China'** which is a **25-year and USD 400 billion strategic partnership deal**.
 - Both nations are **close to finalising** the deal, 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.
 - 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.
 - Iran proposed a **tie-up** between the Chinese-run Pakistani port at Gwadar and Chabahar in 2019 and offered interests to China in the **Bandar-e-Jask port 350 km** away from Chabahar, as well as in the Chabahar duty-free zone.

Way Forward

- The Iran-China deal **impinges on India's strategic ties with Iran** and the use of Chabahar port. Bandar-e-Jask lies to the west of Chabahar and right before the Strait **of Hormuz** which would **allow China to extend its control along the Pakistan-Iran coast**.
- Each of these possibilities **should be watched closely** by India and it should **strengthen its relations** with the concerned countries.
- 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

PDF Refernece URL: <https://www.drishtias.com/printpdf/india-dropped-from-chabahar-rail-project>

