

2. Chabahar Port – International Relations

Iranian Foreign Minister described Chabahar port a "golden gateway", expressing the hope that India will continue to develop the strategic port.

1. Background

India and Iran signed a Memorandum of Understanding in 2015 to jointly develop the Shahid Beheshti Port at Chabahar with aim to develop a major commercial hub helping India access markets of Afghanistan, Central Asian states, and Russia bypassing Pakistan. Chabahar port located on Gulf of Oman is the only oceanic port of Iran situated in city of Chabahar in Sistan and Baluchistan Province, providing India with direct sea access to Afghanistan and Central Asia while circumventing Pakistani territory. The port gives access to energy-rich Persian Gulf nations' southern coast and bypasses Pakistan, with Kandla port in Gujarat being closest Indian port at 550 nautical miles while distance between Chabahar and Mumbai is 786 nautical miles. United States granted waiver for India's involvement in Chabahar acknowledging humanitarian and regional connectivity benefits—first waiver in 2018 exempted India from sanctions related to Chabahar, while renewed waiver granted further exemptions ensuring continued Indian operations at Shahid Beheshti Terminal and related connectivity projects despite broader US sanctions regime on Iran following withdrawal from Joint Comprehensive Plan of Action nuclear deal. However, India in its Union Budget for 2026–27 had not allocated any funds for Chabahar port project in Iran, while India had over past few years been making annual outlay of ₹100 crore to project creating concerns about India's commitment to development.

Iranian Foreign Minister's description of Chabahar as "golden gateway" and expression of hope that India will continue to develop strategic port comes amid regional geopolitical complexities including US sanctions on Iran, India's balancing act between maintaining relations with United States and pursuing strategic interests in Iran and Central Asia, and competition from China's Gwadar port in Pakistan located approximately 72 kilometers west of Chabahar. The port's significance extends beyond bilateral India-Iran relations encompassing India's connectivity to Afghanistan particularly after Taliban takeover when traditional land routes through Pakistan remain blocked, access to Central Asian republics rich in energy resources and minerals, integration with International North-South Transport Corridor providing sea, rail and road routes between India, Russia, Iran, Europe and Central Asia, and countering China's Belt and Road Initiative presence in region through Gwadar port development.

2. Chabahar Port – Location and Characteristics

Geographic Position

1. Iran's Chabahar port is located on the Gulf of Oman and is the only oceanic port of the country.
2. It is situated in the city of Chabahar in Sistan and Baluchistan Province in southeastern Iran.
3. The port gives access to the energy-rich Persian Gulf nations' southern coast and bypasses Pakistan.

Distance from Indian Ports

1. Kandla port in Gujarat is the closest Indian port at 550 nautical miles from Chabahar.
2. The distance between Chabahar and Mumbai is 786 nautical miles.
3. Proximity to Indian ports makes Chabahar strategically attractive for trade and connectivity.

Port Infrastructure

1. Shahid Beheshti Port is the main terminal that India is developing at Chabahar.
2. The port consists of multiple berths for cargo handling and vessel operations.
3. Infrastructure development includes container terminals, cargo handling equipment, and connectivity infrastructure.

3. India-Iran Agreement on Chabahar Development

2015 MoU

1. India and Iran signed an MoU in 2015 to jointly develop the Shahid Beheshti Port at Chabahar.
2. Aim to develop a major commercial hub helping India access the markets of Afghanistan, the Central Asian states, and Russia.

3. The agreement marked India's strategic entry into Iranian port development bypassing traditional routes through Pakistan.

2024 Agreement and Indian Investment

1. Under the 2024 agreement, India Ports Global Ltd has committed \$120 million to equip the port with modern cargo handling infrastructure.
2. Additionally, India has extended a \$250 million credit facility for infrastructure development linked to Chabahar including road and rail connectivity.
3. Investments demonstrate India's long-term commitment despite geopolitical challenges and budget constraints.

US Sanctions Waiver for Chabahar

The US granted a waiver for India's involvement in Chabahar acknowledging humanitarian and regional connectivity benefits.

First Waiver – In 2018 the US exempted India from sanctions related to Chabahar recognizing port's role in Afghanistan development and humanitarian assistance.

Renewed Waiver – Further exemptions were granted ensuring continued Indian operations at Shahid Beheshti Terminal and related connectivity projects.

Waivers allow India to maintain Chabahar operations despite broader US sanctions on Iran following withdrawal from JCPOA nuclear deal.

Budget Allocation Concerns

1. India in its Union Budget for 2026–27 had not allocated any funds for the Chabahar port project in Iran.
2. India had, over the past few years, been making an annual outlay of ₹100 crore to the project.
3. Zero allocation raises questions about India's continued commitment amid geopolitical pressures and fiscal priorities.

4. Significance of Chabahar Port for India

Geopolitical Significance

1. Chabahar is strategically located at the crossroads of South Asia, Central Asia, and the Middle East providing India with direct sea access to Afghanistan and Central Asia bypassing Pakistan.
2. The port provides alternative route from Strait of Hormuz for cargo traffic between Central Asian countries and Afghanistan diversifying trade routes and reducing chokepoint dependencies.
3. Chabahar enables India to bypass Pakistan for trade with Afghanistan and Central Asia overcoming decades of blocked land routes through Pakistani territory due to political tensions.

Gateway to INSTC

1. Chabahar port will 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.
2. INSTC reduces transit time from 40–60 days via Suez Canal to approximately 25–30 days providing faster and more cost-effective connectivity.
3. Integration with INSTC enhances India's trade competitiveness and strategic reach into Eurasian markets.

Countering China's Gwadar Port

1. Chabahar port is beneficial to India in countering Chinese presence in Arabian Sea which China is trying to ensure by helping Pakistan develop Gwadar port located approximately 72 kilometers west of Chabahar.
2. Gwadar is key node in China's Belt and Road Initiative and China–Pakistan Economic Corridor providing China strategic access to Indian Ocean.
3. Chabahar development balances Chinese influence in region and provides India strategic foothold in Iranian coast.

Trade Benefits

1. With Chabahar port becoming functional, there will be significant boost in import of iron ore, sugar and rice to India.
2. The import cost of oil to India will also see considerable decline through direct access to Iranian and Central Asian energy resources.
3. Chabahar facilitates India's exports to Afghanistan and Central Asia including pharmaceuticals, textiles, agricultural products, and machinery.

Afghanistan Connectivity

1. Chabahar provides India crucial access to Afghanistan particularly after Taliban takeover when traditional land routes through Pakistan remain blocked.
2. India has invested in Chabahar-Zahedan railway connecting port to Afghanistan border facilitating trade and humanitarian assistance.
3. Port serves as gateway for Indian development projects in Afghanistan including Salma Dam and infrastructure assistance.

5.Challenges for Chabahar Development

US Sanctions on Iran

1. Broader US sanctions on Iran following withdrawal from JCPOA nuclear deal create uncertainty for international investors and banking transactions.
2. Despite US waiver for Chabahar, sanctions complicate financial transactions, insurance arrangements, and equipment procurement.
3. Companies and financial institutions remain cautious about Iran exposure fearing secondary sanctions.

Budget Allocation and Funding Constraints

1. India's zero allocation for Chabahar in Union Budget 2026-27 raises concerns about project continuity and India's commitment.
2. Previous annual outlay of ₹100 crore was modest given port development requirements and connectivity infrastructure needs.
3. Competing fiscal priorities and geopolitical pressures may affect sustained investment.

Competition from Gwadar

1. China's massive investments in Gwadar port through CPEC create competitive pressure on Chabahar.
2. Gwadar benefits from integrated connectivity with Pakistan's highway and rail network and Chinese financial backing.
3. Chabahar must offer competitive tariffs and superior services to attract regional cargo.

Regional Instability

1. Sistan and Baluchistan Province faces security challenges including terrorism, separatist movements, and cross-border tensions.
2. Political instability in Afghanistan following Taliban takeover affects cargo volumes and trade predictability.
3. Iran's domestic political and economic challenges impact project implementation and operational efficiency.

Infrastructure Gaps

1. Connectivity infrastructure linking Chabahar to Afghanistan and Central Asia requires substantial investment in roads, railways, and border facilities.
2. Iran's economic constraints limit domestic infrastructure spending affecting complementary development.
3. Coordination between Indian, Iranian, and Afghan authorities on connectivity projects faces bureaucratic and political hurdles.

6.Way Forward

Sustained Financial Commitment

1. India should allocate adequate budgetary resources for Chabahar development demonstrating long-term strategic commitment despite fiscal constraints, while exploring alternative financing mechanisms including public-private partnerships, multilateral development banks, and commercial financing to reduce budget burden.

Accelerate Infrastructure Development

1. Complete Chabahar-Zahedan railway connection enabling cargo movement from port to Afghan border, develop road connectivity linking Chabahar to Afghanistan through Milak border crossing, and establish multimodal logistics facilities including container freight stations and warehousing infrastructure supporting efficient cargo handling.

Enhance Operational Efficiency

1. Improve cargo handling capabilities through modern equipment, technology adoption, and skilled workforce development, offer competitive tariffs and services to attract regional cargo diverting from alternative routes, and establish effective port management systems ensuring transparency, efficiency, and reliability.

Navigate Geopolitical Complexities

1. Maintain diplomatic engagement with United States ensuring continued sanctions waiver for Chabahar operations, balance relations with Iran and Western partners managing competing geopolitical pressures, and leverage Chabahar as connectivity project with regional benefits transcending bilateral relations.

Expand Regional Participation

1. Invite Afghanistan and Central Asian republics as stakeholders in Chabahar development ensuring regional buy-in, promote trilateral India-Iran-Afghanistan cooperation for integrated connectivity and trade facilitation, and explore integration with regional connectivity initiatives including INSTC and Ashgabat Agreement.

Strengthen Security Cooperation

1. Collaborate with Iran on security arrangements protecting Chabahar infrastructure from terrorism and sabotage, ensure safe maritime routes and protection of Indian vessels and cargo, and address regional instability through diplomatic engagement and conflict resolution mechanisms.

Conclusion

Iranian Foreign Minister's description of Chabahar port as "golden gateway" and expression of hope that India will continue to develop strategic port underscores its significance amid India's zero allocation for project in Union Budget 2026-27 after making annual outlay of ₹100 crore over past few years. India and Iran signed MoU in 2015 to jointly develop Shahid Beheshti Port at Chabahar with aim to develop major commercial hub helping India access markets of Afghanistan, Central Asian states, and Russia bypassing Pakistan. United States granted waiver for India's involvement in Chabahar—first waiver in 2018 exempted India from sanctions while renewed waiver ensured continued Indian operations at Shahid Beheshti Terminal.

Source - <https://indianexpress.com/article/india/chabahar-port-india-iran-seyed-abbas-araghchi-visit-10691674/>