



## INSTC AND INDIA - GS II MAINS

Q. What are the geopolitical and geoeconomic significance of the International North-South Transport Corridor (INSTC) for India? Critically examine. (10 marks, 150 words)

**News:** *A transit hub for INSTC, expediting trade routes and bypassing Pak*

### What's in the news?

- India's foreign ministry confirmed that the country has signed a pact to make southern Iran's Chabahar Port a transit hub under the International North-South Transport Corridor (INSTC) for "10 years".

### Key takeaways:

- This is in a bid to diversify its trade routes and bypass Pakistan's denial of land access to Afghanistan and Central Asia.
- It holds significant promise for India's trade potential with European countries, boasting a shorter route to Europe compared to the traditional Suez Canal route.

### International North-South Transport Corridor (INSTC):

#### Origin:

- The legal framework for the INSTC is provided by a **trilateral agreement signed by India, Iran and Russia** at the Euro-Asian Conference on Transport in 2000.

#### Aim:

- To **reduce the carriage cost** between India and Russia by about 30% and **reduce the transit time** from 40 days by more than half.
- The corridor is expected to **consolidate the emerging Eurasian Free Trade Area**.





## Components:

- Northern and Western Europe - the Russian Federation
- Caucasus - Persian Gulf (Western route)
- Central Asia - Persian Gulf (Eastern Route);
- Caspian Sea - Iran Persian Gulf (Central Route).

## Connectivity and Length:

- It is a **7,200-km multi-modal transport corridor** that combines road, rail and maritime routes connecting Russia and India via Central Asia and Iran.
- It **links the Indian Ocean to the Caspian Sea** via the Persian Gulf onwards into Russia and Northern Europe.
- It offers the **shortest connectivity route between India and Russia**.

## Ratification:

- **13 countries** ratified this agreement (Azerbaijan, Belarus, Bulgaria, Armenia, India, Iran, Kazakhstan, Kyrgyzstan, Oman, Russia, Tajikistan, Turkey and Ukraine).

## Significance of INSTC:

### 1. A New Chapter in India-Iran Relations:

- India's investment in the INSTC is exemplified by its involvement in Iran's Chabahar port and the construction of a 500-km Chabahar-Zahedan railway line.
- India recently proposed the Chabahar Port to be included in the INSTC.
- Once completed, this infrastructure will allow India access to Afghanistan and Central Asia, a prospect strengthened by the Taliban government's support for the project.
- A special economic zone around Chabahar will offer Indian companies the opportunity to set up a range of industries

### 2. "Connect Central Asia" Policy:

- When looked at in sync with the Ashgabat Agreement, the INSTC could be the key to India's "Connect Central Asia" policy.
- India joined Ashgabat Agreement in 2018.

### 3. Defying Western Sanctions:

- The move also signalled India's involvement in the INSTC alongside Russia and Iran, both of which are subject to sanctions by Western governments.

### 4. Bypassing Pakistan:

- India can now bypass Pakistan to access Afghanistan, Central Asia and beyond.

### 5. Alternative to Suez Canal:

- It is a better alternative to Suez Canal, which will save time, freight charges & easy exports.



## 6. Counterbalancing China:

- The INSTC can shape a north-south transport corridor that can complement the east-west axis of the China-led Belt and Road Initiative (BRI).
- INSTC has the potential to act as a major counterbalance to Chinese influence in Central Asia and beyond

## 7. Infrastructural Investments:

- The INSTC provides an opportunity for the internationalisation of India's infrastructural state, with state-run businesses taking the lead and paving the way for private companies.

## 8. Increased Market Access:

- The cheaper transport cost will lead to increased competitiveness of Indian exports, opening access to unfulfilled markets.

## 9. Supply of Energy as a Commodity:

- With India being the fifth largest energy consumer in the world, improved connectivity and trade prospects with the energy-rich member nations cannot be overlooked.
- Also, another prospect of an oil pipeline development along INSTC cannot be ruled out.

## Challenges in INSTC:

### 1. Security:

- Central Asia has a major security threat in the form of the Islamic State (IS), a terrorist organisation.

### 2. Differential Tariffs and Customs:

- The issue of differential tariffs and customs in the region is a major challenge that India needs to overcome.

### 3. Absence of a Financial Force behind INSTC:

- Unlike the Belt and Road Initiative (BRI), which has been pushed forward by China and supported by dedicated financial institutions, INSTC is proceeding in an ad-hoc manner, without any long-term strategy.
- It is mainly financed by regional development banks or INSTC member states.

The INSTC offers a platform for India to closely collaborate with Russia, Iran and Central Asian republics. India's founding role in both the INSTC and the Quad exemplifies its departure from non-alignment to multi-alignment.