

India eyes long-term rights to develop Iranian port

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Negotiations on between officials of two nations

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JN Port and Kandla Port, which are in talks with the Iranian Government to develop Chabahar Port in Iran, would like rights to develop and operate the port for 60-90 years. Given the US sanctions against Iran, Chabahar port does not have immediate commercial viability, though it does have long-term potential to emerge as the gateway to Afghanistan and CIS countries.

So, to make a potential case out of the project, India is likely to ask the Iranian Government to assign it long-term rights of 60 to 90 years to develop and operate the port. Two Indian ports — JN Port and Kandla Port — may get the rights to develop the Iranian port of Chabahar, in a first-of-its-kind initiative of the Indian Government to improve connectivity with Afghanistan and Iran.

On Tuesday, an Iranian delegation met JN Port and Kandla Port officials in Mumbai.

“The second round of negotiations are on. A final decision will be taken with inputs from the Ministries of External Affairs, Defence and Finance,” N. N. Kumar, Chairman, JN Port, told *Business Line*. JN Port and Kandla Port officials had visited Chabahar a few months ago.

The issues to be finalised include the manpower level, salary, taxation regime, electricity and fuel charges, taxes, port tariffs and support from the Iranian Government, among others.

Indian officials are proposing a phase-wise development of Chabahar on long-term operations, maintenance and transfer basis, spread over 60-90 years. As a first step, the existing facility can be modernised, and subsequently its capacity can be expanded. “Two existing jetties, out of the total four, will be given on the basis of operation and management (O&M) basis,” a Shipping Ministry official told *Business Line*. There are also plans to build two more jetties, the operation rights of which will also be given to Indian port trusts. Chabahar port has one multipurpose cargo handling berth with 1.52 million tonne per annum capacity. The port has good highway connectivity to the hinterland.

Govt funding

Simultaneously, to ensure that a special purpose vehicle of JN Port and Kandla Port takes charge to develop and operate the port, the Indian Government will have to provide suitable funding. “It is up to the Government, and more specifically the External Affairs Ministry, to consider giving subsidy,” a Shipping Ministry official added.

Why Chabahar

India wants to develop Chabahar port to improve connectivity with Afghanistan and Commonwealth of Independent States (CIS). At present, India has to depend on ports in Pakistan, mostly Karachi, to move cargo to Afghanistan.

“Chabahar could act as gateway port for trade with Iran and Afghanistan. Since India has made large-scale investments in Afghanistan and also envisages future development of the war-torn region, having a port in Iran would help both logistically and commercially. Ideally, it would have been profitable to move those shipments using ports in Pakistan. However, looking at Pakistan’s anti-India policy, Chabahar port of Iran is the next best commercially viable location for India. Iran would not develop a port to suit India’s requirement. So, India is doing it,” said Anand V. Sharma, Director, Mantrana Maritime Advisory, a maritime consulting firm.

Sharma said China had been developing ports around India in Bangladesh, Sri Lanka and Pakistan, most of which were commercially unviable due to poor cargo prospects.

“However, China is still going ahead with the investments due to strategic reasons. Also, all equipment, machinery, raw materials and people used for development of these ports would be from China,” Sharma added.

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