

India commits huge investment in Chabahar

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Tehran: India will invest billions of dollars in setting up industries -- ranging from aluminum smelter to urea plants -- in Iran's Chabahar free trade zone after it signed a pact to operate a strategic port on the Persian Gulf nation's southern coast.

Nitin Gadkari

The inking of commercial contract to build and run the strategic port of Chabahar will help India gain a foothold in Iran and win access to Afghanistan, Russia and Europe, thus circumventing Pakistan, Road Transport, Highways and Shipping Minister Nitin Gadkari told PTI here.

"The distance between Kandla and the Chabahar port is less than the distance between New Delhi and Mumbai, and so what this agreement does is to enable us quick movement of goods first to Iran and then onwards to Afghanistan and Russia through a new rail and road link," he explained.

"Over Rs 1 lakh crore investment can happen in Chabahar free trade zone," he said.

Prime Minister Narendra Modi arrived here on Sunday on a two-day visit seeking to further cement Indo-Iranian ties and explore avenues to bolster trade in a big way in the wake of lifting of sanctions against Iran.

Iran, Gadkari said, has cheap natural gas and power that Indian firms are keen to tap to build a 0.5-million tonne aluminium smelter plant as well as urea manufacturing units.

"We spend Rs 45,000 crore annually on urea subsidy, and if we can manufacture it in the Chabahar free trade zone and move it through the port to Kandla and onward to hinterland, we can save that amount," he said.

Gadkari said Nalco will set up the aluminium smelter while private and co-operative fertiliser firms are keen to build urea plants provided they get gas at less than USD 2 per mmBtu.

Railway PSU IRCON will build a rail line at Chabahar to move goods right up to Afghanistan, he said.

Gadkari said India Ports Global Pvt, a joint venture of the Jawaharlal Nehru Port Trust and the Kandla Port Trust, will invest USD 85 million in developing two container berths with a length of 640 metres and three multi cargo berths.

The Indian consortium has signed the port pact with Aria Banader Iranian.

"The contract is for 10 years and can be extended. We will take 18 months to complete phase one of the construction," he said, adding that first two years of the contract are grace period where India doesn't have to guarantee any cargo.

- PTI