



## India's New Development Partnership with Afghanistan: Regional Expectations and Challenges



**Vishakh Krishnan Valiathan** is a former Research Assistant at the Centre for Land Warfare Studies (CLAWS), New Delhi. He holds an MPhil in International Relations from University of Madras; Masters in Politics and International Relations from Pondicherry University; and Bachelors in Economics from University of Kerala. His research areas include West Asia, South Asia, and Central Asia, India's Foreign Policy, Energy Security and strategic cooperation.

### Introduction

In May 2016, India, Iran and Afghanistan signed an agreement on the establishment of an International Transport and Transit Corridor, famously known as the Chabahar Agreement.<sup>1</sup> Given the geo-politics in South Asia, the Chabahar port was seen as a 'gateway for trade and connectivity' for India and most importantly for Afghanistan since it is a landlocked country. Pakistan was the main hindrance in the bilateral trade relations between India and Afghanistan, but with the Chabahar port in place, the transit is expected to be easier and economical. Since 2018, there has been some traffic movement through the Iranian port to Afghanistan.<sup>2</sup> However, there are a few geo-political issues that are restricting increased transit such as the funding of rail link projects and the US sanctions on Iran.

### Key Points

- India has always maintained a stand that, the peace process must be Afghan-led, Afghan-owned and Afghan-controlled.
- With the withdrawal of US Troops post the Peace Deal at Doha in 2020 with Taliban, the regional dynamics surrounding Afghanistan is under contention with other powers trying to gain influence in the 'strategically sensitive region'.
- India has been at the forefront in providing and developing critical infrastructures in Afghanistan but more is expected from the former as the latter's strategic positioning is critical for its connectivity and regional balance.
- India and Afghanistan signed the Strategic Partnership Agreement (SPA) which has further strengthened the relationship—mostly focusing on the reconstruction and development of the Afghan economy.
- Being a regional power, if India wants to be in the mainstream, then it has to be part of the facilitation process.

## India and Afghanistan: Growing Bilateral Relations

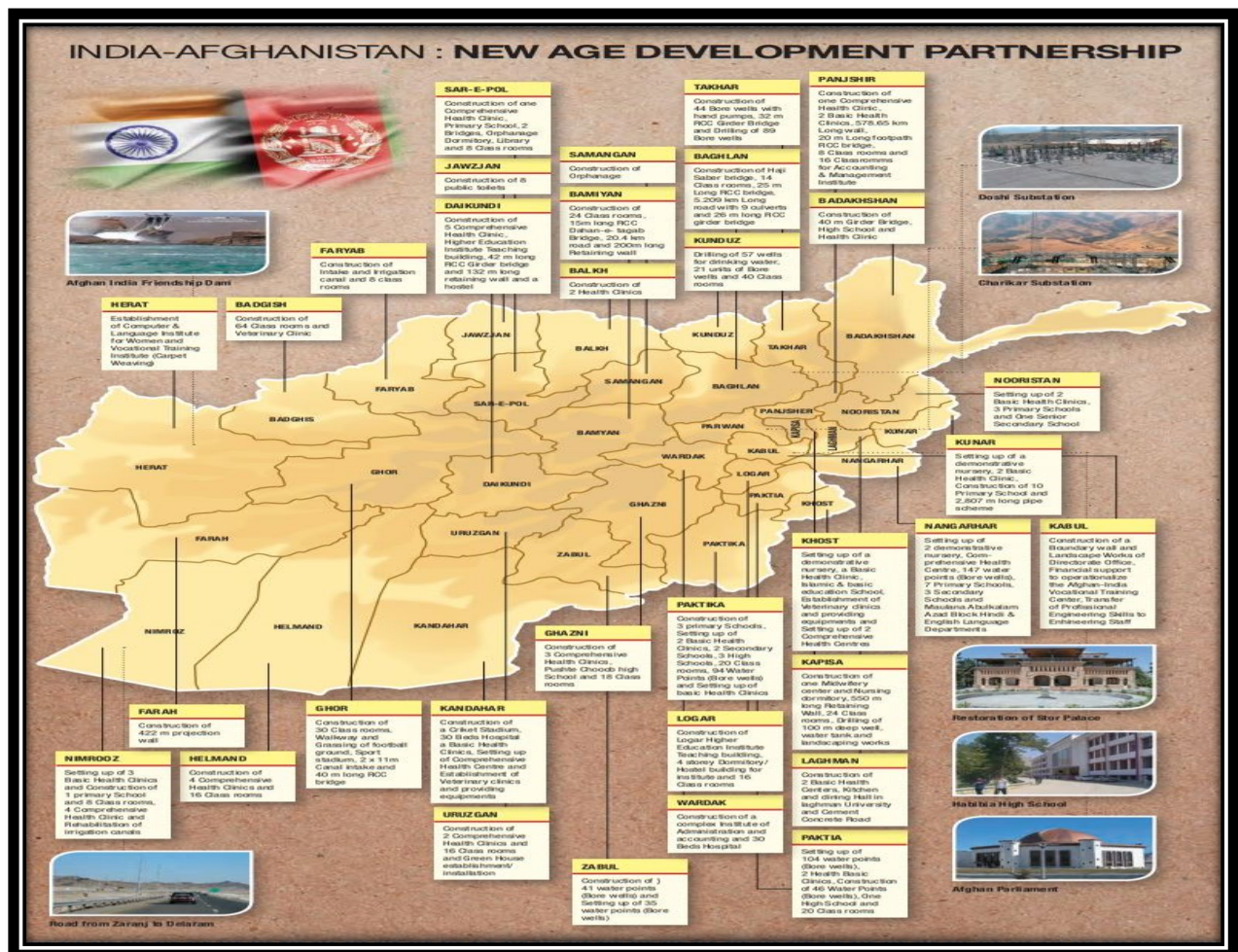
India, since 2001, has been providing financial and development aid to Afghanistan. India has invested more than USD 3 billion for Afghanistan's development in the last two decades.<sup>3</sup> However, India is yet to make a proper impact on the strategic and political front in Afghanistan. Rather, the South Asian Economic giant has been concentrating on its soft power elements in the landlocked nation. With the withdrawal of US Armed Forces from Afghanistan and the revival of Taliban post the 'Peace Deal', other countries in the region including Iran, Pakistan, China and Russia would try their best to establish a 'larger clout' in the landlocked country, and at the same time try to resolve the differences between the Government and the Afghan-Taliban on the negotiating table. India, on the other hand, is the only nation in the region that has not been involved directly in the process. However, India has been in the forefront in providing and developing critical infrastructures in the country, but India needs to be more proactive if it wants to be a part of the decision-making process in Afghanistan.

## India's New Age Development Partnership with Afghanistan

Historically, both India and Afghanistan were part of a larger civilisation, with people to people contact and exchanges.<sup>4</sup> The growing relationship between the two post 2001 has been very encouraging. In October 2011, India and Afghanistan signed the Strategic Partnership Agreement (SPA), that focused primarily on the reconstruction and development of the Afghani economy.<sup>5</sup> Interestingly, the SPA has gained a cumulative effect on India's soft power motives in Afghanistan. India's investment in Afghanistan is depicted in **Figure 1** below.

Further, India's contribution post 2014 in Afghanistan has been noteworthy in terms of soft power projection. For instance, the Salma Dam, or the India- Afghanistan Friendship Dam, was constructed by India (given the various logistical and security challenges) and was inaugurated in 2016.<sup>6</sup> India was the 'benefactor' in building the new Parliament at Kabul, as a gift to the people of Afghanistan.<sup>7</sup> Apart from this, India has invested and implemented more than 116 High -Impact Community Development projects under the 'New Development Partnership', spread across various fields.<sup>8</sup> Large projects like the construction of 218 km road from Zaranj to Delaram (**Map 2**) (Delaram borders Iran which gives an alternative route for trade to Afghanistan), construction of an international cricket stadium at Kandahar— were all part of the initiative.<sup>9</sup> Even though Cricket has emerged as a popular team sport among the Afghan folklore and even among the Taliban, in the recent past, there has been certain attacks on cricket tournaments in the country.<sup>10</sup>

### Figure 1: India-Afghanistan—New Age Development Partnership



Source: Ministry of External Affairs, Government of India; <https://www.mea.gov.in/images/pdf/India-Afghanistan-Map-Book-03012019.pdf>

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India has signed a pact with Afghanistan for the construction of the Shahtoot Dam and invested USD 250 million, for providing safe drinking water to the residents of the capital city— Kabul.<sup>13</sup> External Affairs Minister of India, Dr. S Jaishankar, at the 2020 Afghanistan Conference, mentioned that *“As contiguous neighbours, India and Afghanistan share a natural historical relationship. Our strategic partnership and long-term commitment to the development of Afghanistan reflects this time-tested partnership. India has invested heavily in peace and development in Afghanistan. We strongly believe that the gains of the last two decades must be preserved and the interests of minorities, women and vulnerable sections must be ensured”*.<sup>14</sup> Moreover, India has always maintained the stand that, the peace process must be ‘Afghan-led, Afghan-owned and Afghan-controlled’.

With the possibility of power sharing between the Afghanistan Government and the Taliban, India would not stop its developmental assistance unless there would be any internal dispute that directly involves the latter. Moreover, what concerns India the most is that as the Taliban has had close links with the Inter-Services Intelligence (ISI) of Pakistan, there may be a ‘preferential advantage’ for Pakistan if the peace arrangement comes into place and this might be of concern for India. However, last year, the Taliban had mentioned that it would not come in between the development of the nation and would only promote any activity that helps the people of Afghanistan.<sup>15</sup> It might seem like a positive statement for India but in the long run the stance may change accordingly as in international relations there are no permanent friends and enemies.

**Table 1: India’s Grants and Loans to Afghanistan (Allocated and Disbursed) (In INR Crores)**

| Years   | Allocated (in INR Crores) | Disbursed (in INR Crores) |
|---------|---------------------------|---------------------------|
| 2010-11 | 290                       | 349.75                    |
| 2011-12 | 290                       | 326.61                    |
| 2012-13 | 707                       | 490.96                    |
| 2013-14 | 648.24                    | 585.31                    |
| 2014-15 | 676                       | 723.52                    |
| 2015-16 | 676                       | 880.44                    |
| 2016-17 | 520                       | 263.02                    |
| 2017-18 | 350                       | 365.96                    |
| 2018-19 | 325                       | 469.98                    |
| 2019-20 | 400                       | 408.12                    |
| 2020-21 | 400                       | 56.43                     |

Source: Ministry of External Affairs, Government of India, <http://meadashboard.gov.in/indicators/92>



From **Table 1** above, it can be observed that, since 2017 the disbursement of funds — in form of loans and grants— have increased than originally allocated funds. This is a positive sign for India, as what usually happens is that, the funds are announced but the dissemination takes more time and therefore, fails to meet the target. If observed carefully, the same trend is followed during the first half of the decade. Interestingly, since the change of the Government in India in 2014, the funds allocated have been in higher digits and the dissemination overtook than that of the promised funds, with an exception during 2016-17. This is primarily due to India's 'Neighbourhood First Policy' and therefore in favour of the policy— there has been an overall increase of 39.8 percent in allocation (2019-20) and 28.3 percent increase in disbursement (2018-19) of the Indian Budget.<sup>16</sup> With regard to trade, the Indian exports to Afghanistan grew over 89 per cent between 2015- 2020, while imports to India grew by 72 per cent during the same period.<sup>17</sup> Moreover, the export value increased by 39 percent and import by 21 percent in 2018-19.<sup>18</sup> In case of Afghanistan, there has been a steady increase in the allocation of funds— a major reason being the development of Chabahar port and the regional aspirations for future trade and connectivity projects.

The Indian Government's High Impact Community Development Projects in the neighbourhood and humanitarian assistance has been the highlight of its 'Neighbourhood First Policy'. The impact of these projects on the masses in Afghanistan and response from them has been very encouraging for India and it's goodwill amongst them have reached a higher level of 'Trust'. India also provided medical aid and support to Afghanistan during the Covid crisis.<sup>19</sup> These are all part of its soft power projection and is of significance to stay as an active regional partner and power.

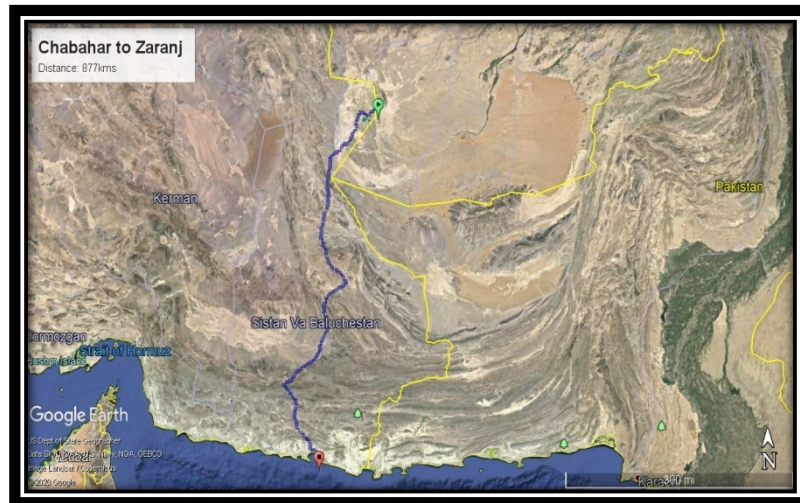
### **Chabahar Agreement and Challenges in India- Afghanistan Relations**

Prior to the 2016 Chabahar agreement, Afghanistan was heavily reliant on Pakistan's Karachi port for trade transit.<sup>20</sup> Being a landlocked country, there were issues regarding tussle- free cross border trade from the port city of Karachi in Balochistan to Kabul and over time higher tariffs were making it difficult for Afghanistan to maintain the transit route. Apart from this, with India and Pakistan having strained bilateral relations, the latter did not allow trade from Afghanistan to cross the Wagah Border.<sup>21</sup> So, the agreement with respect to the Chabahar port would help in smooth navigation of the trade between the India and Afghanistan via Iran.

India, as a welfare gesture, also constructed approx.218 km long road from Zaranj, bordering Iran, to Delaram in Nimroz (**Map 2**). This road would be beneficial for both India

and Afghanistan as Chabahar is connected via rail to Zahedan, and then via road to Zabul and Milak in Iran; therefore, bordering and connecting Zaranj in Afghanistan will make trade more cost effective, faster and reliable, as the benefits would reach Afghan hinterland as well.<sup>22</sup>

**Map 1: Chabahar Port (Iran) to Zaranj (Afghanistan)**



*Source: Google Earth Pro; Annotated by the Author*

**Map 2: Zaranj to Delaram, Afghanistan**



*Source: Google Earth Pro; Annotated by the Author*

The province of Nimroz (due to its terrain) is characterised by lawlessness and is also a drug smuggling hub in the country; it is highly influenced by the Taliban, due to its free borders with Iran and Pakistan. Despite such issues, India had constructed the road in the province for transit of goods and services for cross border trade via Iran. With the intra-Afghan peace negotiations still on, there has been an increase in attacks by the Taliban in Afghanistan,

even in Nimroz where officials guarding an under-construction dam were killed.<sup>23</sup> With Islamic State Khorasan Province (IS-KP) gaining prominence along with Al-Qaeda in Afghanistan, it is a matter of great concern for India as Indian communities are also targeted.<sup>24</sup>

In December 2018, there was an attack in the Chabahar city and the region in Sistan-Balochistan in Iran has been under constant threat by Baloch-based separatists and jihadists from Pakistan.<sup>25</sup> Moreover, threat perception from across the border could rise when the traffic increases at the Chabahar port facilitated by India. Among the three nations (India, Afghanistan, Iran) binding the agreement, the port would be most useful for India and Afghanistan as bilateral trade would be feasible bypassing Pakistan. Afghanistan, with the help of India and Iran, could use the port for other foreign trade activities as well. In recent times, especially during the Covid crisis, the Chabahar port was of great help for Afghanistan as supplies from India were unloaded in the port and was transited to the country without much delay.<sup>26</sup>

### **Regional Developments and Expectations**

With the US's withdrawal of troops, the regional dynamics surrounding Afghanistan is under contention with other powers trying to gain influence in the 'strategically sensitive region'. However, major powers have limited interests. Like for the US, the peace talks were the primary focus as it gave the opportunity to withdraw its troops weeks before the presidential election. In the case of Russia, it is mainly for blocking the drug smuggling hub thereby keeping its southern region safe from extremism. Funding from the European Union would depend on the security environment and human rights record. While China can always lean towards its all-season ally, Pakistan, for security and connectivity access.<sup>27</sup> These major powers therefore, have their respective strong interests in the region, are only mere facilitators rather than taking full ownership in the talks for reconciliation.

Regionally, Iran and Pakistan has been the key players. Islamic groups and its Pakistan beneficiaries would have had an upper hand in the intra- state peace talks in Afghanistan. With the Haqqani network, Pakistan would be targeting Indian assets in the landlocked country. But this time things would be different as some within the Taliban have been against the Pakistani Pashtuns and the oppressive policies of Islamabad. However, as the Afghan Peace Deal would see Pakistan lose its leverage with the US, this is a good opportunity for India to reassess its geopolitical interests in the region.<sup>28</sup> With the Taliban stating that it would not stand against any development activities for the betterment of the country last

year, it is an opportunity for India to be in talks with the group to facilitate the issues, while also preserving its interests in Afghanistan.

Being a regional power, India needs to be part of the facilitation process in order to be in the mainstream. India was invited to be an observer when the Afghan Peace Deal was signed between US and the Afghan- Taliban (2020) at Doha.<sup>29</sup> Moreover, waiving off US sanctions on the Chabahar port, would give an opportunity for India to strengthen its presence in the region. With the slow withdrawal of the US troops from Afghanistan, the possibility of India providing military assistance to the Afghanistan Government also increases.<sup>30</sup> India can broaden its bilateral cooperation with Afghanistan not just with the traditional developmental assistance but also with some hard power which includes a Defence Cooperation— making the former a vital partner for the latter. However, India would have to face various challenges in the region, as there would be certain internal extremists who would be targeting Indian assets and Indian -made infrastructure in the country.

For India, Afghanistan would be a gateway along with the Chabahar port to reach the Central Asian Republics and form an economic hub for a sustainable future. To achieve peace and reduction of anti- India activities by extremists, India needs to change its approach by getting more involved in the decision-making process, and thereafter making stern decision in balancing its policies with the Taliban and the Afghanistan government.

## **Conclusion**

India enjoys goodwill among the people of Afghanistan. The South Asian giant has also been part of Afghanistan's post war reconstruction by means of providing assistance in building critical infrastructure like dams, schools, libraries, stadiums etc. In fact, there is always an increase in the aid disbursed yearly, than the estimated number, to Afghanistan and this has been a crucial factor in attaining support from the masses. India's soft power projection can be appreciated but it alone cannot give prominence for its enhanced role in the region. Chabahar would only solve Afghanistan's trade dilemma for a period of time but there are many more other challenges beyond it— internal security issues, regional connectivity and cross border terrorism are broad areas of concern for both India and Afghanistan. Therefore, if India needs to be seen in the bigger picture then it has to be part of the facilitation process in the peace deal. To be proactive, India needs to be part of the peace discussions and provide military assistance, therefore, giving more shape to its regional ambitions. India needs to seize this opportunity to enter into the region and try deterring the 'fast-moving' China as well as Pakistan in establishing higher grounds in Afghanistan. If India seriously intends to attain the regional power status, then it requires to



act as a provider of collective security as well. Perhaps, India may not find an opportunity as such in the longer run.

## End Notes

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**CENTRE FOR LAND WARFARE STUDIES (CLAWS)**

RPSO Complex, Parade Road, Delhi Cantt, New Delhi 110010

Tel.: +91-11-25691308, Fax: +91-11-25692347, CLAWS Army No. 33098; Email: [landwarfare@gmail.com](mailto:landwarfare@gmail.com)

Website: [www.claws.in](http://www.claws.in)