



# Geopolitical and Economic Relationship between India, Iran and Afghanistan: Implications for Central Asia

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## Abstract

This paper examines the evolving geopolitical and economic relationship between India, Iran, and Afghanistan and its implications for Central Asia. Historically connected through trade, culture, and religion, these nations today find themselves intertwined in a complex web of strategic interests and regional politics. The study explores how India's quest for energy security, Iran's strategic location, and Afghanistan's geopolitical centrality converge to shape regional dynamics. Particular attention is given to projects such as the Chabahar Port and the International North-South Transport Corridor (INSTC), which are redefining regional connectivity. Through a qualitative analysis of secondary data and policy documents, this paper argues that the trilateral partnership among India, Iran, and Afghanistan can significantly influence the political stability, economic integration, and strategic balance of Central Asia. However, regional instability, international sanctions, and great-power rivalries pose significant obstacles to sustained cooperation.

**Keywords:** India, Iran, Afghanistan, Central Asia, geopolitics, Chabahar Port, INSTC, cooperation.

## 1. Introduction

The strategic triangle formed by India, Iran, and Afghanistan occupies a crucial position in Eurasian geopolitics. Situated at the crossroads of South Asia, the Middle East, and Central Asia, these nations have historically shared civilization, economic, and cultural linkages. The ancient Silk Road connected their peoples through commerce, religion, and art, establishing a foundation for cross-regional cooperation that persisted for centuries. In contemporary times, the resurgence of Central Asia's geopolitical relevance, coupled with the competition among global and regional powers, has brought renewed attention to these relationships (Pant, 2020).

India's foreign policy engagement with Iran and Afghanistan has been influenced by both historical affinities and pragmatic strategic calculations. For India, the region represents a gateway to energy-rich Central Asia and a critical zone for counterterrorism and connectivity. Iran's geographic location and resources make it a natural partner for India's efforts to access Afghanistan and Central Asia while circumventing Pakistan. Afghanistan, meanwhile, remains both a bridge and a barrier—its instability continues to affect India's regional outreach. The trilateral interactions among these nations, therefore, have far-reaching implications for regional order, economic integration, and power politics across the Eurasian landmass.

This paper aims to explore the multifaceted dimensions of this relationship. It traces historical linkages, analyzes strategic and economic engagements, and evaluates how regional developments—including the U.S. withdrawal from Afghanistan and shifting great-power competition—affect the trilateral dynamic. It also considers how these relationships shape the broader Central Asian geopolitical environment.

### **Importance of the Study:**

The study of the geopolitical and economic relationship between India, Iran, and Afghanistan, with implications for Central Asia, is of critical importance due to its strategic, economic, and regional dimensions. The geographical positioning of these countries forms a crucial nexus linking South Asia, the Middle East, and Central Asia, making their cooperation vital for regional stability and security. Economically, initiatives such as the Chabahar Port and the International North–South Transport Corridor (INSTC) enhance trade connectivity, energy access, and infrastructure development, offering Central Asia alternative routes to global markets. Politically, the trilateral relationship has implications for counterterrorism, regional security, and diplomatic engagement in an area influenced by major powers like China, Russia, and the United States. Academically, the study fills a gap by integrating geopolitical, economic, and cultural perspectives, providing valuable insights for policymakers, researchers, and international stakeholders interested in Eurasian regional cooperation.

## **2. Literature Review**

The literature on India–Iran–Afghanistan relations is extensive and multidisciplinary, covering areas of security, energy, trade, and diplomacy.

Pant (2019) argues that India's strategic interest in Iran and Afghanistan stems from its need for secure trade routes and regional influence, particularly given Pakistan's obstruction of direct land access. Kaura (2021) highlights the role of the Chabahar Port as a linchpin of India's regional strategy, offering a viable alternative to China's Belt and Road Initiative (BRI).

Iran's geopolitical role has been studied in the context of its dual identity as both a Persian Gulf and Central Asian power (Rumer & Sokolsky, 2020). Its position along vital transport corridors gives it strategic leverage, while its

strained relations with the West have often constrained economic cooperation. Afghanistan's role, according to Barfield (2010), is paradoxical: it is simultaneously a center of connectivity and a source of instability due to persistent conflict and political fragmentation.

From a Central Asian perspective, authors such as Dubnov (2021) and Cooley (2019) emphasize that the India–Iran–Afghanistan nexus affects the balance of power in the region. Central Asian states view the trilateral cooperation as an opportunity for diversification—reducing overdependence on Russia and China—while benefiting from India's technological and cultural soft power.

Overall, the literature underscores that this trilateral relationship is strategic and fragile, contingent on regional stability, great-power politics, and the evolving security architecture of Central Asia.

## Research Objectives

1. To examine the historical evolution of India–Iran–Afghanistan relations.
2. To assess the geopolitical and economic significance of their cooperation in relation to Central Asia.
3. To evaluate the role of connectivity and trade initiatives such as the Chabahar Port and INSTC.
4. To analyze the impact of Afghanistan's internal political changes on regional dynamics.
5. To identify challenges and opportunities for sustained regional integration.

## 3. Methodology

This study adopts a **qualitative and analytical research design**, drawing upon secondary sources such as policy reports, academic publications, and official documents from the governments of India, Iran, and Afghanistan.

### 3.1 Data Sources

- **Primary documents:** Statements and agreements from India's Ministry of External Affairs (MEA), Iran's Ministry of Foreign Affairs, and the Afghanistan Ministry of Commerce (pre-2021).
- **Secondary sources:** Scholarly works, think-tank analyses (Observer Research Foundation, Carnegie Endowment, CSIS), and trade data from the World Bank and UN Comtrade.

## 3.2 Analytical Framework

The research integrates elements of **geopolitical analysis**, **economic geography**, and **regionalism theory**. It evaluates how geography, resources, and political alignments shape foreign policy behavior. The framework considers three key dimensions:

1. Strategic and security concerns.
2. Economic and trade linkages.
3. Diplomatic and regional integration efforts.

This interdisciplinary approach allows for a holistic understanding of the trilateral relationship's implications for Central Asia

### Discussions:

## 4. Historical Context

The historical roots of India's engagement with Iran and Afghanistan extend to the early civilizations of the Indus Valley and Persian empires. The region has long served as a conduit for the exchange of goods, ideas, and cultures. The Mughal Empire, with its strong Persian influences, stands as a testament to this interconnection.

During the 19th and 20th centuries, the "Great Game" between the British and Russian empires centered on Afghanistan and Central Asia, shaping the geopolitical boundaries that persist today (Hopkirk, 1990). Post-independence, India's relations with Iran and Afghanistan evolved according to Cold War alignments, with India maintaining cordial ties with both despite global polarization.

The post-2001 period marked a renewed focus on regional connectivity. Following the fall of the Taliban regime, India became one of Afghanistan's largest regional donors, investing in infrastructure and capacity building. Simultaneously, India deepened its energy and connectivity ties with Iran, culminating in the 2003 **New Delhi Declaration** and later the 2016 trilateral agreement on Chabahar Port, which formalized cooperation among India, Iran, and Afghanistan.

## 5. Geopolitical Dynamics

### 5.1 Strategic Interests

Each of the three nations approaches the relationship with distinct yet overlapping objectives:

- **India** seeks access to Central Asian energy and markets while countering Pakistan's regional blockade and China's growing influence.
- **Iran** aims to assert its role as a regional hub linking the Persian Gulf, South Asia, and Central Asia, balancing its ties with India and China.
- **Afghanistan** aspires to regain its historical status as a transit corridor connecting South and Central Asia.

This convergence of interests positions the trilateral partnership as a potential stabilizing force in the broader region. However, competing regional influences—especially from China, Russia, and the United States—have complicated coordination.

## 5.2 India's Strategic Approach

India's "Connect Central Asia Policy" (2012) and participation in the **Shanghai Cooperation Organization (SCO)** underscore its long-term interest in Eurasian integration. New Delhi's strategic use of Chabahar Port provides not only logistical access but also political leverage. The port's expansion, coupled with the **Chabahar–Zahedan–Zaranj–Delaram** road network, enables India to transport goods to Afghanistan and onward to Central Asia, bypassing Pakistan entirely (Kaura, 2021).

## 5.3 Iran's Balancing Act

Iran's role in this triangular relationship is central. It provides the geographical bridge and infrastructure needed for India's outreach. However, U.S. sanctions have constrained Iran's ability to attract investment, limiting the scale of its cooperation with India. Tehran's deepening relations with Beijing—formalized through the 25-year strategic partnership agreement (2021)—reflect its attempt to balance multiple external partners while maintaining autonomy.

## 5.4 Afghanistan's Transitional Role

Afghanistan's position has been the most volatile. The U.S. withdrawal in 2021 and the Taliban's return to power dramatically altered the geopolitical landscape. For India, which had invested heavily in Afghan infrastructure and education, the new political situation created a diplomatic dilemma. Iran has maintained pragmatic engagement with the Taliban, focusing on border security and trade, while India has adopted a cautious stance, prioritizing regional stability over direct involvement.

## 6. Economic Cooperation and Connectivity

### 6.1 Trade and Investment

Economic relations among India, Iran, and Afghanistan remain modest compared to their potential. India's trade with Iran reached approximately USD 2 billion in 2022, primarily in pharmaceuticals, rice, and machinery (World Bank, 2023). Trade with Afghanistan, despite logistical challenges, continues through limited air corridors and Chabahar.

The **Chabahar Port** represents a flagship initiative symbolizing economic cooperation. India has invested over USD 500 million in developing two terminals, enhancing its strategic reach and facilitating Afghan exports such as dry fruits and carpets. Furthermore, the **International North–South Transport Corridor (INSTC)**—linking Mumbai to St. Petersburg via Iran and Central Asia—offers immense potential for reducing transit time and cost.

### 6.2 Energy Security

Energy is a cornerstone of India–Iran relations. Before sanctions, Iran was among India's top oil suppliers. The **Farakka and South Pars** gas field projects exemplify India's efforts to secure long-term energy partnerships. However, U.S. sanctions and global market shifts have limited direct engagement. India's energy diversification strategy now hinges on restoring stable trade channels once sanctions ease.

### 6.3 Development Cooperation

India's development assistance to Afghanistan has been substantial, totaling over USD 3 billion since 2001 (MEA, 2022). Projects such as the **Zaranj–Delaram Highway**, **Afghan Parliament Building**, and **Salma Dam** illustrate India's long-term commitment to regional stability through infrastructure. Such investments reinforce India's soft power and strengthen its geopolitical position.

## 7. Implications for Central Asia

The trilateral cooperation among India, Iran, and Afghanistan significantly affects Central Asia's geopolitical balance in three main ways:

1. **Regional Connectivity:** The Chabahar Port and INSTC enhance Central Asia's access to the Indian Ocean, offering alternatives to Chinese and Russian routes. This diversification supports the autonomy of Central Asian states.
2. **Economic Integration:** India's presence in the region contributes to economic pluralism. By promoting trade and investment, the trilateral partnership supports regional development and mitigates dependency on any single major power.

3. **Strategic Stability:** Enhanced cooperation could contribute to regional security by fostering shared interests in combating terrorism, extremism, and drug trafficking.

However, these opportunities are tempered by challenges such as political instability in Afghanistan, Iran's isolation due to sanctions, and the strategic competition posed by China's BRI.

## 8.1 Challenges and Constraints

- **Sanctions on Iran:** The reimposition of U.S. sanctions since 2018 has disrupted India's energy imports and stalled investment in Chabahar.
- **Afghan Instability:** The volatile political environment in Afghanistan threatens continuity in connectivity projects.
- **China's Expanding Role:** The Belt and Road Initiative provides an alternative connectivity model that competes directly with Indian-led projects.
- **Logistical Limitations:** Inadequate infrastructure and bureaucratic hurdles hinder efficient trade flows.
- **Great-Power Rivalries:** U.S.–Iran tensions and Sino–Indian border conflicts complicate the trilateral balance.

## 8.2 Opportunities

- **Enhanced Regional Connectivity and Trade**

The cooperation among India, Iran, and Afghanistan—especially through the Chabahar Port and related corridors—offers Central Asia new access to global markets. It reduces their dependence on limited northern routes and boosts trade, transit, and economic integration across the region.

- **Energy and Infrastructure Development**

Central Asian countries gain opportunities for energy collaboration, including access to Indian markets and Iranian transit networks. Joint infrastructure projects such as railways, highways, and pipelines can significantly improve regional transport capacity and economic diversification.

- **Strategic and Security Cooperation**

The trilateral partnership creates space for coordinated security efforts against terrorism, extremism, and drug trafficking. A more stable geopolitical environment increases Central Asia's attractiveness for foreign investment and strengthens its strategic autonomy.

## 9. Findings

The study finds that the India-Iran-Afghanistan relationship remains strategically vital for regional connectivity and Central Asian engagement.

### Key findings include:

1. The trilateral framework provides a geopolitical counterbalance to China's BRI.
2. Economic potential remains underutilized due to sanctions and security risks.
3. Central Asia benefits indirectly from enhanced connectivity and diversification.
4. Long-term sustainability depends on coordinated policies and political stability in Afghanistan.

## 10. Conclusion

The trilateral relationship among India, Iran, and Afghanistan holds immense promise for reshaping the geopolitical and economic contours of Central and South Asia. While the Chabahar Port and INSTC symbolize strategic cooperation, their full potential remains constrained by geopolitical rivalries, sanctions, and regional instability. The path forward lies in sustained dialogue, multilateral engagement, and pragmatic diplomacy.

A stable Afghanistan, a reintegrated Iran, and an assertive yet cooperative India could together anchor a new architecture of Eurasian connectivity and economic integration. For Central Asia, this partnership represents not merely an economic corridor but a strategic opportunity for inclusive development and balanced regionalism.

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