

# India–Iran Relations : An Assessment

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The paper on Indo-Iran relation aims to discuss the context of the key factors that have influenced policymakers' choices in the broader context of international relations. This paper argues that while the current trajectory of Indo-Iran relationship is in many ways a continuation of past policies, it is likely to become increasingly important despite constraints in the near future. And finally, it offers some concluding thoughts.

All states have foreign policies ostensibly directed towards achieving a set of national interests and specific goals. A state's foreign policy must be flexible enough to follow the changing contours and dynamics of international politics, while simultaneously preserving and promoting national interests. It is widely agreed that any country's domestic environment has a major role in shaping its foreign policy. For Frankel, foreign policy to a large extent is a reflection of a country's milieu, its needs, priorities, strengths and weaknesses. This suggests that a state's foreign policy is influenced by certain 'objective' conditions –such as history, geography, socio-economic conditions and culture- that interact with the changing dynamics of international politics. (Frankel .J,1963) For a country to enjoy a successful foreign policy it is necessary to achieve a balance between domestic and external dimensions. In sum foreign policies of all countries are, to some degree, a product of and interaction between (1) a country's overall power indices (including geo-strategic location; economic wealth and health; military strength; and domestic political stability) and (2) the prevailing international environment.

India's domestic and foreign policy in this context is seen as reflective of a secular state, with a preponderantly religious society. On the one hand, there is the tradition emanating from Gandhian pacifism. On the other,

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there exists a distinctly Hindu religious culture that underpins a robust version of Indian nationalism. Over time, however, the impact of these two contrasting traditions on Indian foreign policy has been limited, due to the importance of the overarching tradition of secular Nehruvian nonalignment (Chiriyankandath.J,2004)

The decision of free India's founding fathers to create a genuinely democratic state in India despite the constraints likely to be imposed by cold war politics on its economic development was itself, therefore, the result of this secular, independent thinking. Even before the attainment of full independence, Nehru unfolded his policy of non-alignment in a radio broadcast on 7 September 1946, after the formation of the interim government. He said that 'India would take full part in international conferences as a free nation with her own foreign policy and not merely as a satellite of another nation; she would keep away, as far as possible from power politics of groups which had led to wars in the past, and in future, would lead to wars on a much greater scale'.

In the post cold war era, in keeping with the desire to strengthen India's relations with the countries of the region and outside, the government is trying to put in place a structure of multifaceted cooperation covering all sectors. In the past decade, coinciding with its rapid economic growth and technological advancement, India has increasingly seen its role in global terms. It has sought to expand its influence and strategic reach beyond South Asia. Consonant with this, she has pursued actively a "Look East" policy in which Prime minister Vajpayee has made a number of openings to the states of South east and North east Asia. After the start of liberalization, it was a very strategic policy decision taken by the government in the foreign policy. To quote Prime Minister Manmohan Singh "it was also a strategic shift in India's vision of the world and India's place in the evolving global economy". Since the beginning of this century, India has given a big push to this policy by becoming a summit level partner of ASEAN (2002) and getting involved in some regional initiatives such as the BIMSTEC, the Ganga Mekong Cooperation and a member of the East Asia Summit (EAS) in December, 2005.

Simultaneously, the government also has in place a very sophisticated West Asian policy. Stability in West Asia is critical not merely because India depended on the region for oil but also because of the huge Indian Diaspora there.

The regions vast oil and gas reserves are essential for India's economic growth. As the World's sixth largest consumer of energy, India relies on imports for about 75 percent of its total oil and gas consumption. With current Oil imports of over 2 million barrels a day , if current trends continue, India is on the path to becoming an even larger energy importer. It is estimated that by 2020 India is likely to trail only the United States, China and Japan in this area.

In fact, according to projections from the U.S. Department of Energy India's dependence on foreign oil is projected to reach more than 90 percent by 2030. Meanwhile, a recent report by Planning Commission projects that India must at least triple its primary energy supply and quintuple its electricity generation capacity to maintain the 8 percent annual GDP rate needed to meet the New Delhi government's goals of poverty eradication and human development. In an effort to assess India's energy security policy, the Asia Program hosted a panel discussion on July 2008, with assistance from the Global

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In terms of its potential to meet India's rapidly growing needs for energy imports, Iran figures very prominently in Indian thinking. Nowhere is this more significant than in the proposed gas pipeline that is supposed to carry Iranian natural gas to Pakistan and onto India. While discussions between Iran, Pakistan, and India on the construction of the 2,600-kilometer gas pipeline have continued since the mid-1990s, a series of disputes between India and Pakistan on the one hand, and between Iran and the United States on the other, have delayed the start of construction. Despite constraints, however, the project is still seen by Iran, Pakistan and India as a "peace pipeline," that can boost interdependence among all three countries, especially between Pakistan and India. In the case of Pakistan, the country can expect to earn substantial transit fees, while benefiting from a reliable and clean source of energy from a neighbouring supplier. Similarly, India's economic development and environmental protection will receive a strong boost once the pipeline is complete. Given the estimated \$7 billion price tag for the project, however, the technical and financial support of the world's leading countries is indispensable.

Working on these lines one can always pose a question that how does India's global search for energy affect the U.S.-India relationship? Mikkal

Herberg, Research Director of the Asian Energy Security Program at the National Bureau of Asian Research, said the issue generates several “vexing issues” for Washington-New Delhi ties. One of them is India’s energy interests in Iran.

In this context it is important to assess the factors that led in the making of Indo-Iran relations as they stand today .If we analyse, India had one of the most promising relationship with Iran. The 1979 Islamic Revolution in Iran was initially seen in India as an assertion of national identity and independence from superpower rivalry . After the Iranian Revolution of 1979, Iran’s withdrawal from CENTO automatically entailed Iran’s improved relationship with the Republic of India. The largest obstacle to the development of bilateral relations during Shah’s time was that the two countries belonged to opposite camps. Iran’s membership in the Central Treaty Organization (CENTO) bound it to Pakistan, which was also a member of the pact. The 1970’s, however , was a period of growth in the Indo-Iranian relationship, despite a bumpy start when Iran sided with Pakistan in the 1971 Indo-Pakistani war. While Pakistan formally supported Pakistan, Tehran declined to take a hard line against new Delhi and rebuffed Islamabad’s efforts to activate reciprocal defense obligations under CENTO. During the 1970’s ,there were also numerous high level visits between India and Iran. Both prime ministers Indira Gandhi and Morarji Desai visited Iran in 1974 and 1977 respectively.(Christine Fair,C,2004)

Iran’s exploration of military cooperation with India dates back to the time of Mohammad Reza Shah. In February 1978, the Shah of Iran visited India. Both sides held very similar views on a number of major international issues , such as disarmament, the ongoing security problems in the middle east, and keeping the Indian ocean free of aggression and out side interference. In the early winter of 1978, the commander of the Iranian army, General Gholami Oveissi, accompanied by a high ranking military delegation, paid a two –week visit to India, where the two countries explored avenues for expanded cooperation. At that time Iran, as the main U.S. ally in the Persian Gulf region, had access to some of the most advanced American military hardware, while India relied on Soviet technology to refurbish its armed forces. (Alidad,M &Aria Mehrabi,2008)

A milestone in bilateral relations was reached in 1993, when Indian Prime Minister Narasimha Rao became the first Indian leader to pay an official

visit to post revolutionary Iran. That trip was termed a “turning point” by Rafsanjani. Two years later, in 1995, Rafsanjani made a reciprocal visit to India.

Beginning in the mid- 1990s, New Delhi began seeing Iran as the key link to expanding India’s reach in Central Asia and the Persian Gulf regions. In the final two years of Rafsanjani’s tenure as Iran’s president, the two countries reached a significant naval cooperation agreement, wherein the Indian navy helped Iran modify the batteries of the Russian –built diesel submarines to adapt to the warm water conditions of the Persian Gulf region. Since that time Iran’s ties with India have grown rapidly and show no signs of slowing down. India is far more advanced than Iran in industrial, technological, and military know –how, while Iran is ideally positioned to provide a growing share of India’s burgeoning need for imported oil and gas, and to act as a bridge for India to the Persian Gulf and Caspian Sea-Central Asia regions, and to serve, along with Pakistan, as a goodwill ambassador between India and Muslim world.( Alidad,M &Aria Mehrabi,2008)

Prime minister Vajpayee’s 2001 visit to Iran was the first by an Indian prime minister since 1993 and ever since the officials of both the countries have maintained a brisk pace of official meetings to strengthen the two country’s ties .

President Khatami’s visit to Delhi in January 2003 at India’s Republic Day celebrations gave further impetus to this burgeoning relationship between these two countries. Preident Khatami was accompanied by a high level delegation , which included Former minister Kamal Kharrazi, defence minister Ali Shamkhani, minister for science and technology Mostafa Moin , and petroleum minister Bijan Zangneh. During Khatami’s visit, the two nations penned the “Delhi Declaration” and the “Road Map to Strategic Cooperation”, which promulgated a plan for the evolving partnership between the two countries(Christine Fair,C,2004)) The “New Delhi Declaration” further expanded cooperation between the two countries, with a focus on defense cooperation. The declaration came with seven Memoranda of Understanding including expanded cooperation in information technology, food technology, and pharmaceuticals. The key areas of focus was India –Iran cooperation in combating international terrorism, and the common stance of the two countries that the tension

between the United States and Iraq should be solved through the UN, and not through unilateral military action.

Under the terms of the agreement, Iran and India will make efforts to encourage bilateral trade and economic cooperation not only in energy, but in other areas as well that will boost non-oil trade and investment in infrastructure projects. It was agreed that discussion will continue on projects in Iran such as Chahbahar Free Trade Zone port complex, the Chahbahar–Fahraj Bam railway link, and the marine oil tanking terminal. In turn, Iran will invest and participate in infrastructure in India. Currently, Iran's exports to India—mainly shipments of crude oil—equal about \$1 billion annually. During 2005-6 Iran imported not less than \$200 million worth of goods from India, mainly iron ore, chemicals, and textiles. (<http://www.hamshahr.i.net/hamnews/1380/800121/kharj.htm#kharj1>.)

Despite positive developments in Indo-Iranian ties in this decade, there were persistent limits to the depth and breadth that the relationship could take. Many of these limits continue to frustrate and circumscribe the relationship. First, throughout the 1990s, India sought a rapprochement with the United States. India's desire to cultivate robust security ties with the United States became visible when India chose to go along with a confrontationist move against Iran in 2005 by casting a vote against her on nuclear deal at the meetings in Vienna. The vote India cast in the IAEA Board of Governors (BoG) was in favour of a resolution finding Iran in “non-compliance” with its safeguard obligations under the NPT and expressing “the absence of confidence that Iran's nuclear programme is entirely for peaceful purposes.” Second, India has simultaneously pursued robust defense ties with Israel. In fact, Israel has become the second largest supplier of military equipment to India. (Sushil J. Aaron, 2003).

The US needed India to provide a cover of credibility for the unreasonable indictment against Iran and the Manmohan Singh government happily went along. That is why US under Secretary of State Nicolus Burns has hailed India's vote as ‘a blow to Iran's attempt to turn this into a developed world versus developing world debate’.

But then it is important to note that this shift in India's foreign relations vis-a-vis Iran only facilitated a process that had actually begun earlier under NDA rule, a move away from core, traditional Indian principles - moderation, pragmatism, non-alignment and defence of the poor countries-

to increase acceptance of ultra nationalist ideology and principles. This shift in India's foreign policy was clearly witnessed under NDA government as this reflected the growing influence of rightist ideology, primarily emanating from the Sangh Parivar. But then it appears that such concerns, including the focus on 'Islamic terrorism' and 'clash of civilizations' concerns, were not expunged from India's policy after the fall from the power of NDA in May 2004. It is appropriate to understand that over time there was a shift in Indian perceptions about what foreign policy goals were desirable, which to some extent transcended traditional ideological divisions between ultra Hindu nationalists and the secular Congress party.

It is important to understand that the new foreign policy focus (as deviated from the past principles) also included a desire to 'help create an "Axis of Virtue" against "global terrorism" or "Axis of Evil", linking Indian government with those of the USA and Israel (Bidwai, p, June 2003) To pursue this goal, India's the then National Security Adviser Mr. Brajesh Mishra advanced the 'Axis of Virtue' proposal on 8 May 2003, in Washington, DC. Addressing the American Jewish Committee (AJC) and a number of US Congressmen and women, Mishra emphasised his desire to help fashion an 'alliance of free societies involved in combating' the scourge of terrorism. Apart from the fact that the US, Israel and India were all 'advanced democracies', each had also 'been a significant target of terrorism'. They have to jointly face the same ugly face of modern-day terrorism'. The aim of the 'Axis of Virtue' would be to seek to 'take on international terrorism in a holistic and focused manner ... to ensure that the global campaign ... is pursued to its logical conclusion, and does not run out of steam because of other preoccupations. We owe this commitment to our future generations' (Mishra, quoted in Embassy of India, Bidwai, P, June 2003).

The post 2004 congress led government continued with the broad thrust of the NDA's foreign policy that it inherited under the changed international circumstances after 9/11.

India's traditional ties with Iran, which were once regarded as a factor for regional stability, withered under UPA government succumbing to US pressure tactics. This has however caused an enormous damage to India's geo-political interests due to dilution of mutual understanding with Iran. This becomes galling when we come to assess developments in

Afghanistan.

Iran was India's close ally in countering the Taliban. But the UPA government disengaged from other regional powers with which it had shared interests and opted for the harmonization of policies with the US on Afghanistan. Whereas today, The U.S. seeks a regional solution to the Afghan problem, exercising a mediatory role in India-Pakistan relations. In other words, India must now somehow ward off the U.S. embrace. It has been very obvious that Pakistan is destined to become the U.S. preferred partner in Afghanistan, no matter what the Obama administration officials say about our pre-eminence in the Indian Ocean region.

In the present, Iran is initiating ties with Europe as an energy supplier. It is painful to watch that under the U.S. pressure, India sacrificed its energy security interests by abandoning the Iran-Gas Pipeline Project. And in the changed climate now, the western countries stand to gain by our sacrifice. One must remember that Iran was the first West Asian Country where petroleum was found (in 1908). Now it has the second largest oil reserves in the world and is the third largest supplier of petroleum to India. It also has the second largest natural gas reserves on the planet.

Any deal or partnership such as with U.S.A., which attempts forcibly to re-write India's strategic equations and undermines the country's strategic autonomy cannot possibly be in the national interest. Nuclear power of the kind that might flow from this deal will never be a substitute for hydrocarbons in the medium-term. Even in the long-term, India will depend on gas imports from Iran and Central Asia, preferably via pipeline. (Veradarajan, S, September 2005)

According to Mikal Herberg, Research Director of the Asian Energy Security Program at the National Bureau of Asian Research, Washington is actually quite supportive of India's overseas energy strategy, and often critical of China's—which in actuality is very similar to India's strategy. Herberg listed several reasons for this U.S. imbalance. China spends six times that of India on oil. In addition, in terms of ideology, talk about China's rising energy profile gets caught up in larger "China rising" fears. And, India's overseas energy policies dovetail with U.S. strategic interests, because India's "energy rise" is regarded as a "possible counterweight" to China.

But then one must realise ,however that in a transformational phase in the world order, the United State's regional policies are also showing signs of change that hold serious implications for India.

The landmark visit of U.S. Secretary of State Hillary Clinton to China in February 2009 attracted worldwide attention . As she wrote in Foreign Affairs article last year, 'our relationship with China will be the most important bi-lateral relationship in the world in this century.' Shorn of rhetoric , the reality is that the U.S.' room for maneuver in its foreign policy towards China is shrinking. It is virtually opting out of any confrontational approach and instead seeking to fast forward its cooperation with china. The main thrust of Ms. Clinton's visit was on seeking fresh Chinese loans for the deeply indebted American government.

The inter-dependence between the two countries has reached a level that, arguably, China has little choice but to keep investing more money in the U.S. China holds nearly \$700 billion in U.S. Treasury Securities. Thus it came as no surprise when China Banking Regulatory Commission, Director General Luo Ping admitted: 'Except for U.S. Treasuries, what can you hold? Gold? You don't hold Japanese government bonds or U.K. bonds. U.S. Treasuries are the safe haven for everyone, including China , it is the only option'.

China has a stake in the health of dollar as its savings as well as its nearly \$2 trillion worth of foreign currency reserves are mostly American. A comprehensive Sino-American global partnership ,like with Europe or Japan has now become a probability. In fact , following Ms. Clinton's visit ,China and U.S. resumed their dialogue on defense issues on February 27-28,2009.

From our perspective , the change in the U.S. policy is the equivalent of a tectonic shift. The UPA government's willingness to be drawn into a "quadrilateral Alliance " against China, it now seems an embarrassing goof-up, unprecedented in its naivety.(M.K. Bhadrakumar, March 2009)

According to Christine Fair from United States Institute of Peace , India's bilateral ties with Iran may make India more, rather than less, valuable to the United States. This relationship may be an important element in bringing stability to South and Central Asia, which would benefit all parties concerned. Should such projects as the gas pipeline come to fruition

and pass through Pakistan, this will create much-needed economic opportunities for the three states. Such a pipeline could also be an important area of cooperation between India and Pakistan.

Stability in the West Asia and the Indian subcontinent is of paramount importance to all countries, particularly to the United States. A strong and stable Iran can help contribute to this stability. The Iran-India agreement of 2003 has been hailed for contributing to peace and stability, but its strategic aspects are undervalued. In fact, no major part of the agreement has actually become operational. Yet its implementation will encourage three major regional players—namely Iran, India, and Pakistan (particularly if the pipeline project proceeds through the later)—to cooperate in ways that enhance regional security. Iran-India relations have taken over a decade to develop to this critical point. The United States and the entire world should welcome such an agreement that improves world peace and tranquility rather than fanning the flames of competition and conflict.

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