

## **Iran and India Relations in the Regional Security**

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### **Abstract**

*The strategic map of Iran's immediate neighborhood will change dramatically following the landmark nuclear deal between Iran and the P5+1. Given the tremendous geo-strategic stakes involved, Iran has already begun to explore greater opportunities for economic and security cooperation in the region. This has implications for both India and Pakistan, which are tied to Iran strategically, but bitterly opposed to each other. Per the realist prescription of international relations, survival in an anarchic world requires all states to adopt the certain rational behavior, such as power maximization and balancing strategies. Depending to a large extent on their worldviews, all state leaders translate their perceptions of the locational advantages and vulnerabilities into geopolitical strategies. Iran is preparing itself for a wider and internationally legitimized regional role in which it can act pragmatically to enhance its reputation and take advantage of commercial opportunities wherever it finds them. The peoples of India and Iran, two ancient neighboring civilizations, have enjoyed close historical links through the ages. They had a common homeland and share a common linguistic and racial past. Over the several millennia, they interacted and enriched each other in the fields of language, religion, arts, food, ideologically, academically, and culturally and other traditions. Today the two countries enjoy warm, friendly relations and cooperate in a wide range of fields.*

### **Keywords**

*Iran, India, Security, Persian Gulf*

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## **Introduction**

Iran and India are two ancient civilizations due to their culture and historical links have always had constant political, economic, and ethnic relations. Racially Iran and India belong to the same ethnic group of people called Aryans. This racial similarity led to sharing of civilization and cultural characterization and these had a direct impact on the organization, maintenance, and elaboration of the bilateral relations.

Only the political relations between Iran and India has faced ups and down since India's Independence. It is mainly because of their differing worldview and with the role of other factors. India that was colonized by the British, after independence, chose non aligned policy as Iran joined the western bloc since Iranian had experience of occupation by the Soviet Union and considered communism as a threat. Later the Iranian revolution of 1979, a new chapter started in the bilateral relations.

With the glimpse, we can see that the culture and identity have had a remarkable role in the relations of both countries until the second world war, but since then two other main factors have played a significant role: regional security considerations and the international system structure. Both Iran and India have had opposite worldviews, especially regarding the complicated situation in the West Asia, South Asia, and the international system. And since Iran and India are involved in the regional disputes, they took different policies.

This theory is applicable to the Iran and India relations post-Iranian Revolutions of 1979 and the collapse of the Soviet Union in 1991. A radical change of regime in Tehran brought to power

clergy who followed an ideological foreign policy. In the first decade, Iran's ideological foreign policy plays an important role in the relationship between both states in a way that relations went down. But, by the end of the Iran-Iraq war, Iran followed a pragmatic foreign policy. Simultaneous economic reforms in Iran and India brought the two countries closer again. Both countries found common interest especially in terms of energy security and close approach towards the international system and the relations with the US. At the same time, India increased their relationship with the US and Iran tried to reconcile with the US. Great and warm relations between Iran and India, due to their similar approach to the international order, continued until the year 2016.

### **India-Iran Interactions**

Iran and India have always shared the deep root of cultural, social, economic and political connections that have enriched both civilizations. The use of the Persian language in the Mughal courts is just one example of Iranian cultural influence in the North of India.

In the past few years, both countries have been working towards managing its energy and economic cooperation under the shadow of the US and European Union sanctions. Despite the tightening of sanctions, India cannot halt the import of crude oil from Iran given its dependence on Iranian oil. Iran was India's second largest supplier of oil, but now it has slipped to 6<sup>th</sup> position. Though India reduced oil imports from Iran, It is trying to expand trade in other goods like tea, pharma, automobile, electronics, spare parts and agricultural products. India has already approved USD 364 million (20 billion rupees) fund to provide reinsurance to local refineries

that process Iranian crude oil and the quantum of the fund can be raised in the future(Mukesh Jagota and Saurabh Chaturvedi, 2013).

Iran and India have also been working to build the regional transport networks –International North South Transport Corridor, which will help connect South, Central, and West Asia to Europe for regional economic development. Equally important is the regional security dynamics, particularly the developments in Afghanistan in the post-2014 scenario. In addition, the unfolding of the Syrian crisis and the impact of the ‘Arab Spring’ has implications for both India and Iran(R. Sidda Goud, 2014).

West Asia is going through the phase of political transition. With the changing global and regional security environment, new geopolitical alignments as well as the changing balance of power, are taking place. Iran as an important player in the region is confronted with both internal and external challenges. Domestically, it is preparing itself for the upcoming presidential elections in June and struggling to manage its economy because of the sanctions(V. Suresh, K. Ramesh, 2015). It is trying to overcome its current isolation because of its standoff with the West on its suspected nuclear weapons programme. So far Iran has been able to manage both these challenges by developing strong political, economic and strategic relations with the states in the region and beyond, hoping that such ties can it through the difficult times. While the region’s reform itself, Iran and India look towards consolidating their bilateral relations. Both the countries are remarkable actors, whose role can’t be neglected in terms of their political and economic contention in the region. Nowadays, the regional complexities demand

new ways and means of cooperation between Iran and India.

It is in this context that the visit of External Affairs Minister, Salman Khurshid merits some attention. This is yet another diplomatic push towards strengthening the existing partnership between the two regional actors. Earlier, the visit of the Indian Prime Minister, Manmohan Singh to Iran on August 28, 2012, to participate in the NAM summit was a clear indication of New Delhi's desire to give new impetus to bilateral relations and enhance economic cooperation. The Prime Minister said: "there is lots of interest in doing business with India and getting Indian investment in infrastructure. There are of course difficulties imposed by western sanction but subject to that, I think we will explore ways and means of developing our relations with Iran". After Prime Minister's visit, a new thrust was given to the bilateral relations. Subsequently, several high-level visits have taken place from both sides.

### **Cooperation on Regional Security Issues**

The region is passing through the rebellious phase. There are huge political uncertainties, particularly in Afghanistan, Syria and some of the West Asian countries. Without Iran's inclusion, a durable regional security architecture will not be sustainable. Iran controls the entry and exit to the Straits of Hormuz, through which a vast amount of oil passes. The uninterrupted oil supplies from the Persian Gulf remain important for India and the global economy. Any military attack on Iran can intervene with the safety of oil supplies through the Straits of Hormuz. Military conflict in the Persian Gulf region can lead to a massive rise in global oil prices affecting the global economy. Iran is equally a significant player in Afghani-

stan and had played a constructive role after 9/11 by offering full support to the US in ending the Taliban rule (Smruti S. Pattanaik, 2012).

In the past, Iran-India and Russia have jointly cooperated in Afghanistan. During the recent visit of the EAM, developments in Afghanistan and Syria were discussed at length with a focal point of stability and efforts to deal with increasing violence and the challenges that a possible return of Taliban would bring. In the light of the US withdrawal in 2014, Iran and India need to develop strategies to assist Afghanistan in rebuilding their country. These efforts could include building infrastructure connecting Afghanistan with Central Asia via Iran, by forming together in sharing information to assure that the Taliban does not return to Afghanistan. In the past India has worked with Iran, Russia, and Tajikistan. In accession, regional countries like Russia, and China will have to play a far more dynamic role in Afghanistan's economic growth. At the same time, no durable solution can be found without Pakistan's constructive role in Afghanistan.

Iran's concerns over the current crisis in Syria were also expressed during Salman Khurshid's interaction with his counterpart, Ali Akbar Salehi and Ali Larijani, the Speaker of the Iranian Majlis. On the Syrian crisis, India and Iran would want an end to violence and a peaceful resolution taking into account the aspirations of the people of Syria. Both defend the Geneva Communiqué, which admit the "6-Point Plan of Kofi Annan". For Iran, stakes are high in Syria, and not surprisingly is thinking about diplomatic initiatives to resolve the Syrian crisis by making the major non-aligned countries together (Atul Aneja, 2013). Nevertheless, it demanded to be

how far Iran's proposal of involving NAM countries would reach and to what extent India will be willing to play more active role in resolving the Syrian crisis under the initiatives of Iran. For India, its relations with the Persian Gulf Cooperation Council (PGCC) countries are equally significant. In fact, the stakes are high in the Persian Gulf, where more than six million Indians go and work. The PGCC countries are India's biggest trade partner with trade in 2011–12 about \$124 billion, far outstripping the financial volumes of such association with any other region of the world.

Iran and India have been close partners in dealing with the security situation in the region. They are placed in different security environments in Southern and West Asia and thus there are no conflicting areas of interest between them. But new security developments pose a common challenge for both. The increasing instability in Afghanistan and the ascent of the Islamic State are viewed by both as serious security challenges. Iran and India need to work out innovative ways of cooperation on countering extremist threats and provide the security in the region.

### **New Chapter of India-Iran Cooperation**

India's recent diplomatic activism to engage Iran and many optimistic signals coming from the Iranian leadership do create an impression that the forthcoming visit of Prime Minister Modi could open a new chapter of cooperation. Media reports indicate that among the meetings scheduled during the visit is one with Supreme Leader Ayatollah Ali Khamenei. If this meeting takes place, it would likewise show the increasing importance that Iran attaches to India at the political and strategic points. The Supreme leader

takes key decisions in the Iranian system and he does not see many leaders. Thus, a Modi- Ayatollah Khamenei meeting will put bilateral relations a totally new way. Bilateral ties will also gain new momentum if major agreements in energy, connectivity, trade, and security in the region get a final shape during the Modi visit.

In the energy sector, India is awaiting at the finalization of the Farzad-B gas field agreement. India's Petroleum Minister has already conveyed to the Iranian side that Indian companies are willing to invest up to USD 20 billion in Iran's energy sector and that they are also interested in setting up petrochemical and fertilizer plants, including in Chabahar Port, either through a joint venture between Iranian and Indian public sector companies or with private sector partners. The Managing Director of the National Iranian Oil Company (NIOC), Rokneddin Javadi, has said that in case the current technical negotiations succeed, the agreement on the development of the Farzad-B gas field could be signed by the end of 2016. There is potential in trilateral energy cooperation between Iran, Oman, and India for an under-sea pipeline, which has been talked for a long time without any results on the ground. In summation, the prospects of the Turkmenistan-Iran-India (TII) pipeline project is immense as it does not face any security challenge. Taking full advantage of the lifting of sanctions, Reliance Industries have now started buying crude oil from Iran after the six-year break and is looking for a long-term fixed quantity deal with Iran.

The second field of cooperation could be in connectivity projects, especially Chabahar port, the International North-South Transport Corridor (INSTC), and trilateral cooperation between India, Iran, and Afghanistan. Chabahar port is strategically essen-



tial for India to enhance connectivity with Afghanistan and Central Asia. The momentum of cooperation on Chabahar port got a further push during the External Affairs Minister's recent visit when both sides agreed that the contract, as well as modalities for extending a USD 150 million credit for the port, would be signed soon. In addition, the decision on this line of credit as well as a USD 400 million credit line for the supply of steel rails from India has already been authorized by the Centre. IRCON officials are expected to visit Iran for discussions on the Chabahar-Zahedan railway link. The text of the Trilateral Agreement between Iran, India, and Afghanistan on Transport and Transit Corridors (Chabahar Agreement) was settled during the second meeting of experts in Delhi on April 11, 2016. When the Agreement comes into power, it will facilitate better connectivity between the South, Central, and West Asian regions. This will substantially increase India's connectivity with Afghanistan and Central Asia. More importantly, the Ashgabat Agreement, which came into force on April 23, 2016, is a significant corridor connecting Central Asia to the Persian Gulf (Demir Azizov, 2016). India has already expressed its desire to be part of this accord and the Iranian side has supported India's inclusion. Turkmenistan, Iran, Oman, and Uzbekistan are part of this agreement. The hope is that some of these connectivity projects would get finalized during the Modi's visit.

Economic and trade relations are the weakest link in India's overall relations with Iran. Iran and India have been trying hard to enhance cooperation in this area. Recently, in a 2016 media interview, Petroleum Minister Dharmendra Pradhan expressed India's desire to become Iran's strategic partner when a new economy is taking

shape in the post-sanction periods. Economic ties could get an impetus during the Modi's visit if trade-related agreements, including on Double Taxation Avoidance and Bilateral Investment Protection and Promotion, as well as an early launch of negotiations on a preferential trade Agreement, gets finalized. Lastly, the cultural dimensions of Iran-India relations need special care. While some interpreters were taken during Swaraj's visit, new projects to enhance cooperation in education and culture would go a long way in strengthening these ties between the two countries.

## **Conclusions**

Although much is expected from the Modi visit, the challenges of taking the partnership to higher levels cannot be overlooked. Some of the major challenges are:

1. In the new post-sanctions, Iran-India will have to be prepared to deal with competition from other regional and international actors who are already active in the Iranian market. European countries and China have already signed major deals with Iran. Russia is also looking at establishing long-term trade ties in the post JCPOA period. Legal barriers to banking relations between Iran and Russia are likely to be lifted soon. China is all set to launch the Chinese built industrial town project as part of its commitment to developing Chabahar port city. China has already decided on a location for the project and will be developing the free-trade zone in a phased manner. Not only China but the European Union, South Korea, Japan and other countries are trying to get into the Iranian market and revive their old partnerships in the energy sector.
2. Rising to meet Iranian expectations on India playing a much

more active role by becoming a major investing country in Iran. New signals coming from the US suggest that global investments have not increased to the extent expected from Iran after the lifting of sanctions. Iran is looking at Indian investments in its infrastructure and energy sectors. Investments will likely be an important factor in determining closer economic ties between India and Iran. The Indian private sector needs to be informed and guided to do business in Iran. India has moved forward on the project of setting up of a fertilizer plant in Iran's southeastern port city of Chabahar.

3. While nuclear-related sanctions have been lifted, the general trade embargo remains in place. The US still maintains an embargo on Iran in terms of gaining access to the American financial system or directly conducting transactions in US dollars, among a series of other restrictions. It is very clear that if India is able to separate its business and investments without touching base with the US financial system it will be able to do business with Iran. There is a need for greater clarity and understanding on how India can take full benefit of the lifting of sanctions and what the limitations of the existing trade embargo are.

4. India will also have to navigate carefully between Iran and its arch rivals, Saudi Arabia and Israel. For India, its relations with both countries are extremely important. Some three million Indian workers live in Saudi Arabia. India has both cultural and religious ties with the two countries. So far India has managed to develop independent ties with each. And given the increasing rivalry between Iran and Saudi Arabia, India will need to craft a cautious and balanced policy.

The forthcoming visit of Prime Minister Modi is going to be

an important step from the point of a much-awaited visit from the Indian position. This is an appropriate time to occupy Iran, take the relationship forward many pending projects on connectivity and energy cooperation. This could be a turning point in the India-Iran relations and the start of a new chapter in bilateral cooperation. Given its positive image, India has to pursue a smart policy of strategic engagement in order to turn challenges into opportunities. The future of India-Iran relations will depend on how the two countries are able to accommodate mutual concerns and pursuits. Nowadays, it is the proper time and opportunity to forward and finalize various pending projects in energy, connectivity and enhance trade and economic ties, and security of the Persian Gulf region.

In this new phase, both Iran and India are attempting to reform economic cooperation and enhance regional connectivity. If India is exploring ways and means to give a push to its Iran policy, Iran, on the other hand, wants “sincere and deep-rooted relations”. Iran’s relationship with India in the last decade has been built on the strong underpinnings of ancient links and goes beyond bilateral ties. The future of Iran-India relations will depend on two factors: First, how India manages to balance its relations with Israel, the US, and the PGCC countries on the one hand and Iran on the other? Second, what will be the nature and level of Iran’s engagement if its relations improve with the US and EU? Will Iran’s foreign policy, and then be more West-focused or east-centered? In the past, during the Cold War, Iran under the Shah was in the west camp, but after the revolution, the relations with the west fell apart. The West Asian region, including Iran, is highly Euro-cen-

tric and therefore if Iran-US relations improve, the foreign policy direction would be more towards Europe/US than towards Asia.

For India, Iran continues to remain significant for various reasons: energy security, for countering Pakistani Taliban in Afghanistan, for access to trade and transport connectivity with Central Asia, Afghanistan, and, to some extent, for managing the domestic political dynamics. India does not want to be a victim of the US policy in West Asia. However, equally significant for India is its strategic partnership with the US. In the current context, the real test for India and Iran is to maintain and sustain the current momentum.

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