

India-Iran Relations in the Post-Cold War Period: Strategic Compulsions and Economic Complementarities

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**DOCTOR OF PHILOSOPHY
IN**

POLITICAL SCIENCE

By

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DECLARATION

I, **ASHIQ. A**, hereby declare that the work embodied in this thesis entitled “**India-Iran Relations in the Post-Cold War Period: Strategic Compulsions and Economic Complementarities**” is submitted by me under the supervision of Dr. S. Shaji, is a bonafide research work for the award of Doctor of Philosophy in Political Science from the University of Hyderabad. I also declare that it has not been submitted previously in part or full to this University or any other University or Institution for the award of any degree or diploma. I hereby agree that my thesis can be deposited in Shodhganga/ INFLIBNET. A report on plagiarism statistics from the University Library (IGML) is enclosed.

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Abbreviations

ADB	Asian Development Bank
AGIP	General Italian Oil Company-
AMOCO	American Oil Company
AMOCO	American Oil Company
ANDS	National Development Strategy of Afghanistan
ASPS	Association for the Study of Persianate Societies
BEL	Bharat Electronics Ltd
BEL	Bharat Electronics Ltd
BIPPA	Bilateral Investment Promotion and Protection Agreement
BJP	Bharatiya Janata Party
BOT	Balance of Trade
BRICS	Brazil Russia India China South Africa
BRO	Border Roads Organisation
CAREC	Central Asia Regional Economic Cooperation
CAS	Central Asian States
CENTO	Central Treaty Organization
CFR	Foreign Relations
CIA	Central Intelligence Agency
CICA	Conference on Interaction and Confidence-Building Measures in Asia
CII	Confederation of Indian Industry
CIS	Commonwealth Independent States
CISADA	Comprehensive Iran Sanctions, Accountability and Divestment Act
CNPC	China National Petroleum Corp
CLND	Civil Liability for Nuclear Damages Act”
CNPC	China National Petroleum Corp
CPEC	China-Pakistan Economic Corridor
CSIS	Centre for Strategic and International Studies
CSTO	Collective Security Treaty Organization
CTO	Central Treaty Organization
DTAA	Double Taxation Avoidance Agreement
EIA	Energy Information Administration

EEU	Eurasian Economic Union
EU	European Union
FDI	Foreign Development Investment
FICCI	Federation of Indian Chambers of Commerce and Industry
FFFAI	Federation of Freight Forwarders' Associations in India
FIEO	Federation of Indian Export Organisations
GCC	Gulf Cooperation Council
GTI	Global Terrorist Database
GTI	Global Terrorism Index
GWOT	Global War on Terrorism
HADR	Humanitarian Assistance and Disaster Relief
HAL	Hindustan Aeronautics Limited
IAEA	International Atomic Energy Agency
IAEA	International Atomic Energy Association
IBSA	India Brazil South Africa
ICG	Indian Coast Guard
IDS	Institute for Defence Studies and Analysis-
IEA	International Energy Agency
ILSA	Iran-Libya Sanctions Act
IMB	International Maritime Bureau
IMF	International Monetary Fund
IMO	International Maritime Organization
INSTC	International North South Corridor
IOC	Indian Oil Corporation
IOC	Indian Oil Corporation
IONS	Indian Ocean Naval Symposium
IOR	Indian Ocean Region
IOR-ARC	Indian Ocean Rim Association for Regional Cooperation
IPC	Iranian Petroleum Contract
IPI	India Pakistan Iran
IR	International Relations
IRGC	Islamic Revolutionary Guard Corps
IRISL	Islamic Republic of Iran Shipping Lines
IRNA	Islamic Republic News Agency

IRCC	Indian Railway Construction Company
IS	Islamic State
ISA	Iran Sanctions Act
ISAF	International Security Assistance Forces
ISRO	Indian Space Research Organization
ISI	Inter-Service Intelligence
ISIL/ISIS	Islamic State of Iraq and Levant/Syria
ISRO	Indian Space Research Organisation
ITBP	Indo-Tibetan Border Police Force
ITEC	Indian Technical and Economic Cooperation
JCC	Japanese Custom Cleared Crude
JCM	Joint Commission Meeting
JWG	Joint Working Group
JWG-DC	Joint Working Group on Defence Cooperation'
LNG	Liquefied Natural Gas
MEA	Ministry of External Affairs
MDP	Master Development Plan
MEIDP	Middle East to India Deep-Water Pipeline
MMSCMD	Million metric standard cubic meters per day
MoU	Memorandum of Understanding
MRPL	Mangalore Refinery and Petrochemicals Ltd
M-SAR	Maritime-Search and Rescue
MWD	Weapons of Mass Destruction
NAM	Non-Alignment Movement
NATO	North Atlantic Treaty Organization
NDA	National Democratic Alliance
NDB	National Development Bank
NIE	National Intelligence Estimate
NDFB	National Democratic Front of Bodoland
NEP	New Economic Policy
NIOC	National Iranian Oil Company
NITI	National Institute Transforming India
NPT	Non Proliferation Treaty
NSCN	National Socialist Council of Nagaland

OBOR	One Belt and One Road
OIC	Organization of Islamic Organization
ONGS	Oil and Natural Gas Commission
OPEC	Organisation of Petroleum Economic Cooperation
OVL	ONGC Videsh Limited
PLO	Palestine Liberation Organization
POK	Pak occupied Kashmir
PPP	Purchasing Power Parity
PSC	Production Sharing Contract
RBI	Reserve Bank of India
RCD	Regional Cooperation for Development
RDO	Regional Defence Organization
RIES	Rail India Technical and Economic Service
RPM	Rupee Payment Mechanism
SAARC	South Asian Association for Regional Cooperation
SAGE	South Asia Gas Enterprise Private Limited
SAI	Steel Authority of India
SBI	State Bank of India
SCO	Shanghai Cooperation Organisation
SEZ	Special Economic Zone
SLOC	Sea Lanes of Communication
SNSC	Supreme National Security Council-
SPA	Strategic Partnership Agreement
SPA	Strategic Partnership Agreement
TAPI	Turkmenistan-Afghanistan-Pakistan-India pipeline
TCF	Trillion cubic feet
TEUs	Twenty Foot Equivalent
THC	Terminal Handling Charges
TRACECA	Transport Corridor Europe-Caucasus-Asia
TTP	Tehreek-i-Taliban Pakistan
UAE	United Arab Emirates
UAR	United Arab Republic
UCO	United Commercial
UEA	United Emirates of Arab

ULFA	United Liberation Front of Assam
UNHRC	United Nations Human Right Council
UNSC	United Nations Security Council
US	United States
USGAO	US Government Accountability Office
USSR	Union of Soviet Socialist Republic
WAVE	World Against Violence and Extremism

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PREFACE

The historical relationship between India and Iran, extending back to ancient times, is marked by significant cultural, political, and trade interactions. Colonial dominance shifted the geopolitical settings in the region and impacted the bilateral relationship between both countries. The end of colonial rule in the Indian subcontinent and the subsequent establishment of Pakistan in 1947 marked a significant geopolitical shift in the region. In early decades of the Cold War, Iran's recognition of Pakistan as a sovereign nation and its support to Pakistan against India further shaped the dynamics of India and Iran relations during the early days of the Cold War period. However, the Islamic Revolution of 1979 resulted in a new Islamic Republic government in Iran (shift from pro-West to anti-West), and it joined as a member of the Non-Alignment Movement (NAM) in 1979. India and Iran followed significant ties in political and economic fields during the later period of the Cold War.

In the post-Cold War period, unprecedented geopolitical changes emerged in regional and global politics. The relations between states were also influenced by domestic/leadership (such as economic reforms under globalisation and new leadership perspectives), regional (including competition and rivalries among regional players) and systemic factors (uni-polar world with emerging powers). This brought a complex dynamic structure into global and regional politics. India and Iran found themselves able to engage each other in new geopolitical developments, compelling both nations to refashion their ties.

Against this setting, this study analyses India and Iran relations in the post-Cold War period with an emphasis on the new developments in the region through a neorealist theoretical framework, which is a feasible lens through which one can explain the foreign policy behaviour and interactions of India and Iran in the post-Cold War period. Neorealism provides a significant analytical framework to understand the complex dynamics of India and Iran relations, considering the three images of the world: domestic/individual, regional and systemic factors.

Scholars have articulated economic, political and conventional security threats in India and Iran relations during the post-Cold War period. In addition to their established perspectives, India and Iran face new opportunities to engage with emerging regional and

global developments. These include addressing non-conventional security threats, forging new security collaborations in international waters like the Indian Ocean and the Persian Gulf, navigating the divergent interests of global powers such as the US and China, and assessing the political and strategic implications of multilinked regional connectivity initiatives like the International North-South Transport Corridor (INSTC) and the Chabahar Port, particularly in balancing against the Gwadar Port, China's China-Pakistan Economic Corridor (CPEC), and the Belt and Road Initiative. The contradictory stance of India and the US on Iranian nuclear policy and its influence in redefining India and Iran relations also received inadequate attention in general academic discourses. Therefore, the present study attempts to analyse these themes in India and Iran relations through the lens of neorealism by highlighting recent key events in the region and bilateral ties while examining significant domestic factors, including leadership. Applying the three images of neorealist theory (a Waltzian concept)—individual domestic and Systemic (Global/ regional) level factors—provides a refreshing approach to India and Iran relations in the post-Cold War period.

In general, India and Iran were driven to navigate a complex of interactions due to the changing geopolitical power dynamics in the region. The influence of regional factors, particularly those stemming from regional players, have significant roles in shaping the trajectory of India and Iran's bilateral relations. Given the complex relationship of regional players, this study locates the influence of regional actors in India and Iran in the post-Cold War period. For instance, regional actors such as Pakistan, Afghanistan, Israel, Saudi Arabia and Central Asian States (CAS) have influenced the development of India and Iran relations. This study is positioned to investigate the substantial impacts that regional geopolitical events have had on the evolution of the relationship between India and Iran since the end of the Cold War.

In addition, India and Iran have common conventional and non-conventional security threats in their respective regions, such as terrorism, piracy, maritime threats, drugs and crimes. This is a compulsion on India and Iran to be in a position to consider cooperating in the security domain, particularly in the Indian Ocean and the Persian Gulf, to strengthen their relationship. In this context, the study focuses on the conventional, especially non-conventional, threats of India and Iran in the regions and also their security collaborations in the post-Cold War period.

Systemic factors, like major powers, have a significant role in shaping the dynamics of relations between India and Iran in the post-Cold War period. The involvement of major powers added layers of complex dynamics to India's and Iran's relations. In this scenario, the study locates the role of major powers such as the US and China in India and Iran relations in the post-Cold War period. The study attempts to understand the influence of systemic factors in the dynamics of the India and Iran relationship.

The states pursue economic relations with their counterparts to fulfil domestic financial requirements. It involves mutually enhancing each partner's economic profile through collaboration, benefiting both parties. Therefore, another critical aspect of the study is to analyse the economic relations between India and Iran and examine India's energy security. The question is relevant in the study to analyse the economic ties between India and Iran and whether they exhibited complementarity in their imports and exports.

In this background, the present study seeks to ask the following questions: How does one perceive the key developments in India and Iran relations in the post-Cold War period through the prism of neorealism by contextualising them against the backdrop of key developments in the ties in the past? How have the global/regional developments in the post-Cold War era influenced India and Iran relations? What are the major domestic and individual level factors contributed to the shaping of India and Iran relations in this period? What are the common security and economic concerns and divergence, along with areas of convergence, embedded in their relations? Based on these research questions, the study has specific broader objectives: To study the historical background of India and Iran relations; to examine the impact of regional changes involving Pakistan, Afghanistan, Central Asia, Israel, and Saudi Arabia on India and Iran relations; to evaluate multilinked regional connectivity initiatives and economic ties, emphasising energy cooperation's role in enhancing India's energy security; to examine the security dimensions and collaborations; to study the role of major global powers, namely the US and China, on the bilateral dynamics between India and Iran relations; and to understand the areas of convergence and divergence in India and Iran relations in the post-cold War period as an outcome of various factors ranging from global to individual levels that shape the relations.

Chapterisation of the Study

The thesis is structured into seven chapters, including a preface and a conclusion. The first chapter discusses neorealist theory to understand the nature and dynamics of India and Iran relations in the post-Cold War period. The chapter is divided into two major sections. The first section examines the fundamental theoretical underpinnings, encompassing realism and its modified form, neorealism. This analysis focuses on the fundamental principles of neorealism, clarifying its core concepts and underlying foundations. Following that, the subsequent section of the chapter presents neorealism as the comprehensive theoretical framework for the investigation of the present study. In this section, the focus shifts towards a nuanced analysis of the relationship between India and Iran through the lens of neorealism. The chapter ends with concise concluding remarks, synthesising observations from the neorealist analysis of India and Iran relations in the post-Cold War geopolitical context.

The second chapter presents a historical and political account of the relations to highlight the dynamics of India's and Iran's ties. After providing an account of the historical, cultural, and economic ties, the chapter shows how the relations of these two countries evolved and were later influenced by Cold War power politics. It examines various viewpoints expressed by political leaders from India and Iran. It underlines the role of various national, regional and global factors that influenced India and Iran's relationship throughout the Cold War period. This chapter is mainly classified into three sections: the first section is an analysis of historical ties between India and Iran, the second section discusses their relations in the Cold War period, and the third section examines the trade ties between them.

The third chapter examines the converging and diverging regional interests and complex regional dynamics that have significantly influenced the dynamics of India and Iran relations over this timeframe. The first part of the chapter examines the involvement of regional actors in the relationship between India and Iran, while another section analyses the convergence of interests between India and Iran in the Central Asian region.

The fourth chapter attempts to provide a nuanced understanding of India and Iran's security challenges in the post-Cold War period. The chapter also analyses dynamic security cooperation between these two countries, highlighting the shared interests in the geopolitical landscape. This chapter is structured into three main sections. The first

section explores conventional security threats, the second section examines non-traditional security threats, and the last section analyses the security collaboration between India and Iran.

The fifth chapter attempts to analyse the regional connectivity initiatives between India and Iran, specifically focusing on the multimodal regional transport system they built in collaboration with other regional players. It also explores the political and strategic implications of regional connectivity initiatives between India and Iran, focusing on the influence of China-Pakistan transport corridors in the region. The first section of the chapter examines India's and Iran's multilinked regional corridor initiatives. The second section of the chapter discusses the political and strategic implications of the regional connectivity corridors.

The sixth chapter analyses the Iranian nuclear programme and its complex political dynamics, focusing on the participation of the US and China as two major global powers. It also analyses the relations between Iran and China and assesses their implications for India's relationship with Iran. In addition, the chapter examines India's stance on the issue of Iranian nuclear proliferation. The first part of the chapter discusses Iran's nuclear programme and the US's response. The second part examines China and Iran relations and their implications for India's ties with Iran. The last part of the chapter analyses India's position in the Iranian nuclear programme and the US involvement in India and Iran relations.

The seventh chapter aims to analyse the trade relations between India and Iran and India's reliance on Iran's oil and gas resources in the post-Cold War period. The first part of the chapter focuses on the economic policies of India and Iran, as well as their non-oil trade export and import ties since 1991. The final section of the chapter examines India's energy collaboration with Iran and poses a question of assessing their energy ties to fulfil India's energy security requirements. In addition, the chapter aims to analyse whether India and Iran's trade ties can determine whether their economic ties are complementary. After delving into various themes and issues through the discussion spread over seven chapters, the conclusion section of the study put forth core arguments based on inferences from the analysis presented.

Methodology

Overall, the study employs a combination of historical and empirical analysis, utilising primary and secondary sources to investigate the topic. Empirical data was sourced from scholarly works such as published works, journal articles, government and international institutes' databases and media reports. Additionally, interviews of academic officials in the Iranian Consulates (in India) also form the sources for the study. Besides, the study relied on Indian and Iran government foreign records, parliament debates and other documents available in the public domain, such as the research studies of think tanks and research organisations (public and private) on India and Iran relations.

Chapter 01

Post-Cold War India and Iran Relations: A Neorealist Framework

After the conclusion of the Cold War, the United States (US) led bloc of liberal democracies emerged victorious, precipitating numerous changes in global politics. This shift marked a significant realignment in international relations and power structures. Following the dismantling of Cold War binaries, several nations which were part of various military and ideological alliances, embarked on the pursuit of foreign policies aimed at safeguarding their respective national interests. Some viewed democracy along with a liberal economic model as a solution to many of their problems.¹ Though liberal democracy was seen as triumphant, foreign policies of the countries remained focused on securing national interests by keeping the uncertain nature of the political developments into consideration. This chapter employs neorealist theory to understand the nature and dynamics of India and Iran relations in the post-Cold War period. The chapter is divided into two sections. The first section thoroughly examines the fundamental theoretical underpinnings, encompassing both realism and its modified form, neorealism. This analysis will focus on the fundamental principles of neorealism, explaining its core concepts and its underlying foundations. Following that, the subsequent section of the chapter presents neorealism as the comprehensive theoretical framework for the analysis of the present study. In this section, the focus shifts towards a comprehensive analysis of the relationship between India and Iran through the lens of neorealism. The chapter finally ends with a concise set of concluding remarks, synthesising observations obtained from the neorealist analysis of India and Iran relations in the geo-political context of the post-Cold War period.

Significance of Theory in International Politics

Generally, a theory refers to a methodological framework applied to analyse and evaluate a phenomenon within a specific discipline, utilising different variables for validation.² Additionally, theory can serve as a valuable tool for anticipating future trends and challenges, enabling proactive rather than reactive policymaking. In international

¹Francis Fukuyama, "The End of History?," *The National Interest*, no. 16 (1989): 3–18.

²Karl E Weick, "Theory Construction as Disciplined Imagination," *The Academy of Management Review*, 14, no. 4 (1989): 516–531.

politics, International Relations Theory (IRT) is used to provide insight into past events and forecast potential future developments by using some methodological tools.³ It involves building of theoretical frameworks that aid in understanding and expounding occurrences and phenomena in global politics. Scholars within the field of International Relations (IR) have formulated various theoretical frameworks with the objective of elucidating the dynamics of regional and international politics and the conduct of participants in them. Such theoretical frameworks include Realism, Idealism, Liberalism, Critical theory/Marxism, Constructivism and Feminism, among others. These theoretical approaches have sub-sets as well. For instance, realism has a neorealist approach, and liberalism has neoliberalism and institutional liberalism.

Introduction to Realism as a Theory in International Relations

Realism is a major and persistent theoretical approach in the discipline of international relations, which offers insight into the policies adopted by states as well as how global politics evolve. With the belief that states are driven by power and national interest, realism has been a strong force in its role in shaping discourse about international politics.⁴ Realism is among the major theories that theorists have employed to analyse and interpret how states act within international politics. It offers a conceptual framework for understanding and examining the conduct of nation-states in the context of global politics.⁵ Thus, one can argue that realism remains a prominent theoretical framework that offers valuable perspectives on conflicting and, at times, the cooperative behaviours exhibited by actors in the realm of international politics. It is the oldest and most widely used theory in the field of international affairs and has evolved over time with different variations, including neorealism and neoclassical realism.⁶ In addition, the enduring relevance of these theories implies its ability to adapt to changing global dynamics and challenges, making it a foundational framework for understanding the complexities of international relations in the contemporary world.

³The works of William Fox, Stanley Hoffmann, Klaus Knorr, Sydney Verba, Horace Harrison, James Rosenau, Morton Kaplan, J.W. Burton, Hans J. Morgenthau, J. David Singer, etc., have endeavoured to develop a theoretical perspective of this discipline. Several factors inspire efforts to propound a general theory of international relation.

⁴Hans Morgenthau, "Realism in International Politics," *Naval War College Review* 10, No. 5(1958): 1–15.
⁵Alan James, "The Realism of Realism: The State and the Study of International Relations," *Review of International Studies* 15, no. 3 (1989): 215–29

⁶ack Donnelly, "Realism," in *Theories of International Relation*, ed. Jack Donnelly (New York: Palgrave Macmillan, 2005), 29.

Realism argues that power is the primary concern in international politics, with great nations being the key actors that rigorously assess their economic and military capabilities in relation to one another.⁷ Realism is grounded in the assumption that international politics is primarily characterised by competition, conflict, and the pursuit of power and security. The theory places significant emphasis on the limitations imposed on political dynamics due to inherent human self-interest, sometimes referred to as 'egoism', as well as the absence of a centralised worldwide governing body, often referred to as 'anarchy' (Resembles a Hobbesian state of nature).

Theorists like Thucydides, Niccolo Machiavelli, Thomas Hobbes, and Hans J Morgenthau have strengthened the realist school of thought through their writings.⁸ Realism delineates fundamental characteristics that influence its understanding of global and regional affairs. Essentially, this idea emphasises that the state is the most important player and is placed at the centre of analysis. States, considered as key participants, manoeuvre on the global stage, motivated by the need to ensure their survival and enhance their influence within a competitive and anarchic system.⁹ Realism asserts that the international arena is characterised by the absence of a global governing body, resulting in a context where states are compelled to act autonomously.¹⁰ The rational actor model is crucial, as it posits that states are driven by their national interest, which is generally characterised by considerations of security, power, and the welfare of their inhabitants. Power politics is prioritised, highlighting the significance of power in international relations. States actively strive to amass power in order to enhance their security and exert influence.

According to realism, the balance of power is a vital notion that functions as a mechanism to prevent one state from exerting dominance over another. States form coalitions and engage in balancing behaviour to establish a distributed power structure, acknowledging the inherent insecurity of an anarchic society. Realism recognises the existence of a

⁷John J. Mearsheimer, "Structural Realism" in *International Relations Theories Discipline and Diversity*, ed. Tim Dunne, Milja Kurki, and Steve Smith (United Kingdom: Oxford University Press, 2007), 71.

⁸ Agung Wicaksono, Cifebrima Suyastr, Rio Sundar, "Understanding Political Realism: A Review of the Thoughts of Thucydides, Machiavelli, Hobbes, and Morgenthau," *Journal of Government and Political Issues* Volume 2, Issue 2, July 2022 (80–91), DOI: 10.53341/jgpi.v2i2.52

⁹⁹ Randall L. Schweller, And David Priess, "A Tale of Two Realisms: Expanding the Institutions Debate," *Mershon International Studies Review* 41, No. 1 (1997): 1–32. <https://doi.org/10.2307/222801>.

¹⁰ Justin Rosenberg, "What's the Matter with Realism?" *Review of International Studies* 16, no. 4 (1990): 285–303.

security dilemma in which defensive actions taken by one state can be interpreted as aggressive by other states. Within this paradigm, the behaviour of states is defined by practical assessments of self-interest while disregarding moral or ethical factors. The lens of realism frequently portrays a rather negative perspective on human nature, emphasising themes of self-interest and rivalry in the international sphere.

Different strands of Realism

Classical Realism, represented by thinkers like Hans Morgenthau and E.H. Carr, emphasises the significant role of human nature and individual agents, especially in domestic politics, in influencing the actions of states.¹¹ This viewpoint emphasises the complex processes of how states interact in global politics, attributing them to the underlying traits of human nature and the choices made within a state's internal political environment. Their main argument is that human nature is *animus dominandi*, i.e., humans want to dominate¹², an argument presented by classical realism. Classical realism emphasises the role of human nature, individual leaders and domestic factors in shaping state behaviour, attributing actions to power-seeking and self-interest in world politics.

Neo-realism, also known as structural realism, was formulated by Kenneth Waltz and diverts the analytical attention from individual nations to the configuration of the international system. It argues that the allocation of power among states is the main factor influencing their behaviour. Defensive realism, one of the strands of neo-realism, as advocated by researchers such as Robert Jervis, argues that states place a higher importance on safeguarding their own security rather than pursuing aggressive expansion.¹³ Conversely, offensive realism, associated with John Mearsheimer, posits that governments are primarily driven by a quest for power and security, aiming to optimise their influence within a competitive global framework. The various realism viewpoints provide valuable insights into the complicated dynamics of international relations, which involve both the complexities of human conduct and the systemic structure of the global stage.

¹¹ M.S. Niou Emerson, and Peter C. Ordeshook, "A Theory of the Balance of Power in International Systems," *The Journal of Conflict Resolution* 30, no. 4 (1986): 685–715.

¹² Hans Morgenthau, *Politics among Nations: The Struggle for Power and Peace* (New York: Alfred Knopf, 1954). Peter Gellman, "Hans J. Morgenthau and the Legacy of Political Realism," *Review of International Studies* 14, no.4 (1988): 247–66.

¹³ Robert Jervis, "Realism and the Study of World Politics," *International Organization*, Vol. 52, No. 4 (autumn 1998), 971-991.

Introduction to Neorealism as Strand of Realism in International Relations

Neorealism, or structural realism as it is called, due to its focus on the structure of international politics, holds significant theoretical relevance within the field of IR since it endeavours to comprehend and elucidate the complexities inherent in it. Like realism, neorealism is also primarily concerned with state security, survival, power, and national interest.¹⁴ One of the prominent proponents of neorealism has been Kenneth N Waltz, an American political scientist. Waltz expounded his theory through his significant works, specifically *Man, The State and War* (1959) and *Theory of International Politics* (1979). Among these, the latter is particularly recognised as a major text that laid the foundations for neorealism or structural realism.

Waltz acknowledges the fundamental concepts of realism, particularly the state's crucial role in global politics. However, he also emphasises important distinctions from classical realism, such as a change in causal links between actors, a new understanding of power and a unique treatment of the unit level.¹⁵ In contrast to what came to be known as classical realism, Waltz places greater emphasis on the structure of the international system. While doing so, Waltz does not pay less attention to the state-centric perspective of international politics. He argued that all actors in the international system have to play the same role, regardless of their size, strength, or type of government. Waltz presented a critique of Morgenthau's theory, contending that it places significant emphasis on the state's tendency to pursue power maximisation or act as a dominant force.¹⁶ Neorealism emphasises the international system's structural features, underlining that states' actions and interactions are greatly influenced by power distribution in an anarchic system.

Neorealism argues that the international system is characterised by an anarchic structure where states are positioned within this structure in a hierarchical manner based on their relative power. Thus, it deviates from classical realism in that international politics operates inside an anarchic framework, not from the inside of the states, a perspective of

¹⁴Steven Forde, "International Realism and the Science of Politics: Thucydides, Machiavelli, and Neorealism," *International Studies Quarterly* 39, no. 2 (1995): 141–60, Martin Griffiths and Terry O' Calaghan, *International Relations: The Key Concepts* (London: Taylor and Francis, 2002), 278. Keith Topper, "The Theory of International Politics? An Analysis of Neorealist Theory," *Human Studies* 21, no. 2 (1998): 157–86.

¹⁵ Kenneth N Waltz, "Realist Thought and Neorealist Theory," *Journal of International Affairs* 44, no. 1 (1990): 21–37.

¹⁶ Waltz, "Theory of International Politics," 60–66. For reference see, Kenneth N Waltz, "Structural Realism after the Cold War," *International Security* 25, no. 1 (2000): 5–4.

Classical Realism.¹⁷ This implies that the dynamics of state interactions within the global system can be explained by a specific framework of actions or structural elements. In international politics, there is an anarchic structure where states are considered to be the primary units or actors. According to Martin Griffiths, a prominent scholar in IR,

*“States behave in accordance with the material and structural incentives present in the international system. Their actions and strategies are shaped by calculations regarding their respective positions within the system, as the distribution of capabilities among states defines the overall structure of the international order.”*¹⁸

According to neorealism, ‘structure’ in international politics is anarchic, but it does not denote the presence of chaos and disorder. Neorealism views anarchy as the absence of a world government or supranational power that can regulate the behaviour of actors in the international system.¹⁹ However, it also sees anarchy as a form of order that exists without a centralised authority or ultimate arbiter. Hierarchy is just an antonym of anarchy where a state of order is to be noted as the character, and it is more visible in units or states. The global political system lacks legal and orderly arrangements, and like realists, neorealists also acknowledge the inherent instability of the anarchic structure.²⁰ In an anarchic-structured global system, actors with greater power hold significant influence and are considered the major actors who shape and operate the system. On the other hand, neorealism argues that states operate in anarchy that is, there is no structural restraint or no apex body to regulate their behaviour.²¹ They underlined the fact that no legitimate supranational authority was designed since the *Westphalian*²² model of the modern state system emerged to regulate the international anarchic system. In this structure, all actors

¹⁷Patrick James, “Neorealism as a Research Enterprise: Toward Elaborated Structural Realism,” *International Political Science Review* 14, no. 2 (1993): 123–48.

¹⁸Martin Griffiths, Terry O’Callaghan and Steven C. Roach, *International Relations: The Key Concepts* (London and New York: Routledge, 2008), 11.

¹⁹Robert Powell, “Review of *Anarchy in International Relations Theory: The Neorealist-Neoliberal Debate*,” by Robert O. Keohane and David A. Baldwin. *International Organization* 48, no. 2 (1994): 313–44. For reference see Waltz, *Theory of International Politics*, 88.

²⁰ Robert Keohane, Joseph Nye, *Power and Interdependence* (United Kingdom: Scott, Foresman, 1989), 54.

²¹ Kenneth N Waltz, *Theory of International Politics*, (California: Addison-Wesley Publishing Company, 1979), 1-79.

²²Term used in international relations, supposedly arising from the Treaties of Westphalia in 1648 which ended the Thirty Years War. It is generally held to mean a system of states or international society comprising sovereign state entities possessing the monopoly of force within their mutually recognized territories.<https://www.oxfordreference.com/display/10.1093/oi/authority.20110803121924198#:~:text=T erm%20used%20in%20international%20relations,within%20their%20mutually%20recognized%20territories>.

are motivated by their own pursuit of existence, as there is no central authority to punish those who violate norms or rules. According to Waltz, “a self-help system is one in which those who do not help themselves, or who do so less effectively than others, will fail to prosper, will lay themselves open to dangers, will suffer.”²³ This concept underscores the competitive nature of international relations, where states are compelled to prioritise their own interests and security in order to thrive in a complex and anarchic world.

Kenneth Waltz, in his work “Theory of International Politics,” focuses primarily on the distribution of power as a core concept. According to Waltz, this theory posits that the acts and abilities of the major powers in a given historical period have a fundamental impact on the dynamics of international politics. The distribution of power pertains to the comparative potency and sway of these prominent actors on the global platform. According to Waltz, the distribution of power among states, whether it is bipolar (two major powers), multipolar (many major powers), or unipolar (one major power), has a significant impact on the behaviour of nations. In a bipolar system, such as one where two main powers hold dominance, the interactions and strategies of states may vary in comparison to a multipolar system that involves numerous key actors. Neorealism considers the distribution of power among states as a crucial aspect of the international system.

The principle of the distribution of power, particularly in terms of economy and defence, plays a crucial role in shaping the power dynamics among states. The ability of states to perform common tasks and functions determines their power, with variations leading to differentiation among them. This capability is key to measuring and comparing the power of states, ultimately influencing their position in the international system. The distribution of capabilities gives rise to a balance of power behaviour, where states strive to maintain equilibrium.

The balance of power is a fundamental principle in neorealism that refers to the distribution of military and economic capabilities among states in the global system. The balance of power refers to the distribution and equilibrium of capabilities, encompassing military, economic, and technological strengths among states. States, driven by a self-help mechanism, constantly assess and react to changes in this distribution. Kenneth

²³Waltz, *Theory of International Politics*, 118 For reference see, Kenneth N Waltz, “The Origins of War in Neorealist Theory,” *The Journal of Interdisciplinary History* 18, no. 4 (1988): 615–28.

Waltz examines the concepts of balance of power and cooperation in the context of an international system described by neorealism. Waltz argues that the balance of power is a vital function in the international system, acting as a stabilising force that prevents the rise of a dominant state. Within the framework of neorealism, states exhibit balancing behaviour by either creating coalitions or adapting their methods in order to counterbalance the influence of a potentially dominant actor. The basic goal is to sustain equilibrium to prevent any individual state or alliance from becoming excessively dominant, thereby avoiding aggression and promoting stability.

The security dilemma in neorealism underscores the paradoxical challenge that states face in their pursuit of security within an anarchic international system. According to neorealism, the security dilemma arises from the inherent uncertainty and lack of a central authority to enforce order among states. The dilemma is characterised by a situation where one state's efforts to enhance its security, often by increasing its military capabilities, can inadvertently be perceived as a threat by other states. If a country strengthens its self-reliance and increases its relative power to counterbalance others, it may create anxiety among other actors, leading to a security dilemma.²⁴ For instance, this fear, in turn, leads to a security dilemma, where neighbouring or rival states perceive the growing power as a potential threat to their own security. As a response to this perceived threat, other states engage in security build-up and balancing measures to ensure their own survival. In this zero-sum world, it is difficult to say a state can improve its self-help system for survival without threatening others, and definitely, it would occur at the expense of others. Naturally, when threatened states perceive a risk to their survival, they take whatever measures are necessary to ensure their own security. This, in turn, poses a threat to other states, ultimately resulting in an ongoing cycle of security competition.²⁵ This can lead to a cycle of mistrust and arms race.

Defensive and Offensive Realism

Defensive realism emphasises the importance of increasing state power through various means. Kenneth N Waltz, being an advocate of defensive realism, emphasised “the concept of the states should strive for appropriate power”. It means that each state requires

²⁴Glenn H Snyder, “The Security Dilemma in Alliance Politics,” *World Politics* 36, no. 4 (1984): 461–95.

²⁵John J. Mearsheimer, “Theories Discipline and Diversity,” 80.

only a certain amount of power; increasing excessive power is to be treated as unnecessary. According to the defensive realists, the power:

*“Acknowledging that the international system presents compelling incentives to pursue additional power, realist scholars argue against the strategic pursuit of hegemony. According to their perspective, states should not prioritize the maximization of power, but instead strive for other strategic objectives.”*²⁶

Joseph M Grieco, a proponent of defensive, also known as positional realism, states that there is an abundance of security available. Major Powers strive to maximise their security by maintaining the current balance of power through predominantly defensive strategies.²⁷ For defensive realists, ‘the hegemony’ is not at all a target; only survival is the central goal of actors. Waltz’s exemplified bipolar system is a stable political order, and a multipolar is more chaos and conflict.²⁸ It, simply means that the neorealists recognise possession of a certain amount of power is required to maintain the security of actors.

Offensive realism, on the other hand, goes to the extent of arguing that the states can prefer options such as physical force or harmful steps to protect their national interests when they are facing imperil in an anarchic-structured world. John Mearsheimer, Robert Gilpin, Liberman, Randall L. Schweller, and Elman, offensive realists, argue that the anarchic nature of the international system compels states to strive for greater shares of global power and to pursue superiority rather than equality. This drive for dominance is motivated by the need to enhance their own security and increase their chances of survival. The ultimate objective of every major power is to establish itself as the hegemon.²⁹ Mearsheimer, a leading offensive realist, argues that as states ought to constantly seek out opportunities to acquire additional power and capitalise on them whenever they appear viable. It is crucial for states to maximise their power as much as possible, with their ultimate objective being the attainment of hegemony.³⁰ The pursuit

²⁶ Waltz, *Theory of International Politics*, 40.

²⁷ J.M Grieco, *Cooperation among Nations: Europe, America, and Non-Tariff Barriers to Trade* (Ithaca: Cornell University Press, 1990), 27. J.M Grieco, “Realist Theory and the Problem of International Cooperation: Analysis with an Amended Prisoner’s Dilemma Model,” *The Journal of Politics* 50, no. 3 (1988): 600–624.

²⁸ Robert Jackson and George Sorenson, *Introduction to International Relations Theories and Approaches* (New York: Oxford University Press, 2003), 13.

²⁹ Steven E. Lobell, “Defensive Realism,” 1-17.

³⁰ John J. Mearsheimer, “Structural Realism’ in International Relations Theories Discipline and Diversity,” in *International Relations Theories: Discipline and Diversity*, ed. Tim Dunne, Milja Kurki, and Steve Smith (London: Oxford University Press, 2007), 32.

of dominance by nation-states is often considered to be the most effective strategy for ensuring their survival in both regional and global contexts.

Neorealism: Three Images of the World

The fundamental principles of neorealism encompass various aspects, including the anarchic nature of the global system/systemic, state/domestic/ or individual levels.³¹

Domestic level Analysis

Neorealist, notably Kenneth N Waltz, while criticising argues that domestic factors of a country become less important than the structural factors of the international politics that guide the policies of a state.³² All these cannot influence the international system, as it determines the state's behaviour, not the other way around. However, Waltz recognises the significance of unit-level factors that impact systemic-level outcomes. Nevertheless, he also advises caution about the potential consequences of blending both levels, emphasising the importance of theory and case selection. Waltz, in his analysis of international politics, recognises that structural considerations alone are insufficient to determine the behaviour of states in the international system. He argues that a combination of domestic and individual-level elements must also be taken into account to some extent.

Foreign policy decisions are significantly influenced by the interests and perspectives of influential leaders and elite groups who operate within an anarchic system and a security architecture that exists in their respective regions in the presence of great powers. For instance, in his *India's Foreign Policy: Retrospect and Prospect* (2007), Sumit Ganguly presents a comprehensive analysis of the various national, personal, and systemic elements that shape India's decision-making process in the arena of foreign policy.³³ The domestic level of analysis examines the influence of important individuals, such as

³¹According to Waltz, “we have to distinguish between a theory of international politics (systemic) and a theory of foreign policy (reductionist). Reductionist theories understand international politics in its entirety by knowing the attributes and the interactions of its parts (the states), either through explanations of group behaviour resulting from the psychological study of the group’s members or through efforts to explain international politics by studying state bureaucracies (Waltz 1979: 18). Reductionist theories explain international outcomes through “elements” or “combinations of elements” located at the national or subnational level; internal forces produce external outcomes. For more understanding, see Chapter 02, and Chapter 04, book of Kenneth Waltz Theory of Internal Politics, 1979.

³²Waltz, *Theory of International Politic*, 60

³³Sumit Ganguly, *India's Foreign Policy: Retrospect and Prospect* (London: Oxford University Press, 2010), 152-167.

political leaders and decision-makers, in influencing foreign policy. Ganguly examines the impact of leaders' personalities, beliefs, and ideologies on India's position in the global arena. An analysis is conducted on the influence of high-level state visits undertaken by leaders from India and foreign countries on their bilateral relations. Interpersonal relationships among leaders can have a pivotal impact on the formation of diplomatic relations and the shaping of foreign policy choices.

Regional Level Analysis

In the realm of regional dynamics, another dimension of systemic level factors, neorealism provides a valuable prism for understanding the interactions among states within a specific geographical area. The theory's core tenets, such as the anarchic nature of the international system, the distribution of power and the imperative for states to balance against potential threats, offer insights into regional security dilemmas and power dynamics.³⁴ Neorealism's application to regional politics involves analysing how states strategically form alliances, engage in balancing behaviours, and navigate security complexes within their immediate geographic context.

The regional theoretical perspective of neorealism, as articulated by scholars like Kenneth Waltz and Sumit Ganguly, centres on the influence of international structure on state behaviour within specific regions. In the analysis of rapidly changing regional dynamics with geopolitical and geo-economic significance, the focus shifts to a balance of power struggle, particularly concerning the involvement of extra-regional powers.³⁵ Neorealism, as understood from Waltz's systemic approach, underlines how states respond to structural changes and engage in a perpetual balancing act to maintain stability. Sumit Ganguly extends this perspective to the regional level, emphasising the role of regional powers (those within the region) and revisionist powers (those challenging the status quo) in shaping regional dynamics.³⁶

Systemic Level Analysis

By adopting a systemic approach, neorealism seeks to provide a comprehensive

³⁴ Sezai Özçelik, The Cold War Re-Visited: Explaining and Understanding of the End of the Cold War in Light of Neo-Realism, *The Turkish Yearbook of International Relations*, Volume 49 (2018),1-20.

³⁵ Kenneth A Oye, "Explaining Cooperation under Anarchy: Hypotheses and Strategies." *World Politics* 38, no. 1 (1985): 1-24.

³⁶ Bawa Singh, "India's foreign policy in the twentieth century: shifting paradigm," *the Indian journal of political science* 76, no. 2 (2015): 237-44.

understanding of how the overarching structure of the international system shapes the interactions, strategies, and outcomes of states in the realm of international politics. Neorealism focuses on the systemic approach³⁷ that looks beyond individual states and emphasises the broader structural influences of the international system on players of the system, i.e., the states.³⁸ In this systemic approach, the behaviour of states is seen as a result of the constraints and opportunities created by the structure of the system rather than being primarily driven by internal factors such as the nature of a particular state or its leadership.

At the systemic level, a country's foreign policy is examined in relation to the wider international context, taking into account how global events and structures impact it. This includes assessments of the country's geopolitical standing, its interactions with influential nations, and the influence of worldwide developments on its decisions about foreign affairs. Similar to Waltz, Sumit Ganguly also provides an analysis of India's foreign policy after the Cold War, considering factors such as globalisation, regional dynamics, and the changing geopolitical landscape.

India and Iran Relations from a Neorealist Perspective

Studying the neorealist perspective is not just a theoretical exercise; it offers a lens for understanding global politics. The core arguments of neorealism make it easy to claim that it has some advantages over realism in analysing the behavioural patterns and interactions demonstrated by India and Iran within the realms of regional and global politics. It appears that neorealism is helpful to elucidate the behaviour of India and Iran as two significant actors who seek to preserve the existing state of affairs (status quo maintain), as opposed to those who aim to challenge or revise it (revisionists), within the realm of international politics.³⁹ India and Iran preserve the status quo highlighting their

³⁷Kenneth N Waltz developed early ideas about such a systemic theory of international politics in the 1950s with his Ph.D. dissertation on Man, the State and the state system in theories of the causes of war at Columbia University in New York (1954) and his book *Man, the State and War: A Theoretical Analysis* (1959). Waltz argues that, in order to study international conflict, we have to look at the systemic level of international politics. The causes are not to be found in human behaviour or in the internal structures of the state.

³⁸ Joseph S Nye, Review of *Neorealism and Neoliberalism*, by Robert O. Keohane and Richard Rosecrance, *World Politics* 40, no. 2 (1988): 235–51. James, “Toward Elaborated Structural”, 123–48. Alexander E. Wendt, “The Agent-Structure Problem in International Relations Theory,” *The MIT Press*, Vol. 41, No. 3 (Summer, 1987), 335–370. Stephen A Kocs, “Explaining the Strategic Behaviour of States: International Law as System Structure.” *International Studies Quarterly* 38, no. 4 (1994): 535–56.

³⁹ Stacie, E Goddard, “Embedded Revisionism: Networks, Institutions, and Challenges to World Order.” *International Organization* 72, no. 4 (2018): 763–97

importance as stabilising forces in both global and regional politics. This recognition underlines they have an interest in maintaining stability and balance in the complex structure of global politics.

The rationale for choosing neorealism as the guiding theory is justified by its capacity to elucidate the behaviour and interactions of these nations, like India and Iran, in both global and regional politics. Neorealism plays a key role in unravelling India and Iran's joint commitment to maintaining the status quo, a shared pursuit of maximising power through defensive realism and strategic positioning to influence the international structure by distributing power and enhancing self-help capabilities. By adopting neorealism, the study aims to uncover the nuanced dynamics that drive India and Iran relations in the post-Cold War era, providing a comprehensive understanding of their roles within the global and regional geopolitical landscape.

In light of this argument, the present study employs neorealism as its theoretical framework to analyse India and Iran relations in the post-Cold War era. It enhances understanding of the complex dynamic of India and Iran relations. Each chapter of the study thoroughly explores the analysis of India and Iran relations within the neorealism framework. The following sections of this chapter examine India and Iran relations, employing neorealism's methods and core concepts.

India and Iran: Key Actors in International Politics

Neorealists classify the status of India and Iran as regional powers.⁴⁰ In addition, India is currently recognised as an emerging economic power (According to IMF, India possesses the 5th largest economy globally, with a GDP of \$3.75 trillion and per capita income).⁴¹ In a way, India maintains significant regional influence, especially in South Asia and its immediate neighbourhood. With its growing economic clout, India has started to increase its strategic influence beyond its traditional regions of strength. Apart from these aspects, in recent times, the global recognition of India is attributed to its growing international market (India's population was 144.17 crores in 2024).

⁴⁰Md. Abdul Gaffar, "Iran as a Regional Power in West Asia: Opportunities and Challenges," *World Affairs: The Journal of International Issues* 19, no. 3 (2015): 64–83.

⁴¹ IMF Data Mapper, (India)

https://www.imf.org/external/datamapper/profile/NGDP_RPCH@WEO/OEMDC/ADVEC/WEOWORLD, Accessed 12 September 2016.

India possesses considerable soft power resources due to its historical background, broad cultural legacy (historical experiences and heritage), democratic principles, art, music, dance, and festivals and notable achievements in areas such as digital and technological innovations.⁴² The successful Bollywood movie industry spreads Indian culture worldwide. Besides, India is a hub for spiritual traditions and beliefs; its yoga and meditation practices draw people from across the world. The global recognition of Indian foods and spices shows its delicious richness. International students are drawn to top universities and the intellectual legacy of India. India's worldwide leadership is due to its engagement in international organisations' peacekeeping efforts with the United Nations (UN). It is a significant contributor of troops to the UN Peace Keeping Operations, ranking among the largest participating nations and information technology competence.⁴³ This combination of diplomatic involvement, commitment to global peace, and technological prowess has bolstered India's standing on the global stage.

The Indian diaspora of around 20 million plays a vital role in projecting India's soft power. Indian diaspora propagates India's culture and sometimes promotes and helps in widening its foreign policy interests.⁴⁴ For instance, the Indo-American community in the US influenced Congress and Senators to sign the Indo-US Nuclear Deal in 2008.⁴⁵ The Indian Diaspora is becoming a valuable asset as more of them succeed in various professions in diverse nations.⁴⁶ India is a land of all major religions: Hinduism, Buddhism, Jainism, Sikhism, Zoroastrianism, Judaism, Christianity, and Islam. A significant proportion of the Muslim population in India consists of Shia adherents (an Islamic sect which is in majority in Iran). The community has thrived inside the country, particularly in relation to its cultural aspects. The Shia community has a significant role in shaping the dynamics of India-Iran relations, as Iran is the largest Shia Muslim country

⁴²David M Malone, "Soft Power in Indian Foreign Policy," *Economic and Political Weekly* 46, no. 36 (2011): 35–39.

⁴³H.H.S. Viswanathan, "India's Soft Power Diplomacy," Ministry of External Affairs Government of India, September 2019. <https://www.mea.gov.in/distinguished-lectures-detail.htm?850>, Accessed 06 December 2019

⁴⁴Vijay Chauhan, "Soft Power: A Foreign Policy Choice for India," *The Indian Journal of Political Science* 75, no. 2 (2014): 403–10.

⁴⁵The agreement between India and the US on civilian nuclear cooperation seeks to forge a "strategic partnership" between the two countries. On October 10, 2008, Parnab Mukherjee, the minister of external affairs for India, and Condoleezza Rice, the secretary of state for the United States, put the final stamp on the agreement.

⁴⁶Arthur G Rubinoff, "The Diaspora as a Factor in U.S-India Relations," *Asian Affairs* 32, no. 3 (2005): 169–87. See this article that articulates how the Indian diaspora, particularly the Indo-American community, acts as an alternative perception for decision-makers in both countries.

in the world. This diverse religious landscape serves as an attractive factor for spiritually motivated visitors from abroad. India holds a prominent position due to its multifaceted soft power attributes across the world.

Iran, on the other end, is strategically located in the Persian Gulf. From a geopolitical perspective, the country holds a strategically important position in West Asia due to its location along vital energy transit routes such as the Strait of Hormuz.⁴⁷ Iran is presently situated at the focal point of a worldwide dynamic characterised by a tug-of-war due to its strategic geographical position and complicated associations with both regional and international actors.⁴⁸ Iran's geographical advantage enables it to exert influence beyond its own boundaries. The country possesses a culturally strong heritage that is deeply connected with its Persian past. This has given rise to a distinct combination of political, economic, and social aspects in the country. Iran is primarily characterised by its adherence to Shia Islam (The Islamic Republic's official census says 88 per cent of Iranians are Shia), and this religious affiliation significantly influences several aspects of its culture, society, political landscape and foreign policy of Iran.

India and Iran: Maintaining Balance of Power

India and Iran, recognising the potential benefits of strategic partnerships to offset regional threats, have traditionally executed a balancing act in their diplomatic engagements with major global powers. For instance, India's strong relationship with the United States and Iran's alliances with Russia and China are likely to influence their respective interactions and policy decisions, reflecting the intricacies of their foreign relations strategies. Neorealists argue that states were interested in forming alliances or cooperating when faced with common threats.⁴⁹ India and Iran demonstrated a tendency to strengthen their regional and global alliances. They have shared concerns about

⁴⁷ Shahram Chubin, "Iran's Strategic Predicament," *Middle East Journal* 54, no. 1 (2000): 10–24.

⁴⁸ Mahdi Mohammad Nia, "Understanding Iran's Foreign Policy: An Application of Holistic Constructivism," *World Affairs: The Journal of International Issues* 15, no. 2 (2011): 106. For reference see, the Strait of Hormuz serves as a vital maritime passage connecting the Gulf of Oman and the Arabian Sea to the Persian/Arab Gulf. This strategic waterway is flanked by two neighbouring states. The Strait of Hormuz is characterised by a continuous border with Iran and Iranian islands, notably Qeshm Island, on its northern side. The southern boundary of the region in question is demarcated by the United Arab Emirates. For reference, see, Bashir Ali Abbas, "The Geography of the Strait of Hormuz and its Implications," *Institute of Peace and Conflict Studies* (2020):1-4.

⁴⁹ Stephen M Walt, "Testing Theories of Alliance Formation: The Case of Southwest Asia" *International Organization* 42, no. 2 (1988): 275–316.

regional instability, terrorism, and the rise of extremist groups.⁵⁰ These shared security concerns have occasionally brought them closer, enabling cooperation in different areas.

On the other hand, Iran seeks to utilise its economic resources and cultural influence to establish interdependence and make alliances based on soft power. Iran has also been making significant investments in its military capabilities, which encompass the development of ballistic missile technology and a nuclear enrichment programme.⁵¹ These endeavours aim to bolster Iran's self-reliance in terms of defence and interest in establishing military and defence agreements with potential partners. The distribution of capability between India and Iran is influenced by various factors related to their respective national powers, including natural resources, demographics, economy, military, and technology.⁵² Despite their varying capabilities, these nations engage in policy pursuits towards one another in order to safeguard their individual national interests, driven by shared convergences in specific areas. That is what neorealism would want them to do. Otherwise, the system would punish them, as Waltz argued.⁵³

India-Iran: Security Alliance and Dilemma

India and Iran share similar perspectives on the alliance system. They are pursuing various strategies to safeguard their national security.⁵⁴ For instance, India has a strategic partnership with the US, while Iran has maintained close ties with Russia and China. These alliances could impact their perceptions of each other's intentions and actions. The regional dynamics and the proximity of these two countries to conflict-prone areas have a significant impact on their security calculations. Iran's concern about regional stability and its aspirations for regional influence, coupled with India's need to secure its energy supplies and ensure regional stability, shape their interactions within the anarchic structure of the international system.⁵⁵ Both India and Iran have different security

⁵⁰ Khalid Rahman, "India-Iran Relations and Current Regional Dynamics," *Policy Perspectives* 7, no. 2 (2010): 27–49

⁵¹ Paasha Mahdavi, "Explaining the oil Advantage: Effects of Natural Resource Wealth on Incumbent Reelection in Iran," *World Politics* 67, no. 2 (2015): 226–67

⁵² Gregory F. Treverton Seth G. Jones, "Measuring National Power," *RAND-National Security Research Division*, 2005, https://www.rand.org/pubs/conf_proceedings/CF215.html. Accessed 13 January 2016

⁵³ Korab Karpowicz, W. Julian, "Political Realism in International Relations," *The Stanford Encyclopedia of Philosophy* (Summer, 2018). <https://plato.stanford.edu> Accessed 13 May 2019.

⁵⁴ Christine Fair, "India and Iran: New Delhi's Balancing Act", *The Washington Quarterly*, vol.30, no. 3,(Summer 2007);1-16

⁵⁵ For reference see, the report of RAND on Iran Security Policy in the Post-Revolutionary Era, Published in 2001. https://www.rand.org/content/dam/rand/pubs/monographreports/MR1320/RAND_MR1320.pdf, Accessed 18 August 2016.

concerns that drive their foreign policy choices. India has encountered significant security threats throughout its history in relation to its neighbouring countries like Pakistan and China. India and Iran were engaged in pursuing cooperative security measures with the aim of bolstering their respective self-defence capabilities. For instance, they were part of the Northern Alliance (1996-2001)⁵⁶ in countering the Afghan Taliban.⁵⁷

In line with the perspective of neorealism, it can be argued that India and Iran, like other nations, possess a shared desire to enhance their relative power in the region. Iran has a different set of circumstances in compare with India. Iran has significant opponents and a lack of clarity regarding the intentions of other actors (intentions cannot be empirically verified), resulting in a heightened state of uncertainty. The reliance of Arab countries on the US, in addition to the existence of US military bases in the Gulf regions and the military presence of NATO in Afghanistan (2001 to 2021), have all produced a threat factor to Iran's national security.⁵⁸

India's rise, on the other hand, as a regional power also created a security dilemma for its neighbouring countries like Pakistan and China.⁵⁹ As India's power enhances, other states perceive it as a threat, leading them to take defensive measures or seek alliances with external powers to counterbalance India's influence. This dynamic creates apprehension and competition in the region. India and Iran have experienced this dilemma vis-à-vis each other as well in the context of their regional security concerns. For instance, India's strategic partnership with the US, including defence ties and military exercises, could be perceived by Iran as a potential threat to its interests in West Asia.⁶⁰ Similarly, Iran's relations with Pakistan and China are also concerns for India regarding its own security in South Asia. The security dilemma is particularly pronounced when it comes to issues related to weapons of mass destruction. Iran's nuclear programme has been a source of

⁵⁶ Northern Alliance is a coalition of militias in Afghanistan who opposed the first Taliban regime from 1996 until the regime's fall in 2001. The alliance was instrumental in toppling the Taliban after receiving support from the United States. See the Britannica Encyclopaedia. <https://www.britannica.com/topic/Northern-Alliance>. Accessed 23 February 2019.

⁵⁷ Jayshree Bajoria, "India-Afghanistan Relations," *Council on Foreign* (July 22, 2009). <https://www.cfr.org>. Accessed 06 November 2017.

⁵⁸ For details see Max Fisher, "How the Iranian-Saudi Proxy Struggle Tore Apart the Middle East," *The New York Times* (19 November 2016). <https://www.nytimes.com/2016/11/20/world/middleeast/iran-saudi-proxy-war.html>. Accessed 24 December 2019.

⁵⁹ Obja Brah Hazarika and Vivek Mishra, "South Asia as A Battleground: Soft Power contestation between india and china," *World Affairs: The Journal of International Issues* 20, no. 3 (2016): 112–29

⁶⁰ Mohammad Soltaninejad, "Iran–India Relations: The Unfulfilled Strategic Partnership," *India Quarterly* 73, no. 1 (2017): 21–35.

concern for many countries, including India.⁶¹ While India itself is a nuclear power, it has supported non-proliferation efforts and has an interest in preventing further nuclearisation in its vicinity.

India and Iran: Nuclear Deterrence

Another aspect of the neorealist theory is that powerful weapons can act as deterrence against a powerful adversary who is under of retaliation. Therefore, nuclear weapons were seen by neorealists as the ultimate guarantee of security. Waltz argues that nuclear deterrence, achieved by the ability to launch a retaliatory strike, is the most effective means for states to achieve a sense of security in a world lacking a central governing authority.⁶² In addition, he contended that states possessing nuclear weapons may possess a motivation to prevent war compared to states armed with conventional weapons.⁶³ In line with this perspective, the concept of Mutually Assured Destruction (MAD) emphasises the idea that the possession of nuclear weapons by multiple states creates a situation where any aggression could lead to consequences for all involved, reinforcing the inclination for peaceful coexistence among nuclear-armed nations.

The Neorealist stance on nuclear deterrence found support in the nuclear policies of India and Iran. The international community has closely examined India's nuclear status in relation to its non-membership in the Nuclear Non-Proliferation Treaty (NPT) as well as the nuclear enrichment programme of Iran. The perspectives of the involved parties towards nuclear matters are shaped by their considerations of security and their goal of strategic autonomy. India conducted nuclear tests (1974 and 1998) with the objective of enhancing its defence capabilities and employing nuclear deterrence as a means to preempt security threats. Iran's endeavour to acquire nuclear capability can be interpreted as a logical reaction to the perceived security challenges it encounters in the region.⁶⁴ Iran perceives nuclear deterrence as a strategic tool to enhance its security stance and dissuade potential rivals from engaging in hostile behaviours.⁶⁵ Iran holds the perception that

⁶¹ Pant, *Indian Foreign Policy an Overview*, 166.

⁶² Telbami, Kenneth N Waltz, "Neorealism and Foreign Policy," *Security Studies* 11, no.3 (2002): 160. <https://www.researchgate.net DOI:10.1080/714005344>.

⁶³ Waltz, *Theory of International Politics*, 175.

⁶⁴ Harsh V Pant, "India's Nuclear Doctrine and Command Structure: Implications for Civil-Military Relations in India," *Armed Forces & Society* 33, no. 2 (2007): 238–64.

⁶⁵ Ahmad Reza Babaei, "Israel's Concerns and Iran's Nuclear Programme," *Economic and Political Weekly* 43, no. 6 (2008): 21–25.

engaging in nuclear enrichment has the potential to bolster its relative capabilities and position itself as a prominent regional force.⁶⁶

Individual Factors on India-Iran Foreign Policy

India and Iran leaders' approaches and their ideology were the significant individual factors in India and Iran relations. The foreign policy of India and Iran was significantly influenced by the interests and perspectives of their countries' leaders and elite groups. P.V Narasimha Rao took a break from the past, as the Prime Minister of India (1991—1996), made paradigm changes in India's external policy and largely reformed the domestic economic structure of the country in 1991.⁶⁷ Narasimha Rao exerted significant influence as a personal element, although he did not question the country's foreign policy orientation of the Non-Alignment Movement (NAM). He perceived that foreign policy autonomy would survive as the national identity in the space of international politics. He was the first Indian Prime Minister to undertake an official visit to Iran after the Islamic Revolution of Iran in 1993.⁶⁸ This visit had a significant role in strengthening the bilateral ties between the two nations of India and Iran in the post-Cold War period. His leadership poster was significant in redefining India and Iran relations. Indian Prime Minister AB Vajpayee called on Iran in 2001, and both countries drafted the Tehran and New Delhi declarations and inked a Road Map⁶⁹ to strategic cooperation and Strategic Dialogue.⁷⁰

In 2008, the US and India entered into a bilateral nuclear agreement known as the Civil Nuclear Deal, which resulted in India assuming the role of a strategic ally of the US under the leadership of Prime Minister Manmohan Singh (2004 - 2014). Since 2014, the National Democratic Alliance (NDA) led by Prime Minister Narendra Modi of the

⁶⁶ Clifton W. Sherrill, "Why Iran Wants the Bomb and what it Means for US Policy," *The Non-proliferation Review* 19, no.1, 31-49 (February 2012). <https://doi.org/10.1080/10736700.2012.655084>.

⁶⁷ Baldev Raj Nayar, "Political Structure and India's Economic Reforms of the 1990s," *Pacific Affairs* 71, no. 3 (1998): 335–58. Abdolmohammadi, Pejman and Giampiero Cama, "Iran as a Peculiar Hybrid Regime: Structure and Dynamics of the Islamic Republic," *British Journal of Middle Eastern Studies* 42, no. 4 (2015): 563.

⁶⁸ C. Christine Fair, "Indo-Iranian Ties: Thicker Than Oil," *Middle East Review of International Affairs*, vol. 11, No. 1 (March 2007).

⁶⁹ This document follows the New Delhi Declaration closely and establishes a targeted framework for fulfilling the objectives set forth by the Declaration.

⁷⁰ India-Iran Strategic Dialogue has been established following the decision taken by Prime Minister A.B. Vajpayee and President Khatami during the former's visit to Iran. The dialogue underscores the great importance that both countries attach to bilateral relations. The discussions between the two sides today focussed on; (i) Regional and international security perspectives. (ii) Security and Defence Policies of India and Iran, and (iii) Issues related to the international disarmament agenda. India and Iran share common perspectives on several important issues effecting security and stability in the region.

Bharathiya Janatha Party (BJP) has been involved in augmenting bilateral and strategic ties with the neighbouring nations of India. The NDA regime highlighted the necessity of rejuvenating and reorienting foreign policy objectives with an emphasis on enlightened national interests.⁷¹ In 2017, Prime Minister Narendra Modi undertook a visit to Iran.

On the other end, In Iran, the Supreme Leader is a dominant authority to shape its foreign policy, along with the President and Foreign Minister. Iran's constitution recognises the position of the *Velayat-e faqih*⁷² (Guardianship of the Shia-Islamic Jurist) as the absolute authority in the decision-making process, and his consent is necessary to ratify the foreign policy decisions.⁷³ In the early period after the Islamic Revolution in 1979, Iran followed the principle of being 'neither the East nor the West policy' and emphasised the country's identity as an Islamic Republic.⁷⁴ This stance primarily highlighted a policy of non-intervention and minimal interference. It brought a change in Iranian foreign policy from pro-West (in the pre-revolution era) to an anti-Western stance, and it promoted Shia ideology.

Iranian foreign policy was influenced by the ascendancy of the moderate-reformist political factions into power in Iran. Individual factors of Hashim Rafsanjani, President of Iran (1987-1997) and Mohammed Khatami, President of Iran (1997-2005), brought about significant changes in Iranian foreign policy. They promoted non-ideological, moderate, non-confrontational and encouraged accommodation strategy in their policy perspectives.⁷⁵ Akbar Hashemi Rafsanjani made a reciprocal visit to India (1995) in response to AB Vajpayee's visit to Iran (1993) and Mohammed Khatami (promoted 'dialogue' and coherent involvement with neighbouring countries). He was an invitee to India's Republic Day celebration in 2003. India and Iran signed the remarkable New Delhi Declarations of 2003. In addition, Iran's hardliner leadership were also comfortable

⁷¹ See the BJP-NDA, Election Manifesto of 2014. <http://www.bjp.org>, Accessed 13 June 2018

⁷² The concept of *velayat-e faqih* (in Farsi, or *wilayat al-faqih* in Arabic) transfers all political and religious authority to the Shia clergy and makes all of the state's key decisions subject to approval by a supreme clerical leader, the *vali-e faqih* (guardian Islamic jurist). The supreme clerical leader (the *faqih*) provides guardianship (*velayat*) over the nation and, in doing so, ensures the top-down Islamisation of the state. For reference, see, What is *Velayat-e faqih*, Britannica Encyclopaedia.

<https://www.britannica.com/topic/velayat-e-faqih>. Accessed 24 June 2019.

⁷³ Cornelius Adebahr, "Tehran Calling: Understanding a New Iranian Leadership," *Carnegie Endowment for International Peace*, (2014): 1-29.

⁷⁴ R. K Ramazani, "Iran's Foreign Policy: Both North and South," *Middle East Journal* 46, no. 3 (1992): 393-412.

⁷⁵ Shireen T Hunter, *Iran's Foreign Policy in the Post-Soviet Era, Resisting the New International Order* (United States of America: Praeger, 2010), 1-316.

with Indian leaders. For instance, Mahammad Ahammadinejad (2005-2013) visited India and signed the transport corridor initiatives between India and Iran in 2006. In short, the individual's proactive involvement in international affairs is regarded as a personal diplomatic initiative, introducing a fresh look at India's external policy discourse in the post-Cold War period.

India and Iran: A Domestic Level Analysis

According to neorealist theory, Iran and India's relations were influenced by their divergent domestic factors such as political structure, economic policy, civilisational and cultural. The domestic economic factor is significant, and it has influenced their bilateral relations. Neorealism emphasises the accumulation of resources by the states and trade ties between them to enhance their domestic economic developments.⁷⁶ India and Iran had followed economic ties, particularly regarding energy. India is a country which requires a huge quantity of oil to meet its domestic demands and on the other hand, Iran has substantial oil reserves to export across the world. India's energy needs and Iran's significant oil and gas reserves influence their bilateral relations. This energy-centric perspective also acts as an incentive for India to foster and sustain cooperative diplomatic ties with Iran. India's growing energy demands necessitate securing reliable sources of oil, making Iran's energy reserves a vital component in India's strategic calculations.⁷⁷ In fact, the domestic economic factors of India and Iran influenced their relations.

In addition, India and Iran relations were influenced by their cultural and civilisational relations. It has flourished since ancient times, and they have maintained tangible and intangible culture in the modern period. The Shia factor was a significant domestic factor in India and India-Iran relations. Iran is the largest Shia country in the world, and the Shia community is also a substantial part of the Indian population. They are in a position to impact India and Iran relations in the post-Cold War period relations. In addition, the divergent political power structures of India (Democratic and Secular) and Iran (Republic and theocratic) also acted as domestic factors to shape India and Iran relations in the post-Cold War period.

⁷⁶ Michael, Mastanduno, David A. Lake, and G. John Ikenberry, "Toward a Realist Theory of State Action," *International Studies Quarterly* 33, no. 4 (1989): 457–74

⁷⁷ Harsh V Pant, *Indian Foreign Policy an Overview* (India: Orient Blackswan Private Limited, 2019), 166-169.

India and Iran: A Regional Level Analysis

The end of the Cold War unveiled a complex web of regional dynamics that significantly impacted the relations between India and Iran. The bilateral ties of these two nations were shaped by the power dynamics within their respective regions. India and Iran have been actively working to prevent the emergence of any regional hegemony that could threaten their national interests. Their bilateral relations are influenced by the actions and policies of regional players such as Afghanistan, Pakistan, Israel, Saudi Arabia, and the Central Asian States (CAS).⁷⁸ India and Iran display both convergent and divergent relations with key regional players. For example, they share convergent interests in Afghanistan and the Central Asian States (CAS), but diverge in areas such as India's conflict with Pakistan, its growing strategic ties with Israel, and bilateral relations with Saudi Arabia. On the other hand, Iran's mix of competitive and cooperative ties with Pakistan and its conflictual relations with Israel represent significant regional factors that influence the dynamics of India-Iran relations.

India and Iran have been utilising their soft powers as a means to enhance their regional influence. India possesses a rich historical experience in the field of diplomacy and is engaged in several regional forums and organisations within South Asia and beyond.⁷⁹ For instance, it is a member of the Brazil, Russia, India, China and South Africa (BRICS) and Shanghai Cooperation Organisation (SCO). Iran has established cultural and historical connections with Shia groups in Iraq, Lebanon, Yemen and Bahrain as a means to enhance its influence in West Asia between them.

India and Iran: A Systemic Level Analysis

Neorealism as a theoretical framework turns out to be a useful theoretical tool to understand the strategies employed by India and Iran in navigating the complex structure of a global system characterised by a lack of central authority. Through the lens of neorealism, one can observe that India and Iran are significant state actors that operate within the constraints of a power system that is distributed both locally and globally. The distribution of power holds considerable significance in the context of India and Iran

⁷⁸Sujata Ashwarya Cheema, "India-Iran Relations: Progress, Challenges and Prospects," *India Quarterly* 66, no. 4 (2010): 383–96

⁷⁹ Vijay, Chauhan, "Soft Power: A Foreign Policy Choice for India," *The Indian Journal of Political Science* 75, no. 2 (2014): 403–10

relations, as it plays a central role in shaping the strategic engagements of both nations within their own geopolitical landscapes and constraints.⁸⁰ India and Iran are compelled to uphold their power distribution in order to safeguard their shared national interests within an anarchic global order. The guiding factors for their actions in the region essentially stem from their varied but, at times, convergent national interests. National interest objectives of these nations encompass several key areas, including the promotion of stability within their respective territories, the facilitation of economic growth, the guarantee of energy security and the expansion of their influence within their respective regions. The foreign policies pursued by both India and Iran are in accordance with their respective national interests, which are constrained by the international anarchic system, which is the main argument that this thesis makes in the following chapters.

The application of a systemic approach within the framework of neorealism offers a broader understanding of relations between India and Iran. They are both influenced by a range of systemic factors, including the power competition of other great powers and states in the region. The US, China, the EU, and Russia are recognised as the major or global powers who are involved in power politics to secure their interests.⁸¹ The involvement of these actors has profound implications for India and Iran relations and the geopolitical dynamics of the region as a whole. In addition, China as a regional power is also a significant factor in India and Iran relations. For example, China has made substantial investments in Iran's energy sector and has infrastructure projects such as the Belt and Road Initiative (BRI).⁸² EU is also a notable player driven by its need to secure interests in the region. It plays a role in the Iran Nuclear Deal, like the Joint Comprehensive Plan of Action (JCPOA) signed in 2015; on the other side, it adheres to the US sanctions on Iran.

The above discussion points to the direction that, from the stand point of neorealism, system level factors- power distributions, alliances, nuclear deterrence, Self Help

⁸⁰ C. Christine Fair, "Indo-Iranian Ties: Thicker Than Oil," *The Middle East Review of International Affairs*, Vol. 24, No. 1, (March 2007)

⁸¹ Belal, Kulsoom. "China-Iran Relations: Prospects and Complexities," *Policy Perspectives* 17, no. 2 (2020): 47–66.

⁸² China's Belt and Road Initiative (BRI) is a strategy initiated by China that seeks to connect Asia with Africa and Europe via land and maritime networks with the aim of improving regional integration, increasing trade and stimulating economic growth. For reference see, the European Bank for Reconstruction and Development. <https://www.ebrd.com/what-we-do/belt-and-road/overview.html>. Accessed 28 January 2023.

mechanisms can be major thematic templates for the analysis of India- Iran relations in the post-Cold War period. In view of this, detailed analysis will be taken up in subsequent chapters.

Concluding Remarks

Neorealism, as a theoretical framework, can be suitably applied to enhance our understanding of the interactions and behaviour of India and Iran in relation to each other. The neorealist perspective provides valuable insights that are essential for evaluating the complex and dynamic nature of the India and Iran relations within the existing regional and global geopolitical landscape. The power dynamics heavily influence the bilateral ties between India and Iran at both the domestic/leadership (India and Iran have divergent political structure, their economic policy, their culture links, their leasers divergent perspectives), regional (relations with regional players: cooperation and conflict) and systemic (influence of major powers: the US and China) levels within a global context marked by the absence of a central authority and states prioritising their own interests and security. In such an environment, according to neorealism, states actively pursue their individual interests and prioritise their own security.

India's strategic calculations in South Asia and Iran's geopolitical position in West Asia are influenced by the great power dynamics at play, as they both have significant influence in their respective regions. The distribution of power in this context highlights the strategic imperatives that each nation encounters in its endeavour to attain security and exert influence, resulting in a complex interplay of collaboration and rivalry. The existing security dilemma in the regions that these two countries are located in forces them to take measures to ensure their respective security. India demonstrates this by forging alliances and Iran's pursuit of nuclear capabilities.

Chapter: 02

India and Iran Relations: Historical Overview

Introduction

India and Iran have maintained longstanding historical ties with roots traceable to ancient times. The core of this relationship is shaped by cultural, economic, and political linkages between these two ancient civilizations. This chapter analyses the historical and political interactions and engagements that have characterised India-Iran relations since ancient times. After providing an account of political, historical, and cultural relations between India and Iran, the chapter examines how the relations of these two countries evolved and were later influenced by Cold War power politics. It examines various viewpoints expressed by key political figures from India and Iran and underlines the role of various factors at the domestic, regional and global levels that influenced India and Iran relations throughout the Cold War period. Various empires of Iran, the Achaemenid, Sassanian, Parthian, and Safavid had substantial cultural, political, and trade interactions with their contemporary Indian empires, such as the Mauryan, Gupta, Kushanas, Delhi Sultanates, and Mughals. Later, colonialism significantly influenced the dynamics of the bilateral relationship between India and Iran. Primarily, the relations were set by the colonial powers according to their own interests; secondly, in the process of de-colonisation, most of the time, the colonial powers left their colonies wrecked and divided along ethnic or religious lines. India and Iran, too, have been affected by these colonial trajectories. For instance, due to various factors, Pakistan was formed in the name of Islam in 1947. The creation of a new country had to have significant geopolitical implications for India. This, in turn, has led to a new dynamic in India and Iran relations as Iran also being a Muslim country. Iran was one of the first countries to officially recognise Pakistan as an independent and sovereign state, establishing diplomatic relations.

In Addition, the Islamic Revolution of 1979 in Iran marked another turning point in Iran's relations with other countries, including India. As Iran transformed into the Islamic Republic of Iran with an emphasis on opposing Western influence and maintaining positive relations with Pakistan, India was compelled to reassess its approach towards Iran. Despite these geopolitical changes in the region and sociopolitical developments

within Iran, India and Iran relations were largely shaped by the great power politics during the Cold War, driving both countries to sustain their relations, though not without challenges. This highlights the complicated and multifaceted nature of their relations. This chapter is divided into three sections: the first explores the historical ties between India and Iran, the second examines their relations during the Cold War period, and the third assesses the trade relationships between the two nations.

India and Iran Relations in the Ancient Period

Contacts between the people of India and Iran date to the prehistoric period, around 2000-3000 BCE.¹ The ancient empires of Mauryas, Kushana and Guptas in India had political links with various Persian empires,² such as the Achaemenid, Parthian, and Sassanian. India and Iran had maintained diplomatic relations while also experiencing military expeditions. It is said that an Indian king extended support to Cyrus the Great when he came under attack from King Croesus of Lydia from Greece.³ Darius I (522–486 BCE), grandson of Cyrus, the founder of the Achaemenid Empire⁴ (550-330 BCE), ancient Iran ruler of the Achaemenid Empire, incorporated the Indian regions of Punjab and Sind into his empire in 518 BCE. Punjab remained under the control of the Persian Empire until Alexander invaded the western part of India in 330 B.C. The Mauryan Empire of India (322- 182 BCE) later regained control over these areas through a strategic alliance with Persia. In reciprocation, the Mauryan Empire provided support to the Parthian Empire of Persia (247-224 BCE) during its conflict with Greece.⁵

The Mauryan rulers extensively embraced the Satrap⁶ system as a way to facilitate the administration of their empire.⁷ (According to Herodotus, out of 20 satrapies of Darius,

¹Irfan Habib, *A shared heritage, growth of Civilizations in India and Iran*, (New Delhi: Tulika Books, 2002),13

²The Persian Empire dynasties spanned from Egypt in the west to Turkey in the north and Mesopotamia to the Indus River in the east. (Ancient Civilisation, United States History Organization, <https://www.ushistory.org/>. Accessed 12 June 2014

³Abdul Amir Jorfi, "Iran and India: Age old Friendship," *India Quarterly*, Vol. 50, No. 4, 1994, 69.

⁴The Achaemenid Empire (550-330 BCE) was the first great Persian political entity in Western and Central Asia, which stretched, at its peak, from Asia Minor to the Indus Valley and Mesopotamia through Egypt, www.metmuseum.org Or See <https://www.worldhistory.org>. Accessed 12 June 2014

⁵Romila Thapar, *The Penguin History of Early India: From the Origins to AD 1300*. (New Delhi: Penguin: 2002), 177

⁶ Satrap, means the 'Administrative province' which was used by Achaemenid Empire of Persia. The term 'Satrap' was initially coined by the Persian monarch Darius I. His kingdom has been divided into over twenty satrapies or. provinces, each of which is governed by a Satrap Governor.

⁷ See for reference, World History Encyclopedia, <https://www.worldhistory.org/static/about/> accessed 18 June 2104

the twentieth division was in India⁸) Ashoka, the third Mauryan ruler (268 to 232 BCE), incorporated features of the Persian court system into his administration. It included the adoption of the practice of keeping important documents, such as “royal decrees and instructions”, in a long-lasting format, such as solid materials or granite (Ashoka used Kharosthi script⁹ for the formulation of state edicts and laws).¹⁰ Furthermore, the Mauryan kings adopted the finance system. They followed their road construction techniques, for example, the Royal Road of the Maurays, which spanned from the western borders to the capital city. During the reign of Ashoka, the architectural characteristics of Persepolis¹¹ and Susa¹² were meticulously depicted and preserved through the art of stone engraving. Epigraphy was a practice in Iran, and later it transferred to India during the Ashokan Empire.¹³

The Kushan dynasty (100-240 CE) and the Persian Sassanian dynasty (224-651 CE) maintained significant political and military interactions. The Kushana dynasty assisted the monarch of the Sassanians in a military conflict against the Romans. Kanishka, the ruler of the Kushan dynasty, promoted the “sun-cult system”, a religious tradition of ancient Iranians.¹⁴ The Sassanian Dynasty (224-651CE) had set up a trade center in Al-Hira (now Kufa in south-central Iraq)¹⁵ which helped to access Indian markets and used a common coin system. During the period of 320-550 CE, both the Gupta Empire (308-651CE) and the Sassanian dynasty (224-651 CE) established what can be called in modern times political offices in their respective territories. These diplomatic offices served to ease the exchange of diplomats and enhance their economic and trading links.

Ancient India and Iran were also connected through religious ties. Zoroastrianism¹⁶ was among the oldest monotheistic religions. Political and religious unrest in Persia led to the

⁸Garima Bharti, “Persians Invasion and Their Influence on India,” *International Journal of Advanced Research*, Volume 2, Issue 9, 2014, 1002

⁹ Kharosthi was a script used in the north-western region of India between about the fourth century B.C. and the third century A.D. It was based on the Aramaic script (written from right to left) used under the Achaemenid Empire. www.ancientindia.co.uk. Accessed 25 June 2014

¹⁰Upinder Singh, *A History of Ancient and Early Medieval India: From the Stone Age to the 12th Century* (South Asia: Pearson: 2008), 361

¹¹Persepolis was the ceremonial capital of Achaemenid Empire of Persia.

¹²Susa was an ancient city of the Elamite, Persian and Parthian empires of Iran

¹³Jorfi Amir, “Iran and India: Age old Friendship,” 70.

¹⁴ Singh, *A History of Ancient and Early Medieval India*, 77

¹⁵Al-Hira was the ancient capital of Lakhmid dynasty and then it became the main trade place of Sassanian Empire.

¹⁶Zoroastrianism, ancient pre-Islamic religion (monotheistic religions) of Iran that survives there in isolated areas and, more prosperously, in India, where the descendants of Zoroastrian Iranian (Persian) immigrants

migration of many Zoroastrians to India in the 8th century. That is the reason India has a large Parsi community living in the country.¹⁷

In short, Iranian cultural influences can be found in the ancient monuments of north-western regions in India, such as the Gangetic plains, Punjab, Sind, and Kashmir. Sassanian motifs found in the Gupta art and Jain literature reveal their in-depth political and cultural contacts.¹⁸ Thus, India and Iran established significant connections in politics, religion, trade, and culture during the ancient period.

India and Iran Relations in the Medieval Period

Upon its establishment in India, the Ghaznavid dynasty (977-1186 CE) initially adopted the Persian language. Then, the Delhi Sultanate (1206-1526 CE) was the first administration in India to use Persian as the designated language of the royal court and to formalise state laws in the Persian language. Sikandar Lodi, the ruler of Delhi Sultanate (1489-1517 CE), appointed local people who were proficient in the Persian language in his administration.¹⁹ The political interactions between the Delhi Sultanate and Iran were characterised by a multifaceted dynamic involving diplomatic manoeuvres, alliances, and strategic geopolitical calculations. Adopting the Persian language and administrative practises strengthened the cultural bond with Iran, which significantly impacted art, literature, and intellectual interactions between the two regions in that era.

The Delhi Sultanate also had a keen interest in Persian architecture and incorporated its distinctive elements into their architectural endeavours. The Sultanate era is characterised by several prominent architectural structures, including the Quwwat-ul-Islam and Qutab mosques, Alai Darwaza, Sher Shah's Mosque, and the Qutab Minar, all located in Delhi. In Addition, a multitude of forts, palaces, and towns were constructed in diverse locations throughout India. The Delhi Sultanate had a vital influence in facilitating the introduction and dissemination of Persian art and literature within the Indian sub-continent.²⁰

are known as Parsis, or Parsees, (*Encyclopaedia Britannica*) <https://www.britannica.com/> Accessed 20 June 2014

¹⁷Sayed Akthar Husain, *A Dialogue Between Civilization: An Indo-Persian Legacy in Dialogues between Cultures India and Iran*, ed Atul Kumar Sinha and Abhay Kumar Singh (New Delhi; Anamika, 2005), 70

¹⁸Tara Chand, "Indo-Iranian relations," (Information Service of India, Embassy of India, 1964), 10

¹⁹Satish Chandra, *Medieval India from Sultanate to the Mughals (1206-1526 Part-I)*, (New Delhi: Har Anand: 2009), 179.

²⁰Amir jorfi, "Iran and India," 77

The Mughal Empire (1526-1857 CE) greatly admired Persian art and architecture and forged significant political relationships with the Persian empires. Babur (1526-1530 CE), the first Mughal ruler, began diplomatic engagements with Shah Ismail I (1501-1524 CE), the founder of the Safavid dynasty (1501-1736 CE) in Persia. Many court officials in Babur's administration hailed from Persia and Central Asia. The political relations between the Mughals and the Safavids were influenced by their territorial expansions, interests, and differing religious ideologies, specifically the Sunni and Shia sects. The Mughal and Safavid dynasties (1501-1736) were able to maintain the balance of power in the region, and they fought for the key strategic locations in the region, like Kandahar, Samarkand, Oxus, Khurasan, and Transoxiana during the 16th and 17th centuries.²¹ The reasons for their conflict were not only annexation but also the Sunni and Shia ideological differences. Ismail I of the Safavid dynasty advised Baber to conduct a military expedition against the Uzbeks to recapture Farghana (The Uzbeks had expelled the Mughals from Farghana).²²

Humayun (1530 to 1540 CE and 1555 to 1556 CE), the second ruler of the Mughal Empire, extended invitations to the Persians to assume positions within the Mughal administration, specifically appointing them to significant roles such as Diwan, Wazir, and Mir-Saman. King Akbar (1556-1605 CE) prioritised Persian as the official language of his court to a greater extent. Like Babur and Humayun, he also recruited experts from Persia and Central Asia to serve as administrative personnel in his courts. According to Verinder Grover, a prominent historian, throughout the later stages of Akbar's rule, there was a decrease in the representation of Persian and Central Asian officials due to strong resistance from the local Sunni population.²³ Aurangzeb (1658-1707 CE) had a high opinion of the Iranians and remarked that "no nation is better than the Persians". Thus, the continuous contact and exchange of cultural practices and political ideas between the empires changed the socio-religious face of the Indian subcontinent, especially in its western and northern regions.²⁴

The Mughal rulers were attracted to Persian civilisation, and they created a '*Perso-Timurid-Islamic civilization*' in the Indian subcontinent. Persian architectural designs, as

²¹Verinder Grover, *West Asia and India's Foreign Policy*, (New Delhi: Deep& Deep, 1992), 202

²²Masud ul Hasan, *History of Islam* (New Delhi: Adam Publishers and Distributors, 2009), 307

²³Grover, *West Asia and India's*, 301

²⁴Mohammed Ayoob, *India and Iran from Rapprochement to Cooperation in West Asia and India's Foreign Policy*, ed. Verinder Grover (New Delhi, Deep and Deep, 1992), 284

mentioned above, were commonly used in most of the monuments of Mughal constructions, such as the Tombs of Humayun and Akbar, Taj Mahal (Persian technology of Qalbkari)²⁵, Mughal gardens, bridges, highways, minarets, and mosques. Akbar had set up a translation bureau and translated standard works in Sanskrit, Arabic, Turkish and Greek into the Persian language, which included religious and secular books such as Atharvaveda, Ramayana, Mahabharata, Bhagavad Gita, Harivamsa Purana, Singhasan, Battisi, Panchatantra, and the story of Nala – Damayanthi.²⁶ Another significant contribution to the literary field was the development of Urdu²⁷ as a language in the Indian subcontinent.²⁸ In his book, *The Discovery of India*, Nehru noted that the lexicon of all modern Indian languages has been notably shaped by the influence of Persian vocabulary.²⁹ It indicates the influence of the Persian language in constructing the modern Indian languages. The presence of literary works, bibliographical sketches, monuments, art, language, and architecture supported the enduring political and cultural interactions between Persia and the Mughals during the mediaeval era.

The Deccan Sultanates (1527-1686 CE) established notable political connections with Persia. In the wake of the political turmoil in Persia and the hovering Mongolian threat, Deccan sultanates' royal relations with the Persian rulers encouraged a direct Persian migration into the Deccan region, which improved relations, especially political relations between them.³⁰ The Bahmani Sultanates (1347-1527 CE) and Iranian rulers followed marriage alliances to strengthen their political relations. For instance, Iranian ruler Shah Sahib's grandson Mir Noorullah married the daughter of Bahmani sultan Shahbuddin. T.N Devare, a prominent Indian historian, argues in his book, *A Short History of Persian Literature* (1961), that given the influence of Persian culture, Bijapur might be seen as an extension of the Persian Kingdom. In fact, the ruler of Bijapur regarded his realm as an integral component of the Persian dynasty. Therefore, they exchanged ambassadors'

²⁵Qalbkari, was a Persian method of 'measurement of standardization' which was widely used in India by Persian architects.

²⁶Satish Chandra, *Medieval India: From Sultanate to the Mughals (1526-1748 Part-II)*, (New Delhi: Har-Anand: 2016), 183

²⁷Urdu is associated with the Nastaliq script style of Persian calligraphy and reads right-to-left The language started evolving from Farsi and Arabic contacts during the invasions of the Indian subcontinent by Persian and Turkic forces from the 11th century onward. Urdu developed more decisively during the Delhi Sultanate (1206–1526) and the Mughal Empire (1526–1858). (*World Digital Library*) <https://www.loc.gov/collections/world-digital-library/about-this-collection/>. Accessed 28 July 2016

²⁸Chandra, *Medieval India from Sultanate to the Mughals*, 447

²⁹Jawaharlal Nehru, *The Discovery of India* (UK: Oxford University Press, 1946), 147

³⁰Keelan Overton, *Iran and the Deccan: Persianate Art, Culture, and Talent in Circulation, 1400–1700* (Bloomington, Indiana University Press,) 172

official letters and received advice and aid on political affairs. Ibrahim Adil Shah of Bijapur II (1580-1627 CE) sought aid from Persian ruler Abbas-I (1588-1629 CE) when his reign underwent a war threat from Jahangir, a Mughal ruler (1605-1627 CE). Abbas-I protected the Bijapur kingdom from Jahangir's threat. The Sultan appointed many nobles of Iran in honoured posts to maintain political relations between them.

The Qutab Shai Kingdom of Golconda (1518–1687 CE) had considerable contact with the Persian dynasty. Furthermore, the Shia factor led to the closeness between the Persian and Golconda rulers. Muhammed Quli Qutab Shah (1580-1612 CE), the founder of Hyderabad city, insisted on openly practising the Shia faith on the outskirts of Hyderabad. He appointed many of the Iran migrants to various administrative posts. For instance, Allam Meer Muhammed Momin Astrabadi and Allam Ibn-e-Khattoon were appointed as Peshwa-e-Saltanat (High administrative post). He handled the diplomatic contacts with Iran and sent many envoys to Persia, particularly during the period of Shah Abbas (1587-1629 CE). On numerous occasions, the Deccan kingdoms successfully repelled attacks from Mughal forces, often with the diplomatic support of Iranian rulers. Muhammad Quli Qutab Shah dispatched an envoy to Iran carrying a letter that detailed grievances against the Mughals' hostile attitude towards the Deccan rulers.

The Deccan Sultanates also established significant cultural connections with Persia as well. Alluaddin Hasan Bahman Shah (1347-1358 CE), the ruler of the Bahmani dynasty, founded educational establishments in Elichpur, Gulbarga, and Doulatabad within the Deccan region, where the Persian language was taught.³¹ The influence of Persian art and architectural designs is evident in the construction of the Sultanate buildings, of which notable ones include Golconda Fort, Charminar and Mecca Masjid in Old City, Hyderabad.³² Historians George Michell and Mark Zebrowski shed light on the historical phenomena referred to as the “Dakhni Culture” in their book “Architecture and Art of Deccan Sultanate”. They elaborate on the significant influence of the cultural interchange between the Deccan region and Persia, as demonstrated by the grand palaces and tombs found in Bidar, Bijapur, and Golconda. Michell and Zebrowski assert that these architectural wonders were infused with a captivating Middle Eastern aesthetic, evoking

³¹Naqavi 1994: 9. See for instance, Salma Ahmed Farooqui, *Comprehensive History of Medieval India: Twelfth to the Mid- Eighteenth*, (New Delhi, Century Pearson publication, 2011), 162.

³²Pushkar Sohoni, *Architecture of a Deccan Sultanate: Courtly Practice and Royal Authority in Late Medieval India* (London: I.B. Tauris, 2018) 35-46

a wonderful Arabian Nights ambience and functioning as a true representation of Islamic culture.³³

In sum, during medieval times, the political and cultural interactions between India and Iran encompassed diplomacy, trade, and conflict. Indian rulers esteemed Persian culture and incorporated Persian administrative practices, enriching India's aesthetic and administrative heritage. This illustrates the endurance of their cultural connection. Their political interactions, characterised by geographical expansion, religious differences, and other factors, reflected the complex geopolitical landscape of the era.

Colonial Period

The British colonial rule over India (1757-1947 CE) shaped India's foreign relations during the period. The British tried to expand their influence in the Persian Gulf region, which had significant implications for India's and Iran's relations. The British ascendancy in the Indian subcontinent lowered political and economic relations between India and Iran for two centuries.³⁴ It also led to a significant decline in people-to-people contact between the two countries. In his book, *The Discovery of India*, Nehru expressed the idea clearly:

*“Then came the British and they bared all the doors and stopped all the routes that connected us with our neighbours in Asia.”*³⁵

Unlike India, Iran was not colonised. However, Britain had strategic and oil interests in the country. European voyagers used the Straits of Hormuz and Malacca to ease their reach to India and, thence, East Asian countries. The British extended their influence in the Persian Gulf in order to protect vital trade routes. Nevertheless, this geopolitical manoeuvre often incited problems with Iran, as the Iranian leadership viewed the British presence as an unjustified intervention in its domestic affairs.

As India and Iran shared strong historical trade links, the ties persisted during the colonial era. India served as an important market for Persian goods, while Iran was a source of various commodities for India. Various British colonial policies, such as tariff regulations

³³George Michell, Mark Zebrowski, *Architecture and Art of the Deccan Sultanates* (The New Cambridge History of India, 1999), 18

³⁴Grover, *West Asia and India's*, 262

³⁵Nehru, *The Discovery of India*, 149

and administrative changes, affected trade relations between the two countries. However, influential merchant families of Hindu, Arab, and Persian origins formed commercial exchanges and transnational networks to overcome the British influence in the trade of both countries.³⁶ The Great Game, a geopolitical rivalry between the British and Russian empires, had ramifications for India and Iran relations as well.³⁷ The two powers sought to expand their influence in Central Asia and the region surrounding Iran. This made India and Iran fall into opposite camps, undermining the historical relations.

Post-Colonial Period: Non-Aligned India and Aligned Iran

During the initial stages of the Cold War, India was able to pursue an independent foreign policy (through the policy of non-alignment); Iran, meanwhile, was resisting the Soviet Union and Britain's influence, which had invaded the country in 1941.³⁸ India and Iran's approaches towards the Cold War were different. The divergent political, economic, and security situations and the great power politics had an important role in determining the diplomatic relations between India and Iran during the Cold War period.³⁹ During the Premiership of Mohammad Mosaddegh (1951-1953), Iran rejected the Cold War bloc politics and upheld an independent foreign policy. The non-alignment reflected in Mossaddegh's policy of 'negative equilibrium', which sought to make Iran an independent nation in the political, social, and economic fields.⁴⁰

The non-aligned Arab countries and India assumed that the Non-Aligned Movement (NAM) would occupy a predominant position in West Asia by Mossaddegh's rejection of the West's domination.⁴¹ Subsequently, Nehru's political reluctance towards Iran vanished when elected Mohammad Mosaddegh came to power. But Britain sought to reinstate Reza somehow in power. Otherwise, it had to sacrifice its oil interest in Iran.

³⁶James Onley, *Transnational Merchant Families in the Nineteenth and Twentieth Century Gulf in the Gulf Family Kinship Policies and Modernity*, ed. Alanoud Alsharekh (London, The London Middle East Institute), 36-56.

³⁷Miron Rezun, "The Great Game Revisited," *International Journal*, Vol. 41, No. 2, 1986, 324-341. Dianne L Smith, "Central Asia: A New Great Game?," *Asian Affairs*, 23, no. 3 1996, 147-75.

³⁸Eduard M. Mark, "Allied Relations in Iran, 1941-1947: The Origins of a Cold War Crisis", *The Wisconsin Magazine of History*, Vol. 59, No. 1, 1975, 51-63.

³⁹P.R Kumaraswamy, "Conflicting Dimensions of India's Iran Policy," *Indian Foreign Affairs Journal* 3, no. 1 2008, 83-97.

⁴⁰Mohammad Mossaddegh Biography, Prime Minister of Iran, 1951-1953, www.mohammadmossaddegh.com/biography, Context of '1952: Mosaddegh Nationalization of Iran's Oil Industry Leads to Coup', History of Commons, www.historycommons.org, Accessed 15 June 2014.

⁴¹L.P Elwell-Sutton cited in Suhma Gupta, *Pakistan as a Factor in Indo-Iranian Relations, 1947-1978* (New Delhi: S. Chand &Co.,1988),46

Therefore, Britain dragged the U.S. into Iranian domestic politics by stoking the U.S. fear that communism might prevail in Iran. The reinstatement of the Shah of Iran to the throne occurred by carrying out a coup against Mosaddegh, commonly referred to as “Operation Ajax”, orchestrated by the Central Intelligence Agency (CIA) of the U.S. and British intelligence in the year 1953.⁴² Subsequently, under Shah’s rule, Iran's realignment with the U.S. was driven by various factors, including the fear of communism (particularly Soviet influence in the region), the desire to protect its regime and the aim to modernise its military and economy with US aid.⁴³

On the other hand, India decided to pursue non-alignment as its foreign policy after it gained independence in 1947. It was a stance of not aligning with any major power bloc and maintaining autonomy and flexibility in international affairs. Thus, it was India’s strategic thinking to pursue non-alignment to safeguard its sovereignty and prevent entanglement in superpower conflicts and allow it to pursue its own development goals.⁴⁴ India perceived that the non-alignment was an alternative to resist the bloc politics of the U.S. and the Soviet Union and to promote an alternative, a multilateral world. It was not just about rejecting the superpower confrontation in the bipolar world, seen mainly as military blocs; it was about providing a policy option to the newly independent countries in the Third World. Jawaharlal Nehru expressed an in-depth understanding of non-alignment, stating that it involves a country's effort to keep a distance from military alliances. He stressed the significance of adopting a self-determined standpoint that goes beyond a just military outlook.⁴⁵ Nehru asserted that although military considerations may be required on certain occasions, the basic objective of non-alignment should primarily revolve around fostering amicable ties with all nations. He thought that this strategy would enable nations to effectively negotiate the complicated nature of global politics independently, promoting diplomacy rooted in mutual respect and cooperation

⁴² The CIA staged a coup d’etat in Iran, known as ‘Operation Ajax’ headed by President Theodore Roosevelt’s grandson, Kermit Roosevelt. The purpose was to return the Reza to power through CIA-engineered protests and bribery in Iran. The Operation Ajax: CIA Muhammad Mossadeq and The Shah of Iran, <http://www.coldwar.org>, Accessed on 12 June 2014. See for instance, Gregory Brew, “The Collapse Narrative: The United States, Mohammed Mossadegh, and the Coup Decision of 1953”, *Texas National Security Review*, Vol 2, Issue 4 November 2019 38 59 <http://dx.doi.org/10.26153/tsw/6666>

⁴³ Fred Halliday, *Revolution and World Politics*, (London, Red Globe Press, 1999),

⁴⁴ Deepshikha Shahi, “Indian Scholarship on International Relations and Multilateralism,” *Economic and Political Weekly* 48, no. 5 2013 50–58. K P Misra, "Toward Understanding Non Alignment," *International Studies*, 201 &2, 1981, 36-3

⁴⁵ AP Appadorai, *Select Documents on Indian Foreign Policy and Relations 1974-1972* (New York: Oxford University Press, Vol.1, 1982), 15.

rather than affiliation with any specific military alliance. Nehru's concept of non-alignment was designed to safeguard a country's independence and advance peaceful interaction in global affairs.

Nehru's view asserted that India was not interested in getting involved in the power politics of the major powers. India had a policy that would help it in balancing its diplomatic relations. Most importantly, as a former colony, India recognised that adopting a policy of non-alignment would be preferable. This approach had the potential to shield against external threats and allowed India to try geopolitical balancing in the face of pressures from the Cold War bloc politics. India chose the policy of not taking sides in the Cold War to safeguard the nation's sovereignty and national interests, particularly emphasising the concept of autonomy in world affairs.⁴⁶

The Cold War politics added a new dimension to West Asian politics and subsequently became significant in the balance of power. No country in the region encountered as many threats as Iran. The domestic and external political scenarios forced Iran to align with the Western bloc, and it acted as a chief ally of the U.S. in West Asia. Throughout this period, the relationship between Iran and the U.S. functioned on a quid pro quo basis, and both countries benefited from their alliance. The alliance continued till the Iranian Islamic Revolution, which brought about a dramatic shift in the region's dynamics in 1979.

Given the role of external powers in West Asia during the Cold War and their interference in Iran, it can be argued that Iran had been dealing with some difficult situations during the period. This has had an impact on India and Iran relations as well. India followed non-alignment, while Iran was part of the Cold War politics. Thus, each country pursued distinct external policy due to the prevailing political circumstances. In the Iranian case, alignment was not merely a choice but a strategy for the survival of its regime. Regional and international political constraints determined the effectiveness and limitations of alignment and non-alignment approaches.

Nehru and Shah of Iran: Individual Dimensions

⁴⁶ See the official website of the Non-Alignment Movement (www.nam) and History and Evolution of Non-Aligned Movement, <http://mea.gov.in/in-focus/article.html>. Accessed 23 July 2016 See for instance, Mohd Naseem Khan, "The US Policy Towards the Persian Gulf: Continuity and Change," *Strategic Analysis*, Vol. XXV, No 2, May 2001, 26.

The aligned and non-aligned perspectives were not a major setback to developing the bilateral relations between India and Iran. In 1950, the two started formal diplomatic relations through a “Perpetual Peace and Friendship Treaty”,⁴⁷ which underscored the importance of fostering friendly relations, promoting and strengthening peace and friendship and maintaining commerce, navigation, customs, and cultural ties.⁴⁸ Though the provisions of the treaty included building significant political and economic relations between the two, it could not survive due to the different visions of Nehru and Reza Shah. Other factors also mattered. India’s friendship with Egypt and the Soviet Union and its relations with Arab countries, particularly Iraq and Saudi Arabia, impacted the relations between India and Iran in the first one-and-a-half decades since the establishment of diplomatic ties in 1950.

Nehru had a broad view of the world, and he focused on democratic, independent, and socialistic societies. His ideology had some elements that were found in the Soviet Union and certain Arab countries, especially Egypt and Iraq. This brought India closer to those countries. On the other end, the Shah of Iran had to protect his autocratic aspirations at the cost of democracy in Iran. He sought the support of the U.S., and the latter used it to undermine the Soviet influence in the region. Just after the signing of the Baghdad Pact in 1955, the Shah of Iran paid his first visit to India in 1956. During the visit, he agreed that some diplomatic issues existed due to the contradictory attitude of India and Iran on Pakistan and Kashmir. On the other hand, the Shah emphasised the historical and cultural ties of India and Iran. In his confabulations, Shah promised to Nehru that Iran’s cooperation with Pakistan and membership in the Central Treaty Organisation (CENTO) would not be directed against India. However, India and Iran did not issue a joint communique on the visit.⁴⁹ On the invitation of the Shah, Nehru visited Iran in 1959.

As previously mentioned, there was some strain in relations during the Nehru era due to his engagement with the radical socialist Arab states of Egypt and Syria. Nehru recognised Egyptian ruler Gamal Abdel Nasser as the leader of the Arab world. He also extended his support to the Arab and Palestinian nationalist movements, which Nasser

⁴⁷Treaty of Friendship between the Government of India and the Imperial Government of Iran (Legal Information Institute of India, 15 March 1950). Accessed August 2016.

⁴⁸Rajya Sabha Debate, Government of India, April, 25, 128

⁴⁹Both Governments agreed to develop friendly relations between the two countries on the basis of the principles of mutual respect for sovereignty and territorial integrity, mutual non-aggression, non-interference in each other’s internal affairs, equality, mutual benefit and peaceful coexistence

had initiated. Nehru's attitudes and policies toward Arabs annoyed Reza Shah, and he feared a strong Nasser and the expansion of radical republicanism in the Arab world. Despite such issues, India and Iran tried hard to forge close political relations. They emphasised the relevance of cooperation in the economic, political, and cultural areas. However, the logjam in the relations was a result of their political and ideological differences, and it had not melted even after the ratification of significant bilateral agreements. In fact, the visit by the premier was not a breakthrough since it failed to remove the mistrust. The situation was called "almost catastrophic" because the two leaders held divergent perspectives and approached the issue from completely different standpoints.⁵⁰ This time, they did issue a joint statement.

Reza Shah tried to mend fences with Nehru to weaken Indo-Soviet relations. He thought that their in-depth ties would pose a threat to Iran's strategic interests in the Persian Gulf, and the Indian Ocean region. He was also of the view that without the support of India, there could be no peace and security in the region. The Shah was concerned about the Soviet Union's tendency to join India to safeguard the Indian Ocean from U.S. domination. Reza Shah proposed the establishment of an "Indian Ocean Economic Community" with the aim of extending Iran's sphere of influence from the Persian Gulf and the Gulf of Oman into the Indian Ocean. Since India was the most populous state in the area, he regarded India's backing as necessary for the successful implementation of his idea. It encouraged him to redefine the Indian Ocean and the Persian Gulf as India-centric and Iran-centric, respectively.⁵¹ Reza Shah promised Nehru that Iran's cooperation with Pakistan and its membership in the Baghdad Pact would not harm India's political and security interests in the region. These diplomatic gestures, however, did not make Nehru change his views.

Reza Shah, meanwhile, remained concerned about India's relations with some Arab countries like Egypt, Iraq, and Saudi Arabia, those he perceived as a threat. India had significant relations with these countries. Iran was their rival on various issues, including territorial disputes, the Sunni-Shia conflict, and regional power ambitions. Iran is a non-

⁵⁰A.H.H. Abidi, *Relations between India and Iran: 1947-1979* in India, Iran and the GCC States, ed. A. K. Pasha (New Delhi, Manas Publications, 2000);36

⁵¹R. K. Karan Jia, *The Mind of a Monarch*, (New Delhi, Vikas Publishing House Pvt Ltd 1977), 36.
Prithvi Ram Mudiam, *India and the Middle East*, (London, British Academic Press, I.B Tauris, 1994);36

Arab state in an Arab-dominated region and a Shia country in a Sunni-dominated region.⁵² The Arab countries do not recognise Iran as part of the Arab world.⁵³

Nehru's endorsement of Gamal Abdel Nasser, a vocal critic of the Baghdad Pact due to perceived Western imperialist undertones, as the preeminent leader of the Arab world, and his subsequent support for the formation of the United Arab Republic (UAR)⁵⁴ elicited disapproval from Reza Shah. He believed that India's backing would bolster Nasser's prominence as a leader in the Arab world, potentially fostering the expansion of radical republicanism and the emergence of new leadership, potentially leading to pro-socialist political establishments in West Asia. The relationship of Nehru and Nasser went back to the formation of the NAM, where their close friendship was started.⁵⁵ Reza Shah's reluctance to embrace the Non-Aligned Movement as a viable option for the Third World might be partly attributed to Nasser's prominent role within the movement. India's efforts to foster a friendly relationship with Egypt were not well-received by the Shah. Furthermore, Prime Minister Nehru made no attempts to downplay his warm relationship with President Nasser despite this potentially appeasing Reza Shah.

As part of expanding its bilateral ties and restraining Pakistan's anti-India propagation, India signed the 'Treaty of Friendship' with Iraq in 1952⁵⁶, and it brought wide recognition to the new government of Iraq and political mileage to the Ba'ath ideology across the region. Saudi Arabia and Iraq were the founding members of the NAM, and Kuwait, Jordan, Qatar, and Syria joined later. India had a responsibility to pursue political and economic relations with them for the development of the NAM community. Iran failed to understand India's policies and interests, and the latter was unable to convince the former about its need to enhance bilateral ties.

Nehru suspected Reza Shah for his friendship with the West. A militarily powerful Iran might want access to strategic places in the Indian Ocean in order to protect the interests of the U.S. It could question the political and security interests of India in the Indian

⁵²Martin Walker, "The Revenge of the Shia" *The Wilson Quarterly* (1976) 30, no. 4, 2006, 16–20.

⁵³Ram Mudiam, *India and the Middle East*, 73

⁵⁴The United Arab Republic (UAR) was founded in 1958 as a political union between Syria and Egypt. The union reflected a sense of Arab nationalism and solidarity (Pan-Arabism). A major driving force behind the formation of the UAR was Pan-Arabism, (*Encyclopaedia.com*), www.encyclopedia.com

⁵⁵Verinder Grover, *International Relations and Foreign Policy of India: UNO, NAM, NIEO, SAARC, and India's foreign policy* (New Delhi: Deep, 1992); 83.

⁵⁶Treaty of Friendship between India and Iraq in 1952, Report of Ministry of External Affairs (Government of India, November 10, 1952)

Ocean region. Nehru presumed that the Iranian membership in the NAM could circumvent the Western influence in the strategic regions of Asia. Shah was more concerned about the challenge from the internal dissidents as well as the threat posed by the Soviet Union. He did not place a high priority on the recognition of the NAM. He intended to defend his regime against its adversaries, as well as to secure its economic and political interests. His primary focus was to raise Iran to the status of a major power in the region. His goal was to preserve the status quo of the imperial system while simultaneously westernising the political and socioeconomic spheres of Iran.⁵⁷ Thus, it appears there was no convergence of interests between the two at this moment.

The opposing attitudes and strategies of Nehru and Reza Shah had a pivotal role in shaping the trajectory of the India-Iran relationship. The respective stances of India and Iran served to underscore India's alignment with the broader international community, in contrast to Iran's position of non-alignment. India's posture of support for the Soviet Union and Iran's leaning toward the West were some of the additional factors that played a role. During Nehru's tenure as Prime Minister of India, the country's bilateral relations with Iran were characterised by a quiet and reserved approach, as well as occasional episodes of suspicion and hostility.

Baghdad Pact and Pakistan Factors

The end of colonial rule came at the cost of the partition of India in 1947, which resulted in the creation of Pakistan. Before the formation of Pakistan, India had geographical contiguity with Iran. With Pakistan now bordering Iran, India's direct geographical connection was severed. This emergence of Pakistan as a sovereign state interposed between India and Iran introduced new geopolitical dimensions to the region.

Iran's early recognition of Pakistan reflected the complicated balance of power in the region. The Sunni-dominant Arab world kept itself politically and economically distant from Iran. Iran perceived that making friendship with Pakistan, a non-Arab country, might help it in countering the Arab countries in the region.⁵⁸ The reasons for Iran's recognising Pakistan promptly were a few: Reza Shah already knew that India was pro-Soviet; hostility between India and Pakistan was a reality going to remain, and Pakistan

⁵⁷Ram Mudiam, *India and the Middle East*, 69

⁵⁸For reference see, report of Ministry of Foreign Affairs Government of Pakistan on Pakistan-Iran Relations, <https://mofa.gov.pk/news-items>. Accessed 27 August 2016

could be handy in balancing the Arab alliance. However, Iran appeared to overlook the possibility that Pakistan's inclination towards the Soviet Union could not be discounted. In its effort to balance India, Pakistan sought support from various international players, including potentially aligning with Soviet interests. Iran alone was insufficient to support Pakistan against India. Furthermore, the Soviet Union could pursue distinct policies towards India and Pakistan, presenting unprecedented challenges for Iran. The Soviet Union made a deliberate effort to get Pakistan on its side to free it from the U.S. influence.

Iran, Iraq, Turkey, Pakistan, and Britain were the original members of the regional defense group, the Baghdad Pact. Its main goals were to encourage economic and military cooperation among the member countries so as to enhance their security. As mentioned in the pact's preamble, the overriding purpose of the agreement was to preserve peace and stability in the West Asian region. Article 1 stressed how important it was for member states to work together to ensure their collective security and defense. Additionally, the notion of not interfering with one another's internal matters was emphasised in Article 3. The Pact also welcomed the possibility of any Arab League member or any other state actively concerned with the safety and tranquillity of the area becoming a member of the organisation.⁵⁹

Iran had a domestic and external interest in being a member of the Baghdad Pact. It sought to prevent the domination of the Soviet Union in the region. It had a link with pro-communist people and pro-left parties in Iran that were challenging the Shah's regime. It provided financial support to the dissident groups to sabotage Reza Shah's regime. He had also had to suppress the nationalist uprisings in Khuzestan, Baluchistan, and Kurdistan. Moreover, the Pact would help counter the regional threat, expansion of radicalism, dominance of Saudi Arabia, and spread of Nasserism across the Arab world. It targeted to preserve the *status quo* and transform Iran into a military and economic power in West Asia. Reza Shah firmly believed that it could save the regime and ensure his survival and the security of the country.

The Baghdad Pact directly contradicted India's non-alignment policy, as it formed a military alliance, but India aimed to refrain from participating in any kind of arms race. In a parliamentary address, Prime Minister Nehru clearly expressed his viewpoint that

⁵⁹Baghdad Pact, Encyclopaedia of Iranica, (<https://www.iranicaonline.org/articles/baghdad-pact>), Accessed 23 August 2016

the Baghdad Pact was a mistaken, risky, and damaging approach. Nehru underscored that Pakistan's inclusion in the agreement was motivated by animosity towards India, a feeling clearly reflected in both Pakistani media and statements made by authoritative figures in the nation.⁶⁰ He underscored India's dedication to a foreign policy grounded in non-alignment, emphasising the significance of cultivating diplomatic relations founded on mutual respect and understanding rather than aligning with military alliances. Nehru's position exemplified India's commitment to an independent foreign policy that emphasised regional stability and non-aggression.

Since the diplomatic relations between India and Iran were not good at the time of signing the Baghdad Pact, India was unable to exert any pressure on Iran to prevent it from joining the Pact. However, the power dynamic in the region shifted only a little because of the Pact. The fact that the Ba'athist coup that was sponsored by Pan-Arabism over Iraq was successful and that Iraq withdrew from the Pact undermined its relevance.⁶¹ It was unable to safeguard the anti-Soviet monarchy of Iraq, which called the significance of the Pact into question. Finally, it was changed into the "Central Treaty Organization" (CENTO) in 1959, the same year that the U.S. became an associate member of the Pact.

On the other hand, India's concerns persisted as Pakistan continued to play a significant role in the Pact, maintaining its strategic position in regional geopolitics. These concerns were heightened by media reports suggesting that Pakistan had joined the Pact primarily to counter India, amplifying tensions and suspicions in the regional geopolitical landscape. Ayub Khan, the President of Pakistan at the time, asserted that the core of the problem lay in India's hostility towards Pakistan. Therefore, he sought allies to safeguard Pakistan's position.⁶² India had the perception that Pakistan would pose a security threat, with its primary objective being to counterbalance India's influence in the South Asian region. Additionally, it is worth noting that while the Pact did not possess an armed wing, like the North Atlantic Treaty Organization (NATO), it did aim to safeguard Pakistan's military interests. India's concern about the Pact turned out to be true when Pakistan fought wars against India in 1965 and 1971. Iran responded to the India-Pakistan War of

⁶⁰Prime Minister's Speech in Lok Sabha, reported by Press Information Bureau Government of India, March 29, 1956, 14-16

⁶¹ Terrill, W. Andrew, "Lessons of The Iraqi De-Ba'athification Program for Iraq's Future and The Arab Revolutions," Strategic Studies Institute, US Army War College, 2012.

⁶²Mohammad Ayub Khan, *Friends Not Masters: A Political Autobiography*, (New York, The University Press Limited, first published in 1967 and last in 2008), 126.

1965 by characterising it as an act of aggression committed by Indian forces against Pakistan.⁶³ Amir-Abbas Hoveyda, Prime Minister of Iran at the time, through a letter, conveyed his deep concerns regarding the violation of Pakistan's territorial integrity by the Indian army.⁶⁴ Iran provided material and moral support to Pakistan during the wars against India. India expressed concern over Iran permitting Pakistani aircraft to land and refuel, as well as providing small arms, ammunition, and medical aid. India was apprehensive that Pakistan could continue to be a beneficiary, exploit other members, and receive weapons from the U.S. through Iran. Furthermore, the combined military strength of Pakistan and Iran, with the backup of other members of the Pact, could pose a threat to India.

However, the outcomes of both conflicts were favourable to India. The extent of material support Pakistan received from Pact members during these wars remained unclear. Swaran Singh, India's then External Affairs Minister, informed the Parliament that authentic information about the actual assistance between Iran and Pakistan was not available. He further stated if Iran supported Pakistan, it was not justified in any case.⁶⁵ Iran had its own arguments for extending support to Pakistan. Firstly, if Iran had not helped Pakistan, it would have received assistance from the Chinese. Secondly, Iran needed Pakistan's support in the Organisation of Islamic Cooperation (OIC) to counterbalance the Sunni-majority countries. This was a key reason why Iran supported Pakistan, rather than India, in attending the OIC summit at Rabat. Thirdly, As a non-Arab Sunni-majority country, Pakistan played a crucial role in maintaining the Sunni-Shia balance in the region, which was important to Iran. Fourthly, a weakened Pakistan could potentially embolden separatist movements in Balochistan, posing security implications for eastern Iran.

Pakistan expected substantial military support from the Pact. Among the members, Iran was the only nation that extended considerable aid to Pakistan. At the same time, Iran was interested in acting as a mediator between India and Pakistan to settle their disputes. Reza Shah had called the Shimla Agreement⁶⁶ as a welcome step to bring peace between

⁶³Satyanarayan Pattanayak, *Iran's Relation with Pakistan: A Strategic Analysis*, (New Delhi, Vij Books Pvt Ltd, 2011), 11.

⁶⁴Pattanayak, *Iran's Relation with Pakistan*, 22.

⁶⁵Lok Sabha Debate, Government of India, July 26, 1973, 16-22

⁶⁶The Shimla Agreement signed by Prime Minister Indira Gandhi and President Zulfikar Ali Bhutto of Pakistan on 2nd July 1972 was much more than a peace treaty seeking to reverse the consequences of the 1971 War (i.e. to bring about withdrawals of troops and an exchange of PoWs). It was a comprehensive

India and Pakistan. Because the stability of Pakistan is linked to Iran's position in the region, Iran could provide support to Pakistan in case needed. India's unease with Iran withered away after the country achieved victory in both wars against Pakistan. It did not have much impact on the countries' bilateral relations, as it turned out later. After the wars, India and Iran had overcome the mistrust and disquiet between them by the exchange of various visits of political leaders. M.C. Chagla, the then External Minister of India, told Parliament that the Iranian government provided assurances that its friendship with Pakistan would not compromise its relationship with India.⁶⁷

From India's perspective, its stance on the Baghdad Pact was primarily influenced by its relations with Pakistan. India was not particularly concerned about Iran's need for Pakistan's support to counterbalance Arab countries. It was a typical case of *realpolitik*. Both countries were trying to ensure their national interests were met. Unlike Pakistan, Iran had no intention of utilising the Pact against India or its interests in the region. Pakistan and Iran, thus, had different motivations for participating in the Pact. Iran's necessity to confront both internal and external threats was critical. Notably, Iran did not adopt an anti-India stance. In instances where India faced aggression from countries other than Pakistan, Iran demonstrated support for India. For example, during the Sino-India war in 1962, Reza Shah wrote a letter to Nehru in which he condemned the Chinese assault. The Shah went further and asked Muhammad Ayub Khan, the then-President of Pakistan, to aid India on the northern frontier. This letter was delivered in response to Nehru's request for assistance from Iran. Furthermore, Prime Minister Amir Asadollah Alam of Iran expressed a commitment to providing support to India during a period when it was facing aggression.⁶⁸ India and Iran continued economic relations, and the latter never stopped oil supply to India during the war. The late 1970s witnessed massive political and social upheavals in Iran, following the Islamic Revolution, which in turn had huge impact on India and Iran ties.

The deepening of India and Iran engagements since 1979

The 1970s witnessed several new political trends in both regional and global politics. The shift in the focus of the U.S. to the countries of the Indian Ocean and East Asia, the

blueprint for good neighbourly relations between India and Pakistan. Ministry of External Affairs, government of India (www.mea.gov.in). Accessed 13, 2015

⁶⁷Rajya Sabha, Government of India, Report, 22 May 1967, 197.

⁶⁸Cited in Gupta, 1988, 83.

decline of CENTO, British withdrawal from West Asia, the bilateral tie-up between Iran and the Soviet Union, Israel's recognition by Egypt, and the Indo-Soviet Treaty of 1971. Reza Shah's pursuit of an autonomous foreign policy was slowed down as a result of these political changes.⁶⁹ Meanwhile, India had become a significant power in the region as a result of its victories in the wars against Pakistan and its successful nuclear test in 1974. These developments contributed considerably to the strengthening of ties between India and Iran.

Reza Shah said in an interview that Iran aspired to follow a policy that included not only peaceful coexistence but also active collaboration with India. This recognition emphasised the essential role of India in ensuring stability in the region.⁷⁰ In comparison to Nehru, Indira Gandhi pursued cordial relations with Reza Shah. She, in fact, admired his charismatic persona. She sought to expand India's global engagements and believed that maintaining friendly ties with specific groups of countries should not lead to hostility towards others.⁷¹ Indira reminded the Iranian officials that certain beneficial political relations, technological cooperation and complementarities in trade and commerce with others would be necessary. It implied a pragmatic approach from India in international politics while pursuing foreign relations without undermining the non-alignment posture.

From the 1970s onwards, both India and Iran assumed significant roles in their respective regions. Iran experienced a surge in global energy influence following the oil price surge in 1973. The oil boom helped Iran establish itself as a key player in the global energy market. Additionally, with the support from the U.S., Iran bolstered its military capabilities, becoming a prominent force in the Persian Gulf region. Iran's reclamation of three contested islands in the Persian Gulf, namely Abu Musa, Greater Tunb, and Lesser Tunb, further strengthened its regional power and strategic positioning.⁷² In the late 1970s, Iran rapidly surpassed its neighbouring countries in economic and military capabilities. As documented in the diary of one of Reza Shah's ministers, Iran rapidly assumed a leadership position not only in the Persian Gulf but also throughout West Asia

⁶⁹ Dieter Braun, "Changes in South Asian Intra-Regional and External Relationships," *The World Today* 34, no. 10 1978 390–400.

⁷⁰ A.H.H. Abidi, *Relations between India and Iran: 1947-1979* in India, Iran and the GCC States, ed. A. K. Pasha (New Delhi: Manas Publications, 2000), 167

⁷¹ Ministry of External Affairs, Government of India, *Annual Report*, (1973-74), 36

⁷² Khalid S. Z. Al-Nahyan, *The Three Islands Mapping the UAE-Iran Dispute*, (London, Royal United Services Institute for Defence and Security Studies (RUSI) 2013), 168.

and the entire oil-producing world.⁷³ Iran was able to build a strong military arsenal from its oil revenues with the help of the U.S. In 1976, Iran witnessed a significant surge in its military expenditures, which tripled to an astonishing \$18.07 billion.⁷⁴

India's role in international politics has grown significantly as well. The country's security environment has seen significant improvement. India and Iran both prioritised security, an area where they found their interests largely aligned. They shared the belief that the presence of great powers in their region could pose a significant threat, reflecting a mutual concern about external influences on regional stability. Therefore, they concluded that it would be beneficial to make use of the advantageous strategic considerations to stop the intervention of the external powers in the region. Importantly, from the middle of the 1970s, the emphasis on the region's security and stability has been equally repeated in the visits and discussions that have taken place between the two countries. They realised that security was the most important aspect of their collaboration. Therefore, they placed a crucial focus on maintaining peace between the Indian Ocean and the Persian Gulf.

India condemned but was not much apprehensive about the Soviet invasion of Afghanistan in 1979. It extended support to the Marxist regime in a perfunctory manner.⁷⁵ Iran, on the other hand, was apprehensive about the political turmoil in Afghanistan as it would leverage the pro-left groups or parties (The Tudeh Party) in Iran. India's mild approach to the Soviet invasion of Afghanistan bothered Iran a little. However, both countries ensured that the political unrest in Afghanistan should not affect their bilateral affairs. They argued for bringing security and stability to Afghanistan, where they had convergent interests. They were inclined to collaborate with the United Nations (UN) disarmament initiatives, address the crisis in West Asia, maintain the Indian Ocean as a zone of peace, and resist the intervention of major powers in the Persian Gulf.⁷⁶ Neelam Sanjiva Reddy, the then-Indian President, said,

⁷³Trita Parsi, *Treacherous Alliance: The Secret Dealings of Israel, Iran, and the United States*, (London, Yale University Press, 2007) 40.

⁷⁴Bureau of Arms Control, Verification and Compliance (AVC) U.S. Department of State, Bureau of Verification and Compliance, <https://www.state.gov>. Accessed 22 August 2016

⁷⁵Joseph J Collins, "The Soviet Invasion of Afghanistan: Methods, Motives, And Ramifications." *Naval War College Review* 33, no. 6, 1980, 53–62.

⁷⁶Implementation of the Declaration of the Indian Ocean as a Zone of Peace, G.A. res. 47/59, 47 U.N. GAOR Supp. (No. 49) at 79, U.N. Doc. A/47/49 (1992)

“India and Iran could play a constructive role to make harmony and understanding between North and South. They highlighted the outlook on new international economic order based on inter-dependency, equality and justice, focused on nuclear disarmament and peaceful use of nuclear energy.”⁷⁷

India and Iran criticised the U.S and the Soviet Union for their inability to restrict the arms race and military operations in the Indian Ocean.⁷⁸ Since the 1970s, at various points, the views and approaches of India and Iran have found similarities. However, their perspectives on non-alignment and alignment, respectively, had not changed. Most importantly, they managed to cooperate to stabilise the region as well as improve their bilateral relations while following their respective non-alignment and alignment policies. Reza Shah would change his policy according to the changing scenarios in regional politics. He even rather promptly ended enmity with Saudi Arabia and the Soviet Union. The British withdrawal and the back-tracking of the U.S. forced the Shah sought friendly relations, especially with the neighbouring countries, as he saw engagement as the better option. In the 1970s, Reza Shah did not have serious political differences with Indian Prime Minister Indira Gandhi on various matters. Their views were convergent on certain critical areas in the region as well. Their political understanding and confidence scaled up, and the relations between the two improved significantly.⁷⁹

Between 1970 and 1979, amidst evolving regional and global politics, India and Iran experienced a significant convergence of interests. This alignment led to notable agreements and Memorandums of Understanding (MoUs), particularly in the economic domain. The accords further facilitated economic collaboration and bolstered bilateral relations between the two countries. In general, the agreements and MoUs signify a phase of robust economic involvement between India and Iran throughout the 1970s. Two cooperated in various industries, including mining, fertilisers, energy, and infrastructure. This cooperation demonstrated the shared ambitions to bolster their economies and reinforce their bilateral relations.

⁷⁷Ministry of External Affairs, Government of India, Annual Report, (July 30, 1978), 44.

⁷⁸Lok Sabha Debate, Government of India, (March 1, 1979), 66

⁷⁹Abdul Amir Jorfi, “India and Iran: Two Asian Powers,” *Strategic Analysis*, vol. 43, no. 2, May (1995), 257.

1979 Islamic Revolution and Iran's shift towards Non-alignment

The Islamic Revolution was interpreted differently across the region and the world at large. Some called it a radical Islamist uprising, while others saw it as an expression of popular sentiment against the Shah's regime. Maulana Ali Nasir, a representative of Ayatollah Ali Khomeini, conveyed to India that the popular movement in Iran was a democratic assertion and sought India's support.⁸⁰ In addition, for India, the revolution reflected Iran's quest for a unique identity, asserting its nationhood, and aspiring to chart an independent course free from external influence by major powers.⁸¹ India perceived that the Islamic Revolution would help to form a democratic government in Iran, expel the external powers from the region and usher in a sense of Asian autonomy.

With the triumph of the Islamic Revolution of 1979, Iran's pro-Western history came to an end: It ushered a paradigm shift in its foreign policy that presented new opportunities as well as challenges in/for the region. From India's perspective, certain policy changes by Iran, including its withdrawal from CENTO in 1979 and the breakdown of Iran's ties with the West, were favourable. It recognised the Islamic government of Iran and resumed bilateral relations. Iran decided to join the non-aligned group, which India welcomed. In 1979, A.B. Vajpayee, who was the External Affairs Minister of India at the time, expressed his anticipation for the moment when Iran would become a part of the non-aligned nations' fraternity.⁸²

India, at the same time, expressed some apprehensions towards revolutionary Iran due to its covert connections with Pakistan. India had uneasiness due to the predominant political association between the imperial administration and Pakistan. Now, the revolutionary government exhibited both religious affinity as well as political ties with Pakistan. India expressed concerns over the potential mobilisation in the name of Islam

⁸⁰ On 5th December 1978, Imam Khomeini sent a letter to the religious leaders and also people of India to describe the situation Iranians faced under the Pahlavi regime and their struggle against the government's discrimination. He also invited "the great nation of India" to support the movement of "the oppressed people of Iran". Report of Foreign policy Research Centre on Iranian Studies, New Delhi, www.fprc.in/pdf, Accessed 13 September 2014

⁸¹ External Ministry of India, Government of India, Annual Report, (February 03, 1977-78), 13

⁸² Lok Sabha Debate, Government of India (February 22, 1979), 23-24

for political purposes in the region of the two Islamic Republics. Moreover, Iran had officially announced its commitment to safeguard the aspirations of Muslims globally.⁸³

All the same, an anti-West and non-aligned revolutionary Iran proved to be a much-needed blessing for India. Iran recognised the relevance of the NAM to counteract the hegemony of global powers and included its principles within its foreign policy to resolve regional and international issues, fortify the regional economy and maintain stability in the region. Iran envisaged the NAM would be an alternative to its “neither the East nor the West policy” to engage with East Asian as well as Arab countries.⁸⁴ India, on its side, perceived Iranian membership in the NAM as a constructive development. In 1961, Saudi Arabia joined the NAM but continued its pro-West posture. Unlike Saudi Arabia, the Iranian presence in the NAM would make it easier to attain the prime objective of “state autonomy in global politics”. Iran encouraged other member countries to stand for international peace and security and foster economic and trade relations between the member countries.

Islamic Dimensions in Foreign Policy of Iran

By the time of the Islamic Revolution of 1979, Iran declared a separate foreign policy of “neither East nor West, Islam is the best” (non-interference).⁸⁵ The foreign policy itself gave emphasis on Islam and kept a distance from the rest of the world, especially from the West. The revolution insisted on Iran’s return to its roots, Islamic values, and its rejection of the Western political and cultural influences in the country, Islamisation of the state, propagate Shia ideology across the world and form a single global community (Umat-e-whaед-e Jahani). The architects of the revolution aimed to prevent the domination of foreign powers over Iran and the exploitation of its natural resources. The Iranian constitution outlined the cultural, social, political, and economic institutions of Iranian society, which were based on Islamic doctrines and norms.⁸⁶ Article 11 of the

⁸³Ann Elizabeth, Mayer, “Islamic Rights or Human Rights: An Iranian Dilemma,” *Iranian Studies* 29, no. 3/4 (1996): 269–96.

⁸⁴R. K. Ramazani, “Iran’s Foreign Policy: Both North and South,” *Middle East Journal* 46, no. 3, 1992, 393–412.

⁸⁵It is our duty to stand up to the superpowers, and we have the ability to stand up against them, provided that our intellectuals give up their fascination with Westernization or Easternisation and follow the straight path of Islam and nationalism, see the document for more details “Khomeini: ‘We shall confront the world with our Ideology’ (Source: Radio Tehran, March 21, 1980; translated in FBIS, March 24, 1980)

⁸⁶Matin F Papan, *The Constitution of the Islamic Republic of Iran* (1989 Edition). *Iranian Studies*, 47(1), 2014, 159-200.

Iranian Constitution asserted, guided by the sacred verse of the Quran, that “This your community is a single community, and I am your Lord, so worship Me” [21:92]. Thus, all Muslims constitute a unified nation: Global *Ummah*. The government of the Islamic Republic of Iran is obligated to formulate its overarching policies with the goal of fostering friendship and unity among all Muslim peoples.⁸⁷

The leaders of the Iranian revolution believed that only Islam could protect the people from “oppressive and corrupt rulers”. The Constitution itself underlined that the state would treat all Muslims well, irrespective of their sects. It challenged, thus, the Muslim-majority countries as well as other Muslim-populated countries in the world because of their violation of Islamic principles and values. Revolutionary Iran's foreign policy was steadfastly dedicated to safeguarding the interests of Shia individuals, irrespective of their location, which caused apprehension among Arab Sunni nations in West Asia. In contrast, Muslim-majority countries that are not Arab were aware of Iran's humanitarian attitude towards the worldwide Muslim community.

India was apprehensive when revolutionaries in Iran came to power with the slogan of ‘Islam is the best’. India is the third largest Shia-populated country in the world, after Iran and Pakistan.⁸⁸ Therefore, according to the slogan, Iran might have an interest in India as well. Unlike Reza Shah, the new leaders (clergies) of Iran, especially the supreme leader Ayatollah Khomeini, were religious sympathisers who inspired many Indian Muslims. Iran raised issues about India’s stance on the Kashmir dispute. It, in fact, supported Pakistan’s position. The Iranian parliament had discussed the Kashmir issue as a serious matter and declared it as an inseparable part of Pakistan.⁸⁹ It was in 1991 that the then-Iranian government conveyed to M.S. Solanki, India's External Affairs Minister, that Iran recognised Kashmir as an integral part of India. Yet, in 1992, Iranian President Akbar Hashemi Rafsanjani voiced backing for an alternative perspective, aligning with the Pakistani position and advocating for the self-determination of the Kashmiri people. In 1993, during the visit of Indian Foreign Secretary J.N. Dixit to Iran, his Iranian counterpart, at a press briefing, provided assurance that Iran “would not say or do

⁸⁷The official text of the Constitution of the Islamic Republic of Iran is available on the website of the Ministry of Foreign Affairs of Iran. <https://en.mfa.ir/> Accessed on 20 September 2014

⁸⁸Pakistan: Muslim (official) 96.4% (Sunni 85-90%, Shia 10-15%), other (includes Christian and Hindu) 3.6% (2010) The world Fact book, Central Intelligence Agency (U.S), <https://www.cia.gov/> Accessed 19 August 2016

⁸⁹ Pattanayak, *Iran's Relations with Pakistan*, 36

anything against the integrity of India.” Furthermore, during the visit of Indian Prime Minister Narasimha Rao to Iran in the same year, Iran reiterated that it had no desire to interfere in India's internal affairs.⁹⁰ The statement indicates that Iran is committed to refraining from involvement in India's internal affairs, particularly with regard to the Kashmir conflict and in cases of the issues of the Indian Muslims.

India consistently maintained a stance of not welcoming Iranian interference in its internal affairs. It repeatedly clarified that there was no need for a third party, even in the role of a mediator, in the resolution of the Kashmir issue between Pakistan and India. The reason behind Iran's pro-Pakistan stance on the Kashmir issue was that as a Muslim well-wisher country, Iran had to stand by Pakistan and in return, it wanted Pakistan's support to counterbalance the Sunni majority countries in the region. Most of the time, the Iranian governments balanced relations between India and Pakistan regarding the Kashmir issue. Some strong views about the demolition of Babri Masjid in 1992 led to political friction between India and Iran.⁹¹ Ali Akbar Velayati, Iran's Foreign Minister, contended that the incident should not be perceived as limited to a local context but rather as having broader international consequences.⁹² For India, the issue was an internal matter of the country and did not welcome any external meddling. Against the backdrop of geopolitical and strategic relations, India and Iran also had trade ties in their post-colonial phase in a zigzag manner.

Bilateral Trade

The trade contacts between India and Iran were established in 1950, and their first formal trade agreement was signed in 1961. This agreement covered a diverse array of export and import commodities, such as animal and marine products, agricultural goods, drugs, pharmaceuticals, chemicals, engineering products, mining commodities, plastics, sports equipment, textiles, cotton, woollen products, household items, construction materials, food products, stationery, and other items.⁹³ Then, in 1962, they signed a second 'Trade Agreement', which was an extension of the first treaty, including more trade items.

⁹⁰ Pattanayak, *Iran's Relations with Pakistan*, 65

⁹¹ See the coverage in a prominent news agency, Sally Hone, "Bloody riots flare across India following demolition of mosque," UPI News, December, 07, 1992, <http://www.upi.com>. Accessed 22 October 2105

⁹² Jajati K Patnaik, *India-Iran Bilateral relations in the Contemporary Period in India and Iran: An Assessment of Contemporary Relations*, ed. Anwar Alam (New Delhi, New Century Publications, 2011), 38

⁹³ Trade Agreement between the Government of India and the Imperial Government of Iran, (Legal Information Institute of India Indian Treaty Series, 1961), 1

Imperial Iran had no significant economic relations with neighbouring countries except Turkey and Pakistan, which, unlike India, did not have any wider markets. Iran's frictional relations with Arab countries and the Soviet Union made the possibility of trade ties with India.

Crude oil and petroleum products imported from Iran were an important area of India and Iran's economic transactions. A thriving India required sufficient energy for the development of its industries across the country. India possessed partnerships in oil exploration projects in Iran with the support of multinational companies. The Oil and Natural Gas Corporation (ONGC) of India, in partnership with Phillips Petroleum Company of the U.S. and General Italian Oil Company (AGIP), reached a definitive deal with the National Iranian Oil Company (NIOC). An Oil Refinery Company was established in Madras by the government of India, with the assistance of Iran. The Iranian Oil Company maintained a 13% investment in the company, together with the American Oil Company (AMOCO). The Madras Refinery had a processing capability of around 2.5 million tonnes of crude oil annually. India shipped 40% of the refined diesel produced by multiple refineries to Iran. Their economic links throughout the Cold War period were solidified by their partnership in the oil industry, establishing a strong foundation for their relations. Crucially, it aided in avoiding the spread of unnecessary political suspicion and distrust between them.

Another cooperative project was the construction of the Madras Fertilizer Plant in India (an ISO-certified leading fertiliser industry in South India) in 1966, in which Iran had a substantial investment. Different joint ventures had been set up in the commercial areas, which helped to enact all concluded agreements in trade and commerce. An Indo-Iranian Joint Commission on Economic, Trade, and Technical Collaboration was established, with supervision from the commerce ministries of both countries.⁹⁴ Reza Shah visited major industrial places in India and concluded that it was a growing country in South Asia with a big market and had huge developmental projects. In bilateral trade, India was the right option for Iran, and they found complementarities in trade and commerce. They conducted the meeting of the Joint Indo-Iranian Commission once or twice every year under the concerned ministries, and it helped improve the level and categories of economic transactions. A 'high-level coordinating and implementing committee' was

⁹⁴Ministry of External Affairs, Government of India, Annual Report, 1969, 32.

formed, which enacted the decisions and undertook joint economic ventures of both countries. Iran and India shared similar views on improving their trade and commerce and succeeded in framing various mechanisms to increase bilateral ties.

In the post-Nehru period, political friction had abated to a large extent. Indira Gandhi and Reza Shah of Iran were interested in expanding trade. Indira Gandhi's visit to Iran in 1974 helped to improve the country's economic ties, and they discussed the construction of a North-South Corridor transport route from India to the Soviet Union through Iran and Afghanistan. This would result in a decrease in both transportation time and costs. The Indo-Iranian Joint Commission developed a tripartite industrial unit that permitted neighbouring countries to join as a third party, and it indicated they had a regionally inclusive economic policy. Joint ventures in commerce and trade consisted of refining and exploring Iranian crude oil, technical assistance to establish industrial capacity, and the development of train rails and wagons. During the time of the price hike, Iran secretly delivered oil to India for the pre-existing price and became a confidential economic partner. The political impediment that happened in the region did not have much impact on the economic relations between India and Iran. The 'Indo-Iran Joint Commission always emphasised accelerating collaboration in trade, economic and technical areas. When Japan withdrew from the Kudremukh Iron Ore Project of India⁹⁵ due to the decline of the global industry, Iran revived the same by the approval of \$360 million for excavation.⁹⁶ They developed supportive economic relations, which was a significant landmark in the progress of India and Iran's trade.

Islamic revolution was a setback for economic relations. However, immediately, both nations resumed their trade with the visit of Reza Sadr, Iranian Commerce Minister, to India in 1980, the first noted visit since the revolutionary government came to power in Iran. He added that the visit was not "accidental and by design", and Iran wanted to increase exports of natural resources to strengthen its domestic economy. In return, Iran purchased Indian items like iron and steel products, textiles, spare parts, industrial raw materials, paper and agricultural products. Both governments formed committees on trade, exchanged delegations in various sectors, transferred Indian technology to Iran,

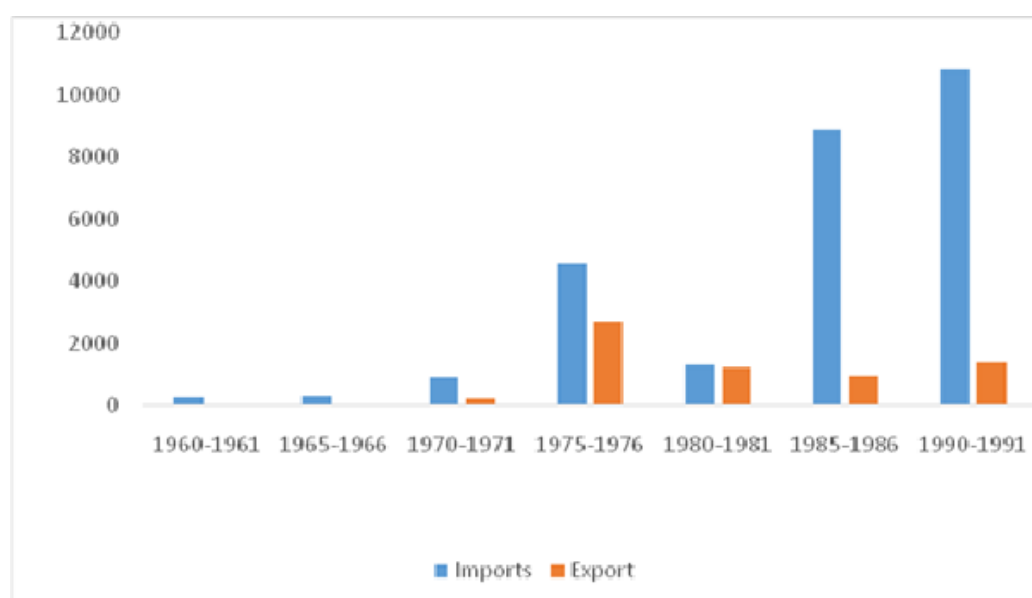
⁹⁵ It is a government of India enterprise, was Asia's largest iron ore mining and pelletising complex and the country's biggest 100% export-oriented unit engaged in the business of exporting high quality iron oxide pellets and pig iron.

⁹⁶ Report of Kudremukh Ore Company Limited www.kioclltd.in, Accessed on 12 August 2014.

and worked to improve the shipping and transport systems. In 1983, the Indo-Iranian Joint Commission signed an agreement which focused on an institutional framework to advance cooperation in trade. Since 1984, both nations have emphasised increasing ties in the non-oil sector and targeted an equilibrium in economic relations. Then, Iran sought more high-value assistance from India, such as intensive rural industries, satellite communication, textile and agricultural instruments. Iran recognised India as a potential partner to fulfil its economic needs and scientific temper.

Since 1986, the foreign ministers of India and Iran have conducted several rounds of talks on prospects and possibilities in trade and commerce. India and Iran evaluated the progress of joint commissions and agreed to enforce the decisions that the previous commissions had taken. Frequently, the officials of Indian Steel Authority Limited visited Iran to inform the progress of the Kudremukh Iron industry. Iran expressed its satisfaction with India on the justified finalisation of issues over the Kudremukh Iron Project. Both nations increased collaboration in the industrial fields such as power, steel, transport, telecommunications and rail devices. India and Iran both valued their respective diligent efforts to promote bilateral trade and commerce during the war period.

Table Graph No. 01: Trend in Trade between 1960 and 1991



Source: Data collected from the debates of Lok Sabha and Rajya Sabha of India from 1960 to 1991 (Parliament Library of India, New Delhi) Accessed 20 October 2015

The trend in total trade between India and Iran during the Cold War period was fluctuating, and a notable improvement in their trade was witnessed since the 1960s. India's imports from Iran began to increase at Rs 295.5 million in 1960-61, and they continued to increase till 1964. 1964-65 marked the volume of India's imports at Rs290.2 million, and since then, India's imports from Iran have increased till 1978-79. There was a decline from Rs5434.9 million to Rs3153.7 million, and in the years 1980-81, import volume was down to just Rs. 1339 million. Since 1982-83, imports from Iran increased to Rs8927million and then continued at almost the same level of volume till 1985-86 except 1984-85, which witnessed a decline of more than 50%. Since 1986-87 there was a dramatic decline from Rs 8851 million to Rs1405 million rupees and almost same value continued till the years of 1987-88 and 1988-89. India's exports to Iran have steadily increased since 1960, and during the years 1974-75, a dramatic increase in volume to Iran. However, since 1976-77, export volumes began to decline and witnessed more than 50% fall, with large-scale fluctuations continuing till 1989-90.

The trade balance was under negative margin towards India because it did not have high-value products to export to Iran as an alternative to oil. India tried to balance the huge trade deficit by the exports of valuable items like steel in return. The bilateral trade between India and Iran in the pre-and post-Islamic revolution period had grown, and India's main import items from Iran were petroleum and petro-products. Nehru once remarked in the Parliament that India did not have sufficient facilities to store Iranian oil. It indicated the uninterrupted flow of oil from Iran to India despite the political mistrust between Nehru and Reza Shah.

India and Iran framed attractive economic agreements, Treaties and Joint Ventures and formed the Joint Indo-Iranian Commission, Technical Committees, Chamber of Commerce and other institutional mechanisms to improve their economic relations. All the collaborations between India and Iran in the respective areas on a framework level were significant, and they even devised a special route for the export of goods from India to Russia and Europe via Iran. Their views and plans in the geo-economic area were noteworthy. The irony is that most of the framed trade agreements had not been implemented in a timely manner due to the political criticality of Iran and also the lack of probity of India. Imperial Iran was struggling with external powers and internal dissidents till 1979. Iraq attacked Iran after one year when the Islamic government came

to power, and the war continued for eight years. It was a major hindrance to implementing the economic agreements between India and Iran till 1988. Political stability is inevitable to pursue consistent trade relations between any two countries. In the case of Iran, most of the time, Iran was not peaceful. Admittedly, framed agreements in trade and commerce were sufficient to satisfy the economic interests of both countries, but they failed to exploit it optimally. However, as two regional countries, they maintained economic relations even though they had no significant growth.

Concluding Remarks

The chapter focused on the historical diplomatic and geopolitical dynamics of India's and Iran's relations. It analysed the relations in the context of Cold War politics. It also underlined the fact that the historical connections between the two nations have led to a great deal of shared cultural and political history. The historical connection between India and Iran spans several periods, encompassing ancient, mediaeval, and modern periods. During the ancient and mediaeval eras, the empires in India and Iran maintained cultural, religious, political and trade connections. The bilateral relations between the two nations were strengthened through time-to-time military collaboration as well. During the colonial rule in India, the relationship between India and Iran experienced a notable decline, resulting in a disruption of interactions between the two nations.

Following India's independence in 1947, India and Iran proceeded to re-establish diplomatic contacts, thereby facilitating a notable revival of cultural and commercial ties between the two nations. A range of factors, including domestic, regional and global political factors, shaped the policy decisions on non-alignment and alignment between India and Iran. Both countries had difficulties in the pursuit of their respective national interests and in advocating for their unique perspectives within the domain of international politics. The political affiliations among leaders were shaped by their strategies and attitudes throughout the 1950s and 1960s, which were significant decades for both countries.

It is evident that there were no overt instances of direct political clashes between India and Iran. Despite that, the differing perceptions and ideologies of Nehru and Reza Shah did not help in the bilateral relations between India and Iran. The political estrangement between India and Iran can be attributed to various factors, including regional politics,

the role of bloc politics, and the various security pacts. This also affected how Pakistan was pursued by Iran and vice versa. The geopolitical and religious connections between Iran and Pakistan indeed, at times, concerned India, even though it was not necessarily that Iran wanted to be used by Pakistan against India.

However, the decade of the 1970s introduced several changes in regional politics, significantly impacting India and Iran relations. Their interests found a visible convergence, like the influence of great powers on smaller countries. During the post-Islamic Revolution era, notable advancements were observed in the domain of political and economic interactions as Iran could pursue an independent foreign policy. India has expressed its appreciation for Iran's choices, its recognition and joining of the NAM. Both countries demonstrated a convergence of perspectives about political matters at regional and global levels. The ensuing chapter discusses the role regional powers and actors play in India and Iran relations.

Chapter 03

The Role of Regional Players in India and Iran Relations in the Post-Cold Period Relation

Introduction

The disintegration of the Soviet Union in the early 1990s profoundly impacted the global distribution of power, leading to a substantial shift in the geopolitical landscape at both the global and regional levels. This chapter examines the impact of these post-Cold War regional developments on India-Iran relations. This period has been characterised by significant and unprecedented changes in regional politics worldwide, marked by deep systemic and structural complexities. These shifts have promoted states to interact with one another in order to protect their national interests. These developments initiated increased collaboration and unleashed new rivalries among regional countries. This chapter examines the converging and diverging regional interests and complex regional dynamics that have significantly influenced the dynamics of India and Iran relations over this timeframe. The first part of the chapter examines the involvement of regional actors in the relationship between India and Iran, while the next section analyses the convergence of interests between India and Iran in the Central Asian region.

India and Iran have emerged as influential regional powers in their respective regions, displaying strategic manoeuvring in response to the changing political realities in the region. For India and Iran, the changed context encouraged both countries to re-evaluate and reconsider their bilateral relationship. The involvement and engagements of other regional actors, including Afghanistan, Pakistan, Israel, Saudi Arabia, the Central Asian States (CAS), and non-state violent actors such as the Afghan Taliban (currently in power) and Pakistan-based terrorist groups, have had a direct or indirect impact on the relationship between India and Iran in the post-Cold War period.

Afghanistan in India and Iran Relations: A Site of Convergence of Interests

The end of the Cold War ended the direct confrontation of the two great powers in Afghanistan.¹ In 1989, the Soviet Union entered into an agreement with the United States, Pakistan, and Afghanistan, committing to the withdrawal of its troops from Afghanistan. This decision marked a significant turning point in the regional dynamics of Central Asia. A ferocious civil war started after the withdrawal of the Soviet Union from Afghanistan. This led to the rise of a radical Islamist group, the Afghan Taliban (1990) (*talib in Arabic means student; Taliban is plural of talib*) in Afghanistan. It seized power in Kabul in 1996-2001. It had links with Al-Qaeda militants who were responsible for the 9/11 attacks in the US in 2001. In response to this, the US intervened in Afghanistan and dismantled the Al-Qaeda network within the country. It resulted in the overthrow of the Afghan Taliban rule in Afghanistan (1996-2001). Following the loss of power in Afghanistan, the Afghan Taliban engaged in a protracted and deadly fight to restore control in Afghanistan.² The turmoil and conflict also provided space for other extremist groups in the Afghanistan region like Haqqani Network (2000) Haqqani Network (2000), Tehrik-i-Taliban Pakistan (TTP, 2007, which has a link with Afghan Taliban) and Islamic State in Iraq and Syria (ISIS, 2013) to use the country for terror activities. The nation of Afghanistan has faced the persistent challenge of instability due to Taliban rule (1996-2001) and the subsequent intervention of the US (2001-2021). Consequently, the country has been caught in various political conflicts and the resurgence of the Afghan Taliban (2001-2021).

Afghanistan's political and social instability has influenced India and Iran, its significant immediate neighbours, in multiple ways. India and Iran have convergent economic and geopolitical interests in Afghanistan post-Cold War. The primary objective of India and Iran in Afghanistan was to stabilise the country. They assisted the Afghan government in addressing internal issues and transforming Afghanistan into a stable country and a flourishing economy, given its strategic position within the South Asian region. India and

¹ Khalid Rahman, "India-Iran Relations and Current Regional Dynamics," *Policy Perspectives* 7, no. 2 (2010):27–49. Harsh V Pant, "India's Changing Afghanistan Policy: Regional and Global Implications," (Pennsylvania: Strategic Studies Institute, US Army War College, 2012), 1-55.

² For details, Antonio Guistozi, *The Taliban at War, 2001-2018* (United Kingdom: Oxford University Press, 2018), 1-380. See for instance, Heidi Kjærnet and Stina Torjesen, "Afghanistan and Regional Instability: A Risk Assessment," (Norway: Norwegian Institute of International Affairs-NUPI, 2008), 1-35. For further details see, Partha Pratim Basu, "India and Post-Taliban Afghanistan: Stakes, Opportunities and Challenges," *India Quarterly* 63, no. 3 (2007): 84–122.

Iran shared a mutual interest in ensuring the stability of Afghanistan. Satinder K Lambah, the then Ambassador and special envoy of India to Afghanistan, emphasised the convergence of interests of India and Iran in Afghanistan. Both states were resolute in their endeavours to thwart Afghanistan from becoming a hub of extremism.³ They argued for the establishment of an inclusive national government that would guarantee representation of all groups rather than being controlled by extremist organisations such as the Afghan Taliban (Pashtuns). Their major aim was to ensure that foreign countries do not interfere in the internal matters of Afghanistan and to prevent the establishment of terrorist safe havens within Afghanistan's borders. Moreover, it was important to note that both India and Iran placed a large emphasis on the attempts to recover in Afghanistan as well as the strengthening of their armed forces, specifically the Afghan National Army (ANA).⁴

This points out that both India and Iran had broad and long-term political, strategic, and economic interests in Afghanistan. Their perception was that a socially balanced political system in Afghanistan would protect the national interests of the Afghan people.⁵ Therefore, mutual involvement in Afghanistan was a strategic need for India and Iran. In 2002, India and Iran agreed that both countries work together to implement reconstruction projects in Afghanistan and provide humanitarian support to the Afghans.⁶ India held the position that Iran would continue as its single most important political ally to accomplish the Afghanistan National Development Strategy (ANDS), a significant domestic policy consisting of the three pillars of – security, economy, and governance.⁷ This is of significance for India's geopolitical interests in the region. Their joint efforts tried to build a new Afghanistan, free from the shackles of the Afghan Taliban and the 'vested

³ Fahmida Ashraf, "India-Afghanistan Relations: Post-9/11," *Strategic Studies* 27, no. 2, (2007): 90–102. See, for instance, Bibhu Routray Prasad, *National Security Decision-Making in India* (Singapore: S. Rajaratnam School of International Studies, 2013), 13-27.

⁴ For details see, Interview of Ambassador Satinder K Lambah, special envoy of the Prime Minister of India to Afghanistan on 7th September 2011, As cited on Smruti S. Pattanaik, "India's Afghan Policy: Beyond Bilateralism," *Strategic Analysis*, 36, 4, (2012): 19-23.

⁵ Rajeev Agarwal, "Post Afghanistan 2014: Options for India and Iran," (New Delhi: Institute of Peace and Conflict Studies, 2014), 1-8. <https://www.files.ethz.ch/isn/178140/IB247-ColAgarwal-Afg.pdf> Accessed 12 September 2017

⁶ See details see, Indian Treaty Series-2002-Indian Treaties Database (New Delhi: Ministry of External Affairs, Government of India) <http://www.mea.gov.in>). Accessed 12 September 2017

⁷ See the official website of Ministry of Foreign Affairs of Afghanistan for more details, National Development Strategy of Afghanistan-ANDS, 1-234. <https://mof.gov.af/sites/default/files/2021-05/ANDS.pdf> Accessed 19 October 2016.

interests' of outside powers. In fact, the security and economic sectors of India and Iran were linked with the political and economic development of Afghanistan.

India signed the Strategic Partnership Agreement (SPA) with Afghanistan in 2011. It was signed to enhance the combined efforts, such as engaging in the struggle against cross-border terrorism, organised criminal activities and the illicit drug trade, while also offering training and programmes to enhance the capabilities of the ANSF.⁸ India has invested \$ 3 billion in the development of Afghans from 2001 to 2022.⁹ The investment was in the sectors in which there were no conflicting interests with Pakistan and Iran.¹⁰ India never saw Afghanistan as a political battleground for competing national interests, where it was only interested in the zero-sum game.¹¹ India has adopted a distinct strategy in dealing with matters concerning Afghanistan. It achieved alignment with Iran's Afghanistan strategy during the period after the end of the Cold War. It implies that India's involvement in Afghanistan was not only driven by its narrow interests. India did not seek to engage in a competition that led to a situation where one country's gain was another country's loss. In its approach, India seems to emphasise cooperation, aiming to foster stability, development, and peace in Afghanistan. This strategy is characterised by focusing on broader regional well-being rather than prioritising its national interests to the detriment of others.

The involvement of India and Iran in Afghanistan expanded into security, economic and regional connectivity in the post-Cold War period. They were interested in attaining their regional power ambitions by liberating the Afghan region from the influence of major world powers. Iran offered around \$1 billion in aid at the Tokyo and London conferences in 2002 and 2006, respectively, for the reconstruction of Afghanistan.¹² The border provinces of Afghanistan with Iran were the largest benefactors of Iran's economic and

⁸ See for details, Annual Report 2011-2012. New Delhi: Ministry of External Affairs, Government of India, Policy Planning and Research Division, 09.

⁹ See for instance, Lok Sabha debate on "Question on India's investment in Afghanistan" (New Delhi: Lok Sabha, Parliament of India, February 04, 2022):29.

¹⁰ Joint press interaction by Prime Minister Manmohan Singh and Afghanistan's President Hamid Karzai, New Delhi: Ministry of External Affairs, Government of India, 2006. <https://www.mea.gov.in/media-briefings.htm?dtl/3153/Joint+Press+Interaction+by+Prime+Minister+Dr+Manmohan+Singh+and+Afgha+nistans+President+Mr+Hamid+Karzai+Hyderabad+House+New+Delhi>. Accessed 19 May 2014

¹¹ Speech by Foreign Secretary on Afghanistan-India-Pakistan Dialogue Organised by Delhi Policy Group, Ministry of External Affairs, Government of India, <http://mea.gov.in>. See for instance, Foreign Secretary's speech at Launch of Delhi Policy Group Publication: "Afghanistan and its Neighbours: Regional Views" at India Habitat Centre, (New Delhi, Ministry of External Affairs, Government of India, April 09, 2014). Accessed 19 May 2014.

¹² Mohsen M Milani, "Iran's Policy Towards Afghanistan," *Middle East Journal* 60, no. 2 (2006): 235–56.

infrastructural support, where Iranian companies were engaged in building transportation facilities. Iran also has retained significant investments in the cultural and educational sectors in Afghanistan.

Afghan people evinced interest in India's role in reconstruction and development in post-2001 Afghanistan. They recognised that unlike Pakistan (for instance, Pakistan's support for Certain Afghan factions, proxy warfare, and use of religious extremism), India's involvement had not widened the ethnic and political polarisation in their country. India and Iran have succeeded in mobilising the Tajiks and Hazaras, the second and third largest ethnic groups after Pashtuns in Afghanistan, against the political upheavals, and they opposed the Taliban atrocities.¹³ The Tajiks had a central role in the Northern Alliance, an anti-Taliban coalition in Afghanistan that resisted the first Taliban regime from 1996 to 2001, to challenge the Taliban rule and it counteracts the Pakistan-controlled hard-line Pashtun faction in Afghanistan.¹⁴ Given this, there is a widespread perception that Afghanistan's neighbours, Iran, especially India, could win the 'hearts and minds' of Afghans.

India's consulates in Jalalabad, Kandahar, Herat, and Mazar-e-Sharif and the embassy in Kabul encouraged people-to-people contacts to bring down the scourge of the Afghan Taliban (1996-2001) and Pakistan's influence in the country. Afghan's pro-India approach was reflected in the words of Shaida Mohammed Abdali, the then Afghan Ambassador to India, Bhutan, the Maldives, Nepal and Afghan National Deputy Security Advisor, wherein he pointed out that the people of Afghanistan were eager for increased and accelerated support and cooperation from India in various areas. In a broader sense, Afghanistan was interested in India adopting a significant role in helping to enhance the country's security.¹⁵ On similar lines, Iran maintained relations with the Tajik and Hazara ethnic groups, as well as Shia communities in Afghanistan. Collectively, these groups constitute 36 per cent of the Afghan population, a substantial percentage that has the potential to diminish Pakistan's influence in Afghanistan.¹⁶ This strategic engagement

¹³Conrad Schetter, "Playing an Ethnic Card: On the Ethnicization of Afghan Politics," *Studies in Ethnicity and Nationalism*, Vol.16, No.03, (2016): 1-11. <https://doi.org/10.1111/sena.12203>.

¹⁴Harsh V. Pant, "India's 'Af-Pak' Conundrum: South Asia in Flux," *Orbis*, 56, 1, (2012): 108.

¹⁵See for instance, Interview of Shahida Mohammad Abdali, Afghan National Deputy Security Advisor (As cited in Smruti S. Pattanaik, 2012), 574. Rajan Jha, "India-Afghanistan Strategic Relations in the Post-Taliban Period," *World Affairs: The Journal of International Issues* 19, no. 4 (2015) 92-107.

¹⁶ See the coverage in prominent daily newspaper, Michael Slackman, "Iran Blames US and Britain in Attack," *The New York Times*, October 19, 2009. <https://www.nytimes.com/>. Accessed 13 October 2016.

reflected Iran's geopolitical interests and desire to shape neighbouring Afghanistan's political dynamics. India and Iran were in a position to mobilise a complex mix of ethnic and religious people of Afghanistan. Perception of India and Iran was that the domestic level involvement was significant to stabilise the country of Afghanistan.

The top leadership of Afghanistan also emphasised the significance of India and Iran's involvement in Afghanistan. For instance, Hamid Karzai, the then President of Afghanistan, emphasised that cooperation between India and Afghanistan [would] go a long way in bringing more stability and peace in Afghanistan.¹⁷ Official support from Afghanistan provided an opportunity for India to enhance its strategic relations with Afghanistan. By fostering cooperation with these two nations, Iran and Afghanistan, India gained a position to uphold the balance of power in Southwest Asia. As their interests converged in Afghanistan, India and Iran increased their involvement by entering into meaningful bilateral and trilateral agreements with Afghanistan to strengthen their collaboration. For instance, the 'Trilateral Meeting Agreement' between India, Iran and Afghanistan in 2018 aimed to foster cooperation across multiple sectors, such as infrastructure, trade, and transit, to facilitate economic development and enhance connectivity in the region.¹⁸ In addition, they conjointly utilised the new political prospects in the region with the support of Afghanistan's democratic governments (2001 to 2021).

However, the entire scenario was further compounded by the withdrawal of the US-led North Atlantic Treaty Organisation (NATO) forces in August 2021. Not only did the Afghan Taliban come back to power, but all pro-US forces were dislodged in Afghanistan. Thus, all the efforts that were made to bring diverse ethnic groups together and establish a stable multi-ethnic Afghanistan did not materialise in any tangible outcome.¹⁹ The recapture of Afghanistan by the Taliban in 2021, coupled with the increasing presence of ISIS, is posing a threat to the regional countries, and the complete

¹⁷ Avtar Singh Bhasin, *India's Foreign Relations – 2006 Documents Part – I* (New Delhi: Geetika Publishers in Cooperation with Public Diplomacy Division Ministry of External Affairs, Government of India), 1172. Accessed 12 October 2016.

¹⁸ See the report of the Ministry on External Affairs, *First Trilateral Meeting between India, Afghanistan and Iran of the Coordination Council of the Chabahar Agreement*, government of India <https://www.mea.gov.in/pressreleases.htm?dtl/30531/First+Trilateral+Meeting+between+India+Afghanistan+and+Iran+of+the+Coordination+Council+of+the+Chabahar+Agreement>. Accessed 7 December 2023

¹⁹ Barnett R Rubin, "Crafting a Constitution for Afghanistan," *Journal of Democracy*, Vol. 15 (July 03, 2004): 1-16. <https://doi.org/10.1353/jod.2004.0051>. 11 June 2015.

withdrawal of the ISAF has created a new political landscape in Afghanistan. India was cautious with the developments in Afghanistan after the withdrawal of the US forces.²⁰ As a result, India and Iran have recognised to strengthen their relations due to the potential threats that have risen from Afghanistan.²¹ A new geopolitical shift has emerged in the region after the Afghan Taliban returned to power. Iran initiated “diplomatic relations” with the new Afghan Taliban regime in February 2023. After that, they began to diversify their ties into different sectors. In October 2023, Iran and Afghanistan established the Iran-Afghanistan Chamber to promote trade development. The chamber also aimed to facilitate transit sector operations and encourage investment in the agricultural sector. On the other end, India did not initiate ‘formal diplomatic’ relations with the new Afghan Taliban, though it had sent a ‘technical expert’ to deal with the new regime in 2022²². In general, the new political shift in Afghanistan is another significant development that could shape India and Iran relations in the current phase of the post-Cold War period.

In short, India found Afghanistan to be the ‘heart and regional hub’ in South Asia, with a geostrategic position facilitating significant ties between India and Iran in the post-Cold War period. India's strategic objective involved maintaining a robust relationship with Iran, and Afghanistan served as a central meeting point to enhance their ties. In every instance in which India strengthened its political and strategic ties with Afghanistan, it coincidentally improved the significance of the relationship between India and Iran. India and Iran's overlapping interests in Afghanistan influenced the bilateral relations between the two countries in the post-Cold period. On the one hand, India and Iran were not subjected to any specific constraints regarding their involvement in Afghanistan. On the other hand, the systemic influence in the region caused certain differences in their ties with one another. The following sections analyse the differences between India and Iran on NATO involvement in Afghanistan.

²⁰ Avtar Singh Bhasin, *India's Foreign Relations – 2013, Introduction* (New Delhi: Geetika Publishers in Cooperation with Public Diplomacy Division Ministry of External Affairs, Government of India): XXV. Accessed 5 April 2014

²¹ Chayanika Saxena, “The American Exit, the fall of Afghanistan and the Indian Dilemmas,” *Counter Terrorist Trends and Analyses* 13, no. 4 (2021): 8–13.

²² See the report of Ministry of External Affairs of India, *Deployment of a technical team in Embassy of India, Kabul*.

<https://www.mea.gov.in/press-releases.htm?dtl/35437/Deplchnical+team+in+Embassy+of+India+Kabul>. Accessed 7 December 2023

India and Iran on NATO Involvements in Afghanistan: A Site of Divergent Views

One of the most conflicting issues between India and Iran was the external factor of the prolonged stay of ISAF, a NATO-backed military force deployed for the security of Afghanistan from 2001 to 2021.²³ The complete withdrawal of the International Security Assistance Force (ISAF) and the subsequent resurgence of the Afghan Taliban to power in 2021 impeded the progress of India-Iran and India-Afghanistan developmental projects in Afghanistan. This turn of events proved to be unfavourable for both India and Iran, significantly affecting their collaborative initiatives and strategic interests in the region. India found that the only way to eliminate the Taliban and their radical ideology, as well as the threats they posed to India, was through the presence of external military forces in Afghanistan. Even in the past, India has not had any previous military involvement with Afghanistan. However, in response to the threat posed by the Taliban, the Home Ministry of India deployed commandos from the India-Tibetan Border Police Force (ITBP) to the embassy, consulates and project sites from 2004 to 2021.

On the other hand, the presence of the International Security Assistance Force (ISAF) at Shindand Air Base in Afghanistan, located less than 75 miles from the Iranian border, sparked apprehension among Iranians. This is because it provided the US with convenient proximity to conduct military attacks on Iran's nuclear reactors and centrifuge installations. The Iranian leadership was apprehensive about the presence of US forces stationed in close proximity to their country.²⁴ Iran was interested in removing the military bases of the superpower in West Asia. On the other end, Iran was not favourable to India in providing technical training for the US soldiers at the border region to comprehend the geographical features of Afghanistan. In addition, the continued US involvement in Afghanistan would lead to a future where the political and security interests of both India and Iran grow apart. This prospect underlined the importance of diplomatic efforts to ensure alignment in their regional objectives. India's uneasiness was the Afghan Taliban (2021-present) recapturing of power in Afghanistan that would reinstate the link with the Kashmiri militants and further aggravate the security situation

²³See the report, "Afghanistan and US Security," (Washington DC: Atlantic Council- South Asia Center, October, 2015):1-11. See for instance, Stephen Carter, "Iran's Interests in Afghanistan and Their Implications for NATO," *International Journal* 65, no. 4 (2010): 977-93.

²⁴James Dobbins, *Negotiating with Iran: Reflections from Personal Experience* (Washington, D.C: Centre for Strategic and International Studies, 2009): 152. <https://doi.org/10.1080/01636600903424833>. Accessed 20 April 2016.

of the country. For instance, according to the Indian military, at the peak of the Taliban's power (1996-2021), about 22% of militants were engaged in activities in Jammu and Kashmir either originated from Afghanistan or underwent training there.²⁵ Therefore, India wanted the involvement of foreign forces in Afghanistan till a settlement of the political and security issues.

Another divergent factor between India and Iran was the Afghan government being presented with the concepts of 'good and bad Taliban'. Iran recognised the 'good Taliban' and engaged with those factions to protect its interest in Afghanistan. Iran had established contacts with certain sections of the Taliban as a strategic intervention to undermine the dominance of Pakistan, prevent the influence of the Taliban, avoid confrontation between the Shias and the Taliban and protect its political and economic interests in Afghanistan. On the other hand, India never recognised the question of 'good and bad Taliban'. Its position on this matter was emphasised by Manmohan Singh, the then Prime Minister of India, in 2008;

*drawing false distinctions between good and bad Taliban would be counter-productive and propounded a need for strict observance of the sanctions regime against persons and entities listed by the UNSC Committee.*²⁶

India also did not want to compromise on extremist groups. India contended that the Taliban needs to adopt a moderate stance and prioritise the welfare of the Afghan people rather than posing a challenge to the nation. Like China, India did not hold discussions with the Taliban. Its perception was that the extremist groups had to recognise the constitution of Afghanistan, renouncing violence, and breaking ties with al-Qaeda and other terrorist organisations.²⁷ The domestic politics of Afghanistan remains influenced by extremism, and it determines the survival of the political parties or factions in the country. India persuaded two democratic governments of Afghanistan (Hamid Karzai-2002 to 2014 and Ghani 2014 to 2021) in order to cut ties with all factions involved in terrorism. In response to the US declaration to recall its forces from Afghanistan, India

²⁵ See for instance, Annual Report-2017-2018 (New Delhi: Ministry of Defence, Government of India): 136-138. Accessed 15 April 2020

²⁶ Joint Declaration issued following the visit of Prime Minister Manmohan Singh to Russia for the annual Summit meeting with the Russian President Dmitry Medvedev, Ministry of External Affairs, Government of India, December 7, 2009. <https://www.mea.gov.in/bilateral-documents.htm?dtl/5046/Joint+Declaration> Accessed 1 June 2015.

²⁷ See for instance, the Joint Statement furthered the India-Russia Strategic Partnership to meet the Challenges of a Changing World (New Delhi: Press Information Bureau Government of India Prime Minister's Office). <http://pib.nic.in>. Accessed 15 April 2019.

and Iran provided training programmes to the members of the Afghanistan National Army (ANA) to improve their capabilities to fight against the Taliban. India was aware of the Afghan army's limitations in confronting the threat posed by the Taliban and other extremist organisations in the country. In short, after the withdrawal of ISAF from Afghanistan, Iran, like India, also found itself grappling with how to address the unfolding political crisis in the country. The new Taliban regime retained hard and inflexible positions on many matters related to Afghanistan, posing challenges for both India and Iran.

Pakistan Factor and India and Iran Relations: India's Predicaments in the Region

Pakistan, like Afghanistan, is a significant factor in the development of India and Iran relations in the post-Cold War period. India, Iran, and Pakistan have vied with each other to make influence in Afghanistan. The various dimensions of conflict, competition and cooperation among India, Iran and Pakistan were entangled in Afghanistan.²⁸ Unlike India, Iran and Pakistan had links with the ruling elites and various ethnic groups in Afghanistan, and they have significant historical and religious-ethnic bonds with the Afghans. Iran and Pakistan relations were given more priority than Afghanistan as both share borders with Afghanistan. Also, they have political, economic and security interests in Afghanistan.²⁹ However, Iran and Pakistan have had political friction and diplomatic stalemates on various issues in Afghanistan. Iran and Pakistan had divergent positions toward Islamic radicalism and terrorism in Afghanistan. While Iran expressed apprehensions and opposed such elements, Pakistan's stance appeared more ambiguous, with accusations of providing support to radical factions. For instance, in 1998, the Afghan Taliban, with Pakistan's support, was responsible for the killing of nine diplomats of Iran in Mazar-i-Sharif.

²⁸Ahmed Zahid Shahab and Stuti Bhatnagar, "Pakistan-Afghanistan Relations and the Indian Factor," *Pakistan Horizon* 60, no. 2 (2007): 159–74.

²⁹Frederick W Kagan, Ahmad K. Majidyar, Danielle Pletka, and Marisa Cochrane Sullivan, *Iranian Influence: in the Levant, Egypt, Iraq, and Afghanistan* (Washington, D.C: Institute for the Study of War, 2012):1-93.

The Islamisation of Pakistan,³⁰ started by President Zia-ul-Haq in the late 1970s, led to sectarian tension with Iran.³¹ Since then, Iran began to pursue political engagements in Afghanistan, which triggered the Shia-Sunni disputes in the region. Iran and Pakistan had strategic interests in promoting antagonism between these proxy groups as it helped them override the domestic politics of Afghanistan.³² Hence, Pakistan and Iran's paradoxical interests and their connections with extremist groups affected India's political interest in the region. On the other hand, Pakistan had played the anti-Indian and anti-Iran game in Afghanistan, which adversely affected the national interest of India as well as Iran.³³ Pakistan had geopolitical interests in Afghanistan, maintaining ties with both the democratic government and the Afghan Taliban (2001-2021). This complex relationship reflected Pakistan's regional strategic considerations, involving engagement with various Afghan factions to safeguard its interests. Pakistan's interest and its perception towards Afghanistan could be understood from a statement made by Naveed Mukhtar, the then Brigadier, Pakistan Army, who stated:

*“A peaceful, united and stable Afghanistan was critical for Pakistan's security and was a top policy objective. At the same time, Pakistan needed to prevent the opening of another hostile front....”*³⁴

Pakistan was also apprehensive by Iran's soft power leverage in Afghanistan. For instance, Iran's contributions in areas such as health, agriculture, education, water management, housing, sports, and tourism undermined Pakistan's influence in the country. Iran's support to the anti-Taliban, anti-Sunni militias and Shia factional groups

³⁰ Sharization or Islamisation was the primary policy or centrepiece of General Muhammad Zia-ul-Haq, the ruler of Pakistan from 1977 until his death in 1988. He has also been called "the person most responsible for turning Pakistan into a global center for political Islam. He committed himself to enforcing his interpretation of *Nizam-E-Mustafa* (Rule of the prophet Muhammad), i.e., to establish an Islamic State and enforce *Sharia* Law.

³¹ Barnett R Rubin, and Ahmed Rashid, "From Great Game to Grand Bargain: Ending Chaos in Afghanistan and Pakistan," *Foreign Affairs* 87, no. 6 (2008): 30–44. See, for instance, Austin Long, "Prospects for Afghanistan and Pakistan," *Great Decisions*, (2017): 91–104.

³² For this argument, see Constantino Zachary, "The India-Pakistan Rivalry in Afghanistan," (Washington, D.C, United State Institute of Peace, Special Report, No.462):1-24.
https://www.usip.org/sites/default/files/2020-01/sr_462-the_india_pakistan_rivalry_in_afghanistan.pdf. Accessed 15 April 2019

³³ William Dalrymple, "A Deadly Triangle Afghanistan, Pakistan and India," *The Brookings Essay* (Washington, D.C, The Brookings Institution, June, 2013)
<http://csweb.brookings.edu/content/research/essays/2013/deadly-triangle-afghanistan-pakistan-india-c.html>-Accessed 15 April 2019

³⁴ For this argument, see Naveed: Alternative Futures and Their Implications," *Strategy Research Project* (U.S. Army War College, Carlisle Barracks summer 2011):1-15.
<https://press.armywarcollege.edu/cgi/viewcont>. Accessed 12 January 2019

have often led to skirmishes between Iran and Pakistan.³⁵ When Pakistan and Iran competed for their dominance in Afghanistan, it tended to exacerbate sectarian conflict that deteriorated the situation in Afghanistan. On the other end, Iran, however, tried well to reach out to the Afghan people, irrespective of their ethnic sects. According to a poll performed by BBG-Gallup, over 62 percent of Afghans expressed a positive opinion of Iran. According to the poll, Pakistan received the unfavourable impression from only 3.7 percent of respondents, which was lower than the favourable view received by the Islamic State in 2016 (5.8 percent).³⁶

India's primary unease was that the rivalry between Iran and Pakistan posed a further obstacle to the stabilisation of Afghanistan, perpetuating its status as a perpetually fragile state within the geopolitical landscape of South Asia. Furthermore, on various fronts, Iran and Pakistan played a zero-sum game in the region. Pakistan wanted to minimise India and Iran's joint involvement in Afghanistan. The Indian government perceived that Pakistan refrained from participating in dialogues with India concerning the situation in Afghanistan despite levelling multiple accusations regarding India's alleged role in Balochistan.³⁷ Pakistan had demanded and asked countries like the US, Turkey, Russia and European Union (EU) members in the war-stricken Afghan to exclude India from the reconstruction projects. India was not invited to the International Conference on Afghanistan³⁸ held in London in 2010, despite it being a full-fledged supporter of Afghanistan.

India recognised the importance of fostering positive relations with Afghanistan as well as Iran. It has adopted a policy that aimed to safeguard its geopolitical and strategic interests in the region while being cautious about Iran and Pakistan's competition. Factors such as Islamic radicalism and the Kashmir issue disappeared in India and Iran relations in the post-Cold War period. On the one end, Pakistan's anti-India stance and on the other

³⁵ Mohsen M Milani, "Iran's Policy Towards Afghanistan," *Middle East Journal* 60, no. 2 (2006): 235–56.

³⁶ US Agency for Global Media, <https://www.usagm.gov>, See for instance, Najib Ahmadzai and Arif Osmanzoi, "Afghan Poll Shows Deep Dissatisfaction with Kabul Leadership," Voice of America News, March 25, 2016. www.voanews.com/east-asia/afghan-poll-shows-deep-dissatisfaction-kabul-leadership. Accessed 18 January 2019.

³⁷ Media Briefing by Foreign Secretary of India on her Discussions with Pakistani Foreign Secretary (New Delhi: Ministry of External Affairs, Government of India, 25 February 2010).

³⁸ Azad Singh Toor, *India – Afghanistan Relations: Observations from the 1995-96 Period of the Indian Embassy in Afghanistan* (New Delhi: Indian Council of World Affairs, 2019):1-32. See for instance, see the statement by Afghan President Karzai delivered at Kabul Conference, July 10, 2010. <https://www.unodc.org>. Accessed 12 August 2014.

end, its conflicting interests with Iran in Afghanistan shaped the dynamics of India and Iran relations in the post-Cold War period. In addition, Pakistan's position in the region became significant with the return of the Afghan Taliban to power in 2021 in Afghanistan. This development posed another geopolitical setback in India and Iran relations in the region. India and Iran found themselves grappling with the challenge of managing the influence factor of Pakistan in their relations.

Iran and Israel Confrontation on the Iranian Nuclear Programme

The geopolitics of the region continued to shape the political dynamics of Asia in the years following the Cold War. This factor also attracted major powers and fostered power politics in the region. The US maintained significant diplomatic relations with Israel and supported it as an ally in the West Asian region. Iran and other anti-West regional countries expressed their views that the role of the US via Israel was responsible for the conflicts in the region.³⁹ Regarding Iran's nuclear programme, Israel succeeded in garnering the support of the international community and global institutions such as the UN and IAEA to take action against Iran in the region.⁴⁰ This diplomatic effort aimed at curbing Iran's nuclear activities highlighted the complex dynamics and alliances shaping the geopolitical landscape of West Asia. Benjamin Netanyahu headed the campaign, the current Prime Minister of Israel. He has claimed that the Iranian regime perceived a lack of resolve within the international community to halt its nuclear programme. He further emphasised the urgency to change the regime in Iran, as the window for peaceful resolution of this matter was closed.⁴¹ He has stated that the Iranian regime's posture indicated a lack of international determination to curb its nuclear programme.

Benjamin Netanyahu has been a staunch critic of Iran's nuclear programme for many years, often expressing apprehension about its potential military applications against Israel. He has suggested significant measures to prevent Iran from acquiring nuclear weapons. Israel contends that Iran's nuclear programme represented an existential threat,

³⁹John J. Mearsheimer and Stephen M. Walt, *The Israel Lobby and US Foreign Policy* (India: Penguin Books, 2008), 104-176.

⁴⁰Ahmad Reza Babaei, "Israel's Concerns and Iran's Nuclear Programme," *Economic and Political Weekly* 43, no. 6 (2008): 21-25.

⁴¹See for instance, Phil Stewart and Dan Williams, "Israel tells US Time is Running out in Iran nuclear dispute," *The Jerusalem Post*, August 1, 2012. www.jpost.com. Accessed 24 August 2014. For details see, Farhad Rezaei, And Ronen A. Cohen, "Iran's Nuclear Programme and the Israeli-Iranian Rivalry in the Post-Revolutionary Era," *British Journal of Middle Eastern Studies* 41, no. 4 (2014): 442-60.

not only to its own security but also to the wider region.⁴² As a result, Israel has advocated for increased international pressure on Iran, encompassing economic sanctions, diplomatic isolation and the potential use of military force if deemed necessary. Benjamin Netanyahu has further called for a stringent nuclear agreement with Iran, asserting that the 2015 Joint Comprehensive Plan of Action (JCPOA), which was signed between Iran and several global powers, inadequately curbed Iran's nuclear ambitions. He has emphasised that the delay in addressing Iran's nuclear programme allowed the country to advance its capabilities and develop nuclear weapons. Israel has also called on the international community to take swift and decisive action to prevent Iran from obtaining nuclear weapons, asserting that diplomatic negotiations and economic pressure alone had not materialised in achieving the desired goals.

India, on the other hand, has taken a cautious approach and has not supported Israel's stance towards the Iranian nuclear programme. India has been a supporter of dialogue and diplomatic negotiations as the preferred means to address apprehension about Iran's nuclear programme. India has supported diplomatic initiatives, including the EU+3 and JCPOA, signed between Iran and several global powers, to address Iran's nuclear programme. Israel sought the support of India to isolate Iran in the region through economic sanctions. India did not comply with Israel's demand. On the one hand, India did not recognize Israel's position on regime change in Iran through military mobilisation. On the other hand, India, like Israel, preferred Iran to be a nuclear-free nation in the region.

India's Stance on the Israel and Iran Confrontations

Iran's elites perceived that opposing the West and eroding the US influence from the region could only be achieved by deterring Israel. Ayatollah Khomeini, the supreme leader of Iran, labelled Israel as the "Little Satan" through his rhetorical remarks, and Ahmadinejad, the then President of Iran, stated that "the Zionist state might be eliminated from the map." Ehud Olmert, the then Prime Minister of Israel, described Iran as a "dark

⁴²Massimiliano Fiore, "Israel and Iran's Nuclear Weapon Programme: Roll Back or Containment?," *Istituto Affari Internazionali (IAI)*, 2011.<https://www.files.ethz.ch/isn/>. Accessed 12 December 2016. Alon Ben-Meir, "Israel's Response to a Nuclear Iran," *International Journal on World Peace* 27, no. 1 (2010): 61–78.

and gathering storm that casts its shadow over the world”.⁴³ Overall, these statements reflect the profound animosity and reciprocal distrust between Iran and Israel, along with the significant geopolitical and security obstacles in West Asia that arise from this rhetoric. These incidents exemplified the enduring conflict between the two states and have contributed significantly to the instability in the region.

Since the Palestine-Israel conflict that started with the formation of Israel in 1948, West Asian politics has been marred by the conflict. Israel and Hamas' frequent wars have exacerbated the conflict between Iran and Israel. The confrontation between Israel and Iran appears to have created a bipolar structure in West Asia, altering the balance of power in the region during the post-Cold War period. The conservatives in Iran's politics sought the complete destruction of Zionism⁴⁴, and they propagated Israel as a “fabricated entity and illegitimate state” in West Asia.⁴⁵ Iran's hardliners argued that Israel was fundamentally responsible for US imperialism in the region. However, the new schools of thought (reformist and pragmatist) of Iran were interested in avoiding conflict relations with Israel and the US. Their stance was that both countries could bring about reconciliation as they had a coexistent history in the past. The new discourses emphasised Iran is only against Zionism, which questioned the existence of Palestinians and not against the people of Israel. It considered Zionism as the most dangerous phenomenon of the 21st century.⁴⁶

On the other end, India formally recognised Israel as a *de jure* nation on September 17, 1950. Nehru said, “we acknowledged the existence of Israel a considerable time ago, as it is an undeniable reality. However, we refrained from doing so out of respect for the sentiments of our friends in the Arab nations.”⁴⁷ India did not establish full diplomatic

⁴³Ehud Olmert's speech to Congress (Strategic Comments - International Institute for Strategic, May 24, 2006). <https://www.bing>. Accessed 18 March 2015.

⁴⁴Zionism, Jewish nationalist movement that has had as its goal the creation and support of a Jewish national state in Palestine, the ancient homeland of the Jews (Hebrew: Eretz Yisra'el, “the Land of Israel”). <https://www.britannica.com/topic/Zionism>. Accessed 29 July 2016.

⁴⁵Soli Shahvar, “The Islamic Regime in Iran and Its Attitude towards the Jews: The Religious and Political Dimensions,” *Immigrants & Minorities Historical Studies in Ethnicity, Migration and Diaspora* (May 18, 2009). <https://www.tandfonline.com/doi/pdf/10.1080/02619280902895835?casa>. Accessed 12 June 2016.

⁴⁶See the publications in prominent e-journal, Richard Landes, “Anti-Zionism: 21st Century Avatar of the Longest Hatred,” *Fathom* (December 07, 2011). <https://fathomjournal.org/anti-zionism-21st-century-avatar-of-the-longest-hatred>. Accessed 30 May 2017.

⁴⁷For a brief overview on India-Israel relations, see for instance, Nehru and G. Parthasarathi, *Letters to Chief Ministers 1947-1964* (UK: Oxford: Oxford University Press, 1985), 148. For a detail analysis, see for instance, Jagdish P Sharma, “India and Israel: A Study of Evolution in Relations (1948 - 92),” *Indian History Congress*, 53 (1992): 593–97. Accessed 14 April 2016.

relations with Israel and followed little cultural ties throughout the Cold War period. Nehru was aware of the anti-Israel sentiments of Indian Muslims and Arab states like Egypt. India followed low-level diplomatic relations with Israel till 1992.

In contemporary West Asia, Iran holds significance as the primary supporter of Palestinian nationalism in the region. Like Iran, India shared a similar perception of the Palestine-Israel conflict, and it never encouraged illegal Jewish settlements on the Palestinians' land. India played a proactive role in promoting the self-determination of the Palestinian people and supported the creation of a viable, united, independent, and sovereign Palestinian state, with East Jerusalem as its capital, within secure and internationally recognised boundaries, coexisting peacefully with Israel.⁴⁸ India was a member of the UN Special Committee on Palestine, the first non-Arab country to recognise the Palestine Liberation Organization (PLO) and recognised Palestine as a state in 1988. Iran considered the forty-four-year stalemate in India-Israel relations as favourable as it presented moral support to the anti-Zionist states. In 1947, India opposed the UN Plan of Partition of Palestine" and cast a dissenting vote when Israel sought admission to the United Nations in 1949.⁴⁹ Iran found that the low-key India-Israel ties were a challenge to Israel's position in the global platforms. India has adopted a distinct position on the Palestine issue, diverging from Iran and Israel, ever since the establishment of the state of Israel in 1948. India recognised the geopolitical changes in the Israel-Palestine issue in the region during and after the Cold War period. India extended medical support to people in Gaza and also condemned Hamas' attack against Israel on 7th October 2023. In short, India maintained a delicate balance between Iran and Israel during the entire duration of the issue of Palestine.

India and Israel Strategic Ties and Iran's Apprehension

Under the leadership of Prime Minister Narasimha Rao in 1992, India and Israel established full diplomatic relations, leading to a significant expansion in India and Israel ties. This relationship witnessed rapid growth, with India emerging as the largest customer of the Israel arms industry, while Israel became the second-largest supplier of

⁴⁸UN General Assembly Adopts Six Resolutions, Concluding Debates on Question of Palestine, Wider Middle East Situation GA/11180, November 30, 2011. <https://www.un.org>. Accessed 30 May 2017.

⁴⁹See the document of UN Special Session of the General Assembly for Palestine (UNSPAL), ST/DPT/SER.A/47. April 1949 ST/DPI/SER.A/47 20 April 1949 Background Paper No. 47.

weapon systems to India.⁵⁰ On a worldwide scale, India's rank was as Israel's tenth largest trading partner, and in Asia, it held the third position after China and Hong Kong. Total trade volume between India and Israel was \$7,869.92 million in 2021-2022.⁵¹ As a developing nation, India could not ignore the technological advancements like the military and agricultural fields of Israel. According to the Bloomberg Innovation Index, Israel is fifth among the most innovative countries in the world.⁵² This ranking reflected Israel's commitment to research and development, entrepreneurship and technological advancements, contributing to its reputation as a global hub for innovation and technology-driven industries. Benjamin Netanyahu, current Israel Prime Minister, said, "India and Israel, both possessing rich historical legacies, have the potential to grasp the future more profoundly through their collaborative efforts in technology, innovation, and entrepreneurial endeavours."⁵³ He emphasised India and Israel's collaboration possibilities in various significant fields. In addition, terrorism is one of the common threats faced by India and Israel, and they have engaged in various anti-terror programmes. SM Krishna, the then External Minister of India, said:

*"India and Israel would work out a strategy to address the menace of international terrorism and it has become a curse for the entire humanity... both countries effort should be to checkmate... to ultimately eradicate terror from the face of the earth."*⁵⁴

India and Israel forged a strategic alliance, which strengthened after India's NDA government came to power in 2014. Later, Left-wing parties and anti-Israel groups recognised the strategic and technological importance of Israel for India. The relations were not only developed in the defence and hi-tech fields but also in agriculture, water purification, culture, and education. Narendra Modi, the current Prime Minister of India, travelled on a three-day diplomatic visit to Israel in 2017. This marked the first-ever visit by an Indian Prime Minister to Israel. During the visit of the Prime Minister of Israel to India in January 2018, the two countries entered into nine agreements in different

⁵⁰Yiftah S. Shapir, "Walking a Fine Line: Israel, India, and Iran," *Strategic Assessment*, Vol. 16, No. 1 (April 2013): 75.

⁵¹ For details see, Report of Indian Embassy in Tel Aviv on Bilateral Trade Relations between India and Iran

⁵² Bloomberg Innovation Index, (www.bloomberg.com). Accessed 17 July 2016.

⁵³ For overview of India-Israel relations, see the report on "India-Israel Joint Statement during the visit of Prime Minister to Israel (New Delhi: Ministry of External Affairs, Government of India July 2017). Accessed 17 July 2016.

⁵⁴ See the report of Ministry of External Affairs, Government of India. Accessed 17 July 2016.

industries, encompassing cyber security, oil and gas, solar energy, space research, air transport, medicines, and film production.⁵⁵

On the other end, Iran expressed its uneasiness that the strengthening of ties between India and Israel provided moral and political support to Zionism, enabling it to overcome the challenges posed by anti-Israel discourses. India launched Israel's Spy Satellite TECSAR⁵⁶ into orbit in 2008, which provoked Iran. The *Jerusalem Post* wrote that the launch greatly bolstered Israel's capabilities for collecting intelligence, especially regarding the nuclear activities of the Islamic Republic of Iran.⁵⁷ As reported by *Haaretz*, the acquisition of the satellite has provided Israel with a new vantage point from space, offering unique photographic perspectives and the ability to intercept Iran's communications that were previously inaccessible through satellite launches.⁵⁸ Such news bytes heightened the apprehension of Iran since TECSAR provided Israel with a means to identify Iran's defence facilities and secret nuclear firms. P.R Kumaraswamy, an expert on India and Israel relations, pointed out that, essentially, if Israel were to consider a military option in the future against Iran's nuclear programme, the satellite would have a vital role to play. It's possible that the importance of this role contributed to the decision to keep the satellite launch confidential.⁵⁹ Sayed Mehdi Nabizadeh, the then Ambassador of Iran to India, conveyed his hope that nations like India, recognised for their prudence and sovereignty, would abstain from providing space technologies to countries involved in espionage activities against nations with which Iran maintains friendly relations.⁶⁰ India responded it was a commercial venture of the Indian Space Research Organization (ISRO) with Israel.

⁵⁵See the report, India-Israel Economic and Commercial Relations (Tel Aviv: Embassy of India, Government of India). <https://www.indembassyisrael.gov.in/pages?id=nel5a&subid>. Accessed 29 July 2016.

⁵⁶TecSAR (also spelling of TechSAR) is the first space-borne radar mini satellite technology demonstration mission of the Israel Ministry of Defense, designed and developed by IAI/MBT (Israel Aerospace Industries Ltd.) formerly known as Israel Aircraft Industries Ltd., a government-owned company. The prime objective is to provide high-resolution SAR imagery, day and night, in all weather conditions, at an affordable cost. (TecSAR – e-portal Directory - Satellite Missions). <https://www.eoportal.org/> Accessed 30 July 2016.

⁵⁷Ninan Koshy, John Feffer, "India and Israel Eye Iran," (Washington DC: Foreign Policy in Focus-institute for policy studies, February, 12, 2008). https://fpif.org/india_d_israel_eye_iran. Accessed 19 March 2017.

⁵⁸See the coverage in prominent daily newspaper, Yospace-borne "New Israeli spy satellite sends Iran a message," *Haaretz* (January 21, 2008). <http://www.iranpressnews.com>. Accessed 04 December 2016.

⁵⁹Kumaraswamy, *India's Israeli Policy* (New York: Columbia University Press, 2010), 117.

⁶⁰Jewish Virtual Library. www.jewishvirtuallibrary.org. Accessed 16 May 2016.

On the other end, Israel's perception was that India's bilateral relations with Iran would mitigate the economic crisis of Iran. It has remained apprehensive regarding India's collaboration with Iran on nuclear technical know-how. India had a nuclear agreement with Iran to sell a 10-megawatt research reactor and a 220-megawatt nuclear power reactor. In addition, India trained Iran's nuclear scientists till the US tightened the sanctions on Iran. Israel perceived that the reinstating of these ties in future could not be ignored, especially in the post-nuclear deal situation, as it helped Iran to make fissile material for nuclear energy. Ariel Sharon, the then Prime Minister of Israel (2001 to 2006), expressed satisfaction with the answers received from India on the issue, stating, "We have received the answers to the questions we raised, and we are content with the responses."⁶¹ This suggested that Israel received satisfactory answers to their questions, implying a sense of reassurance or resolution regarding the matter between India and Iran.

In general, India never supported the political, economic and military isolation of Iran to stop its nuclear enrichment. India's position on Iran's nuclear matter differs from that of Israel, and this divergence could be addressed through dialogue and diplomatic channels.⁶² India and Israel held distinct views on the Iranian nuclear issue. However, it indicated that these differing perspectives can be reconciled through constructive discussions and diplomatic efforts, highlighting the potential for dialogue to bridge the gap between their positions. This approach implied a preference for peaceful negotiation rather than conflict to address their differences. The major apprehension of India was that Israel does not favour settling the nuclear issue of Iran through the P5+1 deal.⁶³ Israel's counterarguments include that the sanctions-free Iran would revive its financial deterioration, resume bilateral relations, reinstate regional pre-emptive power status and increase its stock of Weapons of Mass Destruction (WMD). Netanyahu, the current Prime Minister of Israel, responded to the P5+1 initiative as:

"this agreement was an historic mistake for the world. And in addition, Iran would receive hundreds of billions of dollars with which it can fuel its terror

⁶¹ Nicolas Blarel, *The Evolution of India's Israel Policy: Continuity, Change, and Compromise Since 1922* (New York: Oxford University Press, 2014), 112.

⁶² Sujatha Singh, Foreign Secretary, leads Indian Delegation at the SCO (Shanghai Cooperation Organisation) Heads of Government Summit, Tashkent (New Delhi: Ministry of External Affairs, Government of India, Annual Report, November 29, 2013):623.

⁶³ The P5+1 is composed of the five permanent members, or P5, of the UN Security Council, which include the U.S, China, Russia, France and the United Kingdom. Germany is considered the +1 and they have been negotiating with Iran since 2006 with the goal of limiting Iran's capacity to manufacture a nuclear weapon.

*machine and its expansion and aggression throughout the Middle East and across the globe.”*⁶⁴

Israel and Iran are prominent states in the West Asian region. Their political rivalry led to a prolonged conflict in the region. India's response towards the Israel and Iran relations was to protect its national interest. The conflict between the two countries did not impact India's relations with Israel and Iran. India had separate diplomatic channels to engage with Iran and Israel. India's convergence policies towards Israel and Iran were evident in the statement of Yashwant Sinha, the then External Affairs Minister of India. India upheld an independent position on a range of issues, including foreign policy, and its association with Israel was consistent with this overarching strategy. India's interactions with other countries were not motivated by any intent to create a threat; instead, they aimed to promote collaboration and mutual understanding.⁶⁵ It underlined that India had a distinct perspective and strategic autonomy in its foreign policy. In short, Iran and Israel are influential countries in the West Asian region. Iran is not only a major provider of oil but also holds significant strategic importance for India in the region. On the other hand, Israel is an important partner for India in terms of advanced technology and defence. India has not underestimated the significance of these two nations and has not permitted any harm to its ties with either of them.

India and Central Asia: A link through Iran

The Central Asian region has witnessed significant shifts in its geopolitical landscape following the collapse of the Soviet Union in 1989-91. Its regional and global importance stemmed from multiple factors. These include the region's rich reserves of valuable energy resources, its strategic geopolitical positioning and possible terror groups that have sanctuaries within the borders of the five Central Asian countries.⁶⁶ The geopolitical significance of Central Asia was bolstered by its substantial oil resources, connection with important global actors and the emerging security threats posed by terrorist organisations. The presence of these variables made the region a prominent subject of

⁶⁴See the coverage in a prominent magazine, Michael Scherer, "Iran Nuclear Deal: What You Need to Know," *The Time Magazine* (July 21, 2015). <https://time.com/3957305/iran-nuclear-deal-obama/> Accessed 16 May 2017.

⁶⁵ Hamshahri Interview with Yashwant Sinha, Minister of External Affairs of India, on "Diplomacy Based on Economy," *Iran Watch* (December 21, 2003). <https://www.iranwatch.org/library>. Accessed 12 November 2017.

⁶⁶Mirzokhid Rakhimov, "Internal and external dynamics of regional cooperation in Central Asia," *Journal of Eurasian Studies*, Vol.1, Issue 2 (July 2010): 95-101.

global attention and diplomatic involvement. The Central Asian region grappled with a fragile situation marked by internal vulnerabilities such as weak governance, widespread corruption, a weak rule of law and limited economic prospects.⁶⁷ India and Iran confronted these substantial political challenges when engaging in the Central Asian regions.

Countries, both in the region and beyond, had built connections with the Central Asian States (CAS) due to the abundant natural resources. By establishing relations with CAS, many of its neighbouring countries met their energy security. India sought to establish energy connections with the CAS but faced the obstacle of lacking direct access to Central Asian regions because of the absence of shared borders with any of the Central Asian countries. The new political and economic trends in Central Asia led India to declare a 'Connect Central Asia Policy' in 2012.⁶⁸ This represented a shift towards a more proactive strategy in dealing with Central Asia and, in reality, an effort to establish fresh and innovative ties with the region.⁶⁹ It improved India's strategic and economic ties with the region. K. Subramanian, a prominent figure in India's strategic thought, stated that dealing with the Central Asian Republics posed intricate and formidable challenges for Indian diplomacy. These challenges encompassed both geo-strategic considerations and India's energy interests, making it one of the most demanding and multifaceted diplomatic endeavours.⁷⁰ Iran is the significant strategic choice for India to overcome these challenges and safeguard its national interests in the region.

Iran acted as the connecting link for India to pursue its Connect Central Asia policy.⁷¹ It appeared as the only way to overcome challenges and establish relations with the Central Asian countries. Unlike in the pre-1990s, India did not ignore Central Asia, a region

⁶⁷ See the report of GIZ on the promotion of the rule of law in Central Asia.

https://www.giz.de/projektdaten/projects.action?request_locale=en_GB&pn=201421429. Accessed 19 May 2014.

⁶⁸ India is now looking for an intently in the region through the framework of its 'Connect Central Asia' policy, which is based on pro-active political, economic and people-to-people engagement with Central Asian countries, both individually and collectively (Keynote address by Shri E. Ahamed at First India-Central Asia Dialogue (June 12, 2012). <https://www.mea.gov.in/> Accessed 19 May 2014.

⁶⁹ Keynote address by E. Ahmed, Ministry of External Affairs, at first India-Central Asia Dialogue on India's 'Connect Central Asia' Policy (June 12, 2012). <http://www.mea.gov.in>. Accessed 19 May 2014.

⁷⁰ Meena Singh Roy, "India's 'Connect Central Asia' Policy: Building Cooperative Partnership," *Indian Foreign Affairs Journal* 8, no. 3 (2013): 301–16. See for instance, Aarti Bansal, Continuity in India's ties with Central Asia (New Delhi: ORF-Observer Research Foundation, February 09 2021). <https://www.orfonline.org/expert-speak/continuity-india-ties-central>. Accessed 12 June 2021.

⁷¹ A.K. Pasha, "New Directions in India's Role in West Asia and the Gulf," *International Studies*, V. 47, Issue 24, (2012). <https://doi.org/10.1177/0020881711047004>. Accessed 20 July 2018.

where plenty of tapped and untapped natural resources resided. The Kashagan field located in Kazakhstan stood as the world's largest untapped oil field and was the fifth largest oil field ever identified.⁷² In the last two decades, India forged political and economic alliances with the Central Asian nations, with the assistance of Afghanistan and Iran. E. Ahamed, the then Minister of State for External Affairs of India, extended India's offer of economic and technical support for energy projects in the Central Asian region.⁷³ His response denoted India's commitment to fostering economic and technical cooperation with Central Asian countries.

Iran's Influence on India's 'Connect Central Asia Policy'

India and Iran cooperated at many junctures with the CAS to prevent drug trafficking, smuggling, export of terrorism and other organised crimes. Their goal was to address these issues together by strengthening political and security discussions, developing cohesive strategies to combat terrorism and improve security and promoting collaboration in economic trade.⁷⁴ They made plans to make security and strategic cooperation with the CAS to prevent further threats and instability emanating from the region. The 'joint regional initiatives'⁷⁵ between India and Iran have resulted in the emergence of fresh prospects in the political and economic fields of the Central Asian region. Salman Khurshid, the then External Minister of India, said that India developed multilateral relationships with the Central Asian region through close and consistent cooperation in various multilateral, regional organisations.⁷⁶ This statement emphasised India's well-defined interest in building strong and sustained relationships with Central Asian countries through diplomatic cooperation in various forums.

⁷²See coverage in prominent news publication, Jerome Chen, "The List: The World's Largest Untapped Oil Fields," *Foreign Policy* (December 01, 2008. <https://foreignpolicy.com/2008/12/01/the-list-the-worlds-largest-untapped-oil-fields/>. Accessed 28 September 2019).

⁷³See for instance, Inaugural address by E. Ahamed, Minister of State for External Affairs at the Second India- Central Asia Dialogue at Almaty, Kazakhstan (June 17, 2013). <https://www.mea.gov.in/incoming-visitdetail.htm?21834/Inaugural+address+by+Shri+E+Ahamed+Minister+of+State+for+External+Affairs+at+t+he+Second+India++Central+Asia+Dialogue+at+Almaty+Kazakhstan>. Accessed 12 November 2015.

⁷⁴ Inaugural Address by E Ahamed Minister of State for External Affairs at International Seminar on "India- Central Asia Dialogue II" at Almaty, Kazakhstan (June 17, 2013).

⁷⁵ For details see, official website of Ministry of External Affairs for more details. <http://www.mea.gov.in>.

⁷⁶Avtar Singh Bhasin, *India's Foreign Relations-2012 Document* (New Delhi: Geetika Publishers in Cooperation with Public Diplomacy Division Ministry of External Affairs, Government of India): 832.

In sum, India and Iran engaged with the CAS politically and economically through the various regional organisations.⁷⁷ Iran and most of the members of the Central Asian region had membership and observer status in certain regional organisations. For instance, the Economic Cooperation Organisation (ECO) played a significant role in fostering regional cooperation and trade relations, providing a platform for engagement with countries such as Afghanistan, Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan.

India, Iran, and the CAS engaged each other as members of the Conference on Interaction and Confidence-Building Measures (CBMs) in Asia (CICA), a multinational platform dedicated to promoting cooperation and enhancing peace, security and stability across the Central Asian region. According to its charter, member states are resolute in their dedication to uphold the principles enshrined in the UN Charter. They firmly believed that promoting peace and security in Asia can be achieved through productive discussions and joint cooperation. Shanghai Cooperation Organisation (SCO) was an important regional organisation which has grown in its scope and salience in recent years. The main goal of the SCO, as a permanent intergovernmental international organisation, was to enhance member countries' cooperation in tackling security matters, facilitating military partnerships, exchanging intelligence, and combating terrorism.⁷⁸ India and Iran have an observer status. Later, in June 2017, India was granted the status of a full member of the organisation. Iran was granted full member status in July 2023. Iran's membership in the organisation has the potential to promote cooperation with India in trade particularly. This was reflected in the words of Harsh. V. Pant, "it would be beneficial for South Asia because of Iran's unrestrained physical position and economic strength."⁷⁹ It was important as it would help to improve the linkage between India and Central Asian countries and reduce impediments in carrying out political and economic engagements with them.

⁷⁷ Harsh V. Pant, "India and Iran and Iran an Axis in the Making?," *Asian Survey*, Vol. 44, Issue no 3 (June 2004) <https://doi.org/10.1525/as.2004.44.3.369>. Accessed 18 February 2019.

⁷⁸ For details see, the official website of Shanghai Cooperation Organisation, <http://eng.sectsc.org> Accessed 12 November 2015.

⁷⁹ Christopher Snedden, "Shifting Geo-Politics in the Greater South Asia Region," (United States: Daniel K. Inouye Asia-Pacific Center for Security Studies, 2016):1-37. See for instance, Akhilesh Pillalamarri, "The Geopolitics of South Asian Political Stability," *The Diplomat* (December 27, 2014): 09. Accessed 07 January 2018.

Both India and Iran were focused on strategic and political tie-ups with the Central Asian countries. They were apprehensive about the potential involvement of extra-regional powers in the region due to the geopolitical features of the Central Asian region. The US has expressed its interest in engaging in Central Asia, especially after the 9/11 events, and its intention was to free the region from the influence of religious extremism. It built Manas Transit Center Airbase in Kyrgyzstan, and it helped operations in Afghanistan since 2001.⁸⁰ Following the completion of the Afghan operation, the US redirected its attention from military concerns in the Central Asian region to supporting the establishment of democratic governance, fostering free-market economies and facilitating regional economic integration. S. Frederick Star, who was the chairman of the Central Asia-Caucasus Institute, highlighted the three key interests of the US in the Central Asian region: securing valuable resources, facilitating transcontinental trade, and averting conflicts arising from resource disputes.⁸¹ The US involvement in the Central Asian region had an impact on India and Iran's joint geopolitical involvement in the region. India adopted a balancing position between Iran and the US in the Central Asian region.

At a macro-level, Russia, the US and China have been interfering significantly and started great power competition in the Central Asian region. China made significant economic involvement in the region as an investor and builder of transport networks. China had surpassed the noteworthy achievement of investing over \$50 billion in the Central Asian region, asserting a trade predominance that surpassed its economic engagements with Russia. Particularly, China had directed billions of dollars toward infrastructure projects and acquisitions in the region's energy sector, focusing on energy-related investments.⁸² Russia has also been reinstating its geopolitical position in Central Asia. It has succeeded in economically integrating with the CAS through the Eurasian Economic Union (EEU), an international organisation for regional economic integration which augmented its engagements with the region. Incidentally, India and Iran are

⁸⁰See the coverage in prominent news agency, Olga Dzyubenko, "U.S vacates base in Central Asia as Russia's clout rises," *Reuters* (June 03, 2014). <https://www.reuters.com/article/us-kyrgyzstan-usa-manas-idUSKBN0EE1>. Accessed 19 March 2019

⁸¹Central Asia-Caucasus Institute Silk Road Studies Programme. <https://www.silkroadstudies.org/>. Accessed 7 October 2015.

⁸² For a brief overview on China's relations with the Central Asia, see for instance, Alexander Cooley, "China's Changing Role in Central Asia and Implications for US Policy: From Trading Partner to Collective Goods Provider," (U.S.-China Economic and Security Review Commission):1-8. <https://www.uscc.gov/sites/default/pdf>. Accessed 20 March 2019.

bothered about the new geopolitical shift within the Central Asian region that forced India to promote the concept of Connect Central Asia with the support of Iran. India and Iran discussed with Turkmenistan and Uzbekistan at the NAM platform to stabilise the Central Asian region through strategic engagements and political ties. In addition, the TAPI--Turkmenistan--Afghanistan--Pakistan--India natural gas pipeline project, despite Iran being not a member, can integrate the region and enhance India's vision of connecting Central Asia.

Given the complex of the region and the role of great powers, India's political and economic interest in the Central Asian region connected with Iran. In fact, Iran has no objection to joining either India, Pakistan, or China to be involved in the Central Asian region. China's imperative remains to transform the Central Asia region into a stable and developed region, given its geographical proximity and strategic interests. Unlike Iran, India is mostly looking at Central Asia to protect its energy security and preclude Chinese dominance. On the other hand, Iran, in addition to the economic interest, was apprehensive about its security as that remains connected with the Central Asian region. On the other end, Iran restored its position in the Central Asian region to some extent. Iran tried to block the interests of the US and prevent possible cross-border ethnic conflicts with the CAS. However, Iran was not in a well-placed position to establish significant diplomatic relations with the CAS due to geopolitical reasons. For instance, the CAS observed that Iran's linkage with the rise of Islamic terrorism is explicit in the region and questioned the secular stance of many CAS members.

In short, the Central Asian region was an important area to enhance India and Iran relations. Both have cooperated at a lower level in the economic and strategic realms of the region. Central Asia is India's economic destination, as well as the transit corridor towards Russia and Northern Europe. India and Iran, together, ventured forward to protect their strategic and political interests through economic collaboration with Afghanistan. India faced limitations in extending its influence into the area because of geographical constraints and political issues with Pakistan. India held the view that enhancing interaction and cooperation with Central Asia would be a significant factor in

advancing stability and progress throughout the broader Central and South Asian region.⁸³

Iran's Stance on India-Saudi Arabia Ties

India established significant historical ties with Arab nations and developed substantial political and economic alliances both during and after the Cold War period. India's relations with Arab countries experienced significant developments and were positive compared to its relations with Iran. India did not have significant political discomfort with the Arab countries. Specifically, India and the Gulf Cooperation Council (GCC), Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates (UAE) have shared significant political and economic relations in the post-Cold War period. India followed the non-interference principle while engaging with the Gulf countries. Therefore, its response towards the Arab uprisings of 2011 was rational, supporting the rights of the people while not taking a position against the governments of the Arab countries. India's interactions with the countries in these difficult times were managed without disturbing the economic relations.

Among the Arab countries, Saudi Arabia remained an important trading partner of India. Despite the fact, as some would argue, that Iran was closer to India and Saudi Arabia was a friend and a distant neighbour.⁸⁴ Having good ties with Saudi Arabia was needed to secure the economic and security interests of India. Saudi Arabia's support for Pakistan during the Indian and Pakistan wars was an incontrovertible reality. Saudi Arabia was obligated to protect Pakistan's interests as a member of the Organisation of Islamic Cooperation (OIC). Saudi Arabia sought Pakistan's assistance to address the perceived threat posed by Iran. In the post-Cold War period, Pakistan was not influential, unlike India and Iran ties, in India-Saudi Arabia relations. Among GCC countries, Saudi Arabia was the most preferred by India, which offered the latter observer status in the OIC.

⁸³ Inaugural address by E. Ahamed, Minister of State for External Affairs at the Second India - Central Asia Dialogue at Almaty, Kazakhstan, Media Centre Documents, Ministry of External Affairs, Government of India.

<https://www.mea.gov.in/incoming-visit-detail.htm?21834/Inaugural+address+by+Shri+E+Ahamed+Minister+of+State+for+External+Affairs+at+the+Second+India++Central+Asia+Dialogue+at+Almaty+Kazakhstan>. Accessed 22 May 2015.

⁸⁴ For details, see the coverage of prominent daily newspaper, Interview by Salaman Kurshid, External Affairs Minister of India "on Nitaqat issue has been completely misunderstood," Arab News (May 27, 2013): <https://www.arabnews.com/news/453027>. Accessed 28 May 2019.

King Abdullah of Saudi Arabia was the first Saudi monarch to visit India in 2006 after more than two decades. The two countries concluded the strategic energy partnership, and they called it the Delhi Declaration.⁸⁵ The declaration confirmed Saudi Arabia's commitment to supplying India with dependable, steady, and increased quantities of crude oil. King's visit was a significant milestone, ushering in a new era in the bilateral ties between India and Saudi Arabia.⁸⁶ In a reciprocal gesture, Manmohan Singh, the then Prime Minister of India, paid a visit to Saudi Arabia in 2010. During his visit, the bilateral engagement between the two countries was extended to the level of a "Strategic Partnership". The visit resulted in the signing of the "Saudi Arabia Declaration," which encompassed the essence of enhanced cooperation across multiple areas, including politics, economy, security, and defence.⁸⁷ The visit was seen as India's attempt to forge an intimate relationship with Saudi Arabia.

On the bilateral front, Narendra Modi, the current Prime Minister of India, visited Saudi Arabia in 2016 and in 2019, and the state visit of Crown Prince Mohammad bin Salman, current Crown Prince of Saudi Arabia, to India was undertaken in 2019. Their official visits indicated the enhancement of relations between India and Saudi Arabia.. These high-level engagements resulted in the establishment of the Strategic Partnership Council (SPC), which the leaders of both nations jointly chaired. Additionally, a total of 11 Memorandum of Understanding (MoUs) was signed, covering various areas such as energy, security, defence production, civil aviation, and cooperation in sectors like medicine and small-scale industries. From time to time, regular ministerial visits have also taken place between India and Saudi Arabia. Trade between India and Saudi Arabia has shown significant growth of 23.87 per cent in total trade volume during the financial year 2018-2019.⁸⁸

Since then, the relations between India and Saudi Arabia have made significant advancements. India adopted distinct and well-defined foreign policy strategies to

⁸⁵ Annual Report 2008-2009, Ministry of External Affairs, Government of India, (New Delhi: Policy Planning and Research Division, Ministry of External Affairs, Government of India): 03.

⁸⁶ Chandra Rekha, "Growing Trends in India-Saudi Arabia Bilateral Engagements" (New Delhi: Indian Council of World Affairs, May 2019): 06.

https://www.icwa.in/show_content.php?lang=1&level=3&ls_id=4792&lid Accessed 18 December 2019.

⁸⁷ See for details, Annual Report 2009-2010, Ministry of External Affairs, (New Delhi: Policy Planning and Research Division, Ministry of External Affairs, Government of India, 2010): 26. Accessed 28 September 2015.

⁸⁸ For reference, Annual report of Indian Embassy in Riyadh, Saudi Arabia. <https://www.eoiriyadh.gov.in/page/india-saudi-business-relations/> Accessed 29 September 2015.

establish relationships with Saudi Arabia and Iran. India announced its position in response to Iran's dissatisfaction with the growing relationship between India and Saudi Arabia in 2013. It was reflected in the words of Salman Khurshid, the then External Minister of India:

*We had never made a secret of our relationship with Iran when we dealt with Saudi Arabia. India had clarity in its relationships in the world and had an outstanding relationship with the Saudis.*⁸⁹

India has followed a balanced approach by maintaining an 'equidistant policy' in its relations with Iran and Saudi Arabia. The three countries have shared a common interest in security in the Persian Gulf and the Indian Ocean. They have the potential to forge energy partnerships in order to meet India's energy demands. However, the power tussle for dominance in the region (West Asia) between Saudi Arabia and Iran, together with the sectarian tensions between the two, hindered the possibility for these two countries to unite for a common cause in the region.

India imported oil from both Saudi Arabia and Iran, signifying the nature of ties with these countries. Like India, Saudi Arabia has a similar perspective on the Iranian nuclear programme and has voted against Iran at the UN. Admitting Iran's entitlement to the peaceful utilisation of nuclear energy, the Saudi foreign minister emphasised that Saudi Arabia rejected any attempt by Iran to weaponise nuclear capabilities and violation of the Non-Proliferation Treaty (NPT).⁹⁰ This statement highlighted Saudi Arabia's stance on non-proliferation and the importance of preventing nuclear weaponisation in the region. The primary aim of Saudi Arabia was to prevent Iran's acquisition of nuclear capabilities. In general, there is strong opposition to Iran, a non-Arab and predominantly Shia country, becoming a nuclear power in the West Asian region.

In short, India's relations with the Arab world, specifically with Saudi Arabia, did not impact its ties with Iran and vice versa. Iran raised reservations about the strong alliance between Saudi Arabia and India. However, Saudi Arabia did not share the same apprehensions about the relationship between India and Iran. However, India had reservations about the disunity and clashes between Iran and Saudi Arabia, as any

⁸⁹ Salman Khurshid Interview of External Affairs Minister with a TV channel - CNBC-TV18, (New Delhi, November 28, 2013). www.cnbc-tv18.com. Accessed 29 September 2015.

⁹⁰ For details see, report of Ministry of Foreign Affairs, Saudi Arabia. <https://www.mofa.gov.sa/en/ministry>. Accessed 19 May 2019.

potential conflict could have negative consequences for India's economy as well as its security. Furthermore, India has around 6 million expatriates working in the Gulf region, who make a significant contribution to its domestic economy.

Concluding Remarks

This chapter examined the influence of post-Cold War regional political developments in India and Iran relations. In response to the changed regional and global politics, both India and Iran redefined their bilateral relations in the post-Cold War period. India and Iran's ties in the period were profoundly shaped by their neighbouring countries' cooperation and competition. India and Iran had contradictory relations with most of their regional countries. Iran succeeded in involving all regional players except Israel and Saudi Arabia. On the other hand, India had significant political engagements with Afghanistan (before the Taliban took over Afghanistan in 2021), Israel as well as Saudi Arabia. Some of these regional states were identified as constraints to the relations between India and Iran, while others were found to be favourable. The cooperative efforts between India and Iran were significant in Afghanistan and the Central Asian region, driven by their shared political, economic and strategic interests.

Afghanistan served as a connecting factor between India and Iran, where they had convergence interests. India and Iran expressed apprehension at the resurgence of the Taliban in Afghanistan (2001 to 2021). The domestic politics of Afghanistan was a geopolitical issue for them. Iran supported India in safeguarding its national interests in Afghanistan, notwithstanding the challenges posed by the Iranian classification of good Taliban" and "bad Taliban." They held divergent perspectives on the presence and withdrawal of foreign forces in Afghanistan (2001 to 2021). India played a proactive role in Afghanistan with the support of Iran. However, unlike India, Iran adopted a moderate position towards the Afghan Taliban (2001 to 2021 and 2023 to present). Iran recognised the Taliban's newly established government and initiated diplomatic relations with the Taliban government in 2023. India realised the situation in Afghanistan and sent a technical team to establish communication with the new Afghan Taliban regime.

Pakistan was a fetter factor that influenced India and Iran relations. India, Iran and Pakistan competed with each other in order to protect their national interest in the region. Pakistan utilised its historical and religious ethnic ties with Iran and Afghanistan to

bypass India's influence in the region. Pakistan's anti-India policy and its convergence of interests with Iran and Afghanistan challenged India's position in the region. Pakistan was not in a position to exploit religious factors between India and Iran, such as the Islamic belt card and the Kashmir dispute. Pakistan was apprehensive about India's soft power engagements with Afghanistan and in the region. On the other hand, Iran showed discomfort about the strategic partnership of India and Israel and also India's significant ties with Saudi Arabia.

In the case of Central Asia, during the post-Cold War period, India and Iran viewed the Central Asian region as a favourable choice in terms of politics, economics and strategy. India made an attempt to safeguard its national interests in the Central Asian region with the support of Iran. They recognised that the Central Asian region presented a strategic opportunity to enhance their bilateral relations in the post-Cold War period. Iran acted as a linking factor between India and the CAS, and they had a policy to meet their common national interests in the CAS. Iran supported India in following a multilateral relationship with the CAS through Joint regional initiatives, Connecting Central Asia policy and various regional organisations. For instance, India and Iran cooperated in multilinked corridor projects, implemented counter-terrorism measures, prevented interference from extra-regional powers and promoted democratic governance. However, India and Iran did not succeed in establishing significant geopolitical relations with the Central Asian region. Iran's interest in making an influential relationship with all Central Asian countries was challenged by the sanctions imposed on it, and the CAS was found not to be favoured with Iran's pro-stance towards militant groups in the Central Asian region. Therefore, India was not in a position with Iran to materialise its well-defined Connect Central Asia policy.

In short, Unlike CAS and Afghanistan, the remaining regional players, such as Pakistan, Israel, and Saudi Arabia, had divergent ties with India and Iran and vice versa. These countries had their own national interest in engaging with India and Iran and they perceived their ties with India and Iran as both opportunities and challenges in the post-Cold War period. India and Iran realised the regional constraints in their bilateral relations. They found a delicate regional balancing act with these regional countries in order to enhance their relations in the post-Cold War period. For instance, India had

managed its diplomatic ties with both Iran and Israel (major regional constraints in India and Iran relations) and India and Saudi Arabia relations.

Unlike others, Pakistan played a dynamic and significant role in the relationship between India and Iran throughout the period. India and Iran found a way to balance the Pakistan factor in their relations in the post-Cold War period. Pakistan and Iran recognised the new Afghan Taliban regime (2021 to present), which posed a challenge for India. Unlike in the past, India found it difficult to follow a balancing act or manage Afghanistan under new Taliban rule. Iran was cautious in its dealings with the new Taliban regime, and it had no intention of harming India's interest in the region. India and Iran cautiously approached the new geopolitical developments in the region. In sum, India and Iran found the relationship both rewarding and challenging in the post-Cold War period.

Chapter: 04

Security Dimensions in India and Iran Relations

Introduction

In the post-Cold War period, the security landscape in Asia experienced significant changes due to the rise of non-conventional threats in addition to conventional ones. This chapter attempts to provide a comprehensive understanding of India and Iran's security challenges in the post-Cold War period. The rise of the Afghan Taliban in the 1990s, conflicts among regional countries, major power interventions in the region (US invasion of Afghanistan-2001-2021), the threat of transnational terrorist organisations, maritime security threats and the spread of narcotic drugs are a series of factors that played a role in reshaping the security environment in the respective regions of India and Iran. After the 9/11 attacks in the United States (US), global terrorism, particularly in Asia, witnessed a surge, with South Asia, along with some countries in West Asia, emerging as a hotbed for terrorist organisations driven by their declarations of jihad and other malicious activities. In this context, the chapter also analyses dynamic security cooperation between these two countries, highlighting the shared interests in the geopolitical landscape. The chapter is divided into three main sections. The first section explores conventional security threats, the second section examines non-traditional security threats, and the last section analyses the security collaboration between India and Iran.

India and Iran, given their geopolitical significance and role in their respective regions, faced various traditional and non-traditional security challenges emerging from the developments at the end of the Cold War. As a rising global power, India faced diverse security threats, including transnational terror attacks, maritime security threats, and energy supply-chain disruptions. Conversely, Iran, located in a politically volatile region, confronted a unique set of security challenges. From domestic (in)stability concerns to regional rivalries and global power competition in the region, Iran faced both internal and external threats. Despite their geographically different locations, India and Iran share some common interests and have found common ground to deal with various challenges.

Major Threats Perception in the Sphere of India and Iran Relations

New trends in regional and global politics at the end of the Cold War came up with considerable security threats to India and Iran. Unlike India, Iran is under constant threat of being militarily hit by the regional and extra-regional (major) powers. This threat heightened when the Mahmoud Ahmadinejad-led conservative government withdrew from the nuclear negotiations with EU-3- the United Kingdom, France, and Germany in 2005. The threat of military intervention from mainly the US and Israel against Iran created a sense of insecurity largely in southeast and West Asia. India would not remain unaffected if such military actions were taken against Iran. It would have adversely affected the economic and security interests of India as well.¹

On the other end, Iran and India have faced threats from extremist non-state actors and terrorist organisations in their respective regions. South Asia is host to various terrorist outfits which operate from the region. There were some serious terrorist attacks across the region carried out in the past. Mostly, operations and threats of such terrorist organisations against India and Iran originated from the border regions of Iran-Afghanistan, Iran-Pakistan and Pakistan-India. Jammu and Kashmir was one of the most cross-border terrorism-affected states in India, where some extremist outfits remained active, such as Lashkar-e-Taiba and the Jaish-e-Mohammad.² Kashmir-based domestic militant groups, especially Hizbul Mujahideen, have also had links with the extremist organisations operating across the borders, like the Afghan Taliban, Al-Qaeda and Haqqani network in Pakistan, the groups who were fighting against US-led NATO forces in Afghanistan till the latter withdrew in August 2021.³ In order to understand the threat of terrorism in the regions (where India and Iran are positioned), the next section analyses the Global Terrorism Index (GTI) and Global Terrorism Database (GTD).

¹ Alok Bansal, "US-Iran Relations and Their Impact on India", (New Delhi, The Centre for Land Warfare Studies-CLAWS, Spring 2014),1-7.

https://archive.claws.in/images/journals_doc/78081265_AlokBansal.pdf. Accessed 07 June 2015

² See the report of Counter Extremism Project <https://www.counterextremism.com>. Accessed June 10 2015

³ See the report of prominent news networks, "Who are the Kashmir militants?," *BBC News*, August 01, 2012, <https://www.bbc.com/news/world-asia-18738906>. Accessed 20 June 2015

Analysis of GTI and GTD on Terrorism

The documents of Global Terrorism Index⁴ (GTI) and Global Terrorist Database⁵ (GTD) give the status of terror fatalities in the world. The GTI data stated that in the last decade of the twentieth century and the first decade of the twenty-first century, the number of terror activities across the world was 3,329 and 32,658, respectively. It indicated that the terror operations had almost increased about tenfold. The GTI also classified the terrorist-affected countries with the ‘Rating Scale’ tool.

Table No.01: Rating Scale of terror-affected countries (2021)

Name of the Country	Rating Scale (2021)
Afghanistan	9.11
Iraq	8.51
Syria	8.25
Nigeria	8.23
India	7.43
Pakistan	7.83
Iran	5.1

Source: <https://public.knoema.com/vvtevjf/global-terrorism-index>. Accessed 17 March 2021

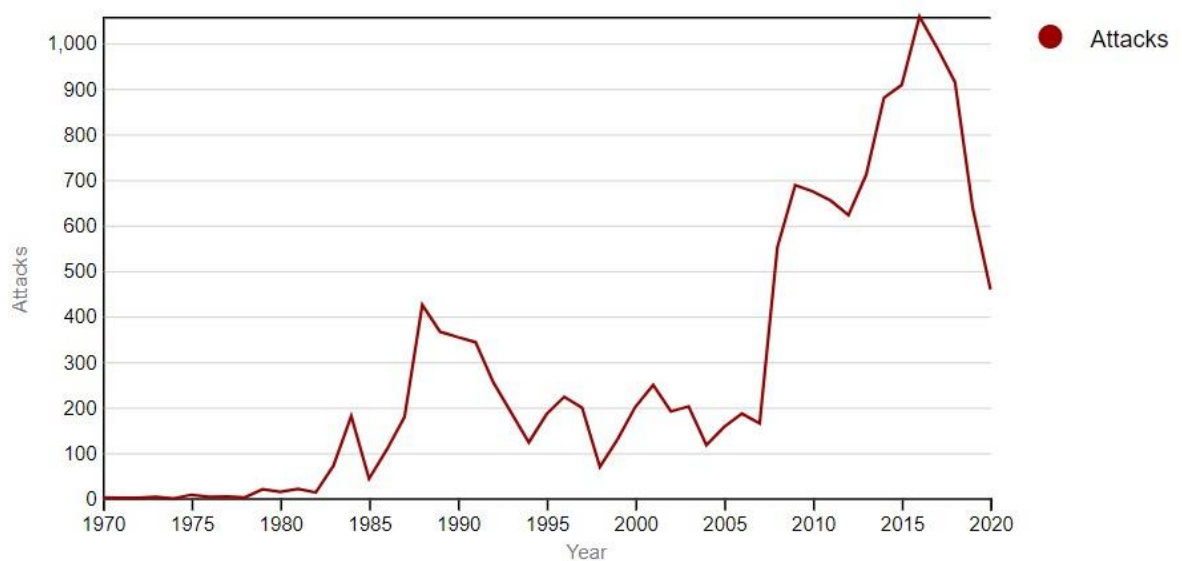
The GTI uses a particular tool, the ‘rating scale’, to analyse the ‘most and least’ terror-affected countries worldwide. It gave each country between ‘1’ and ‘10’ points on the rating scale, where ‘1’ indicated the least and “10” represented the worst or most

⁴For a detailed analysis, see the report, the Global Terrorism Index--GTI, (Institute for Economics and Peace--IEP).[www. http://visionofhumanity.org](http://visionofhumanity.org). . Accessed 20 July 2015. See, for instance, Thomas Morgan, Olivia Adams, And David Hammond, “Global Terrorism Index 2020: The Shifting Landscape of Terrorism,” Leanne Close and Daria Impiombato, ed. *Counterterrorism Yearbook* -2021 (Barton: Australian Strategic Policy Institute, 2021), 11-14.

⁵See the official website, for instance, the Global Terrorist Database--GTD is an open-source database including information on terrorist events around the world. <https://www.start.umd.edu>. . Accessed 20 July 2015

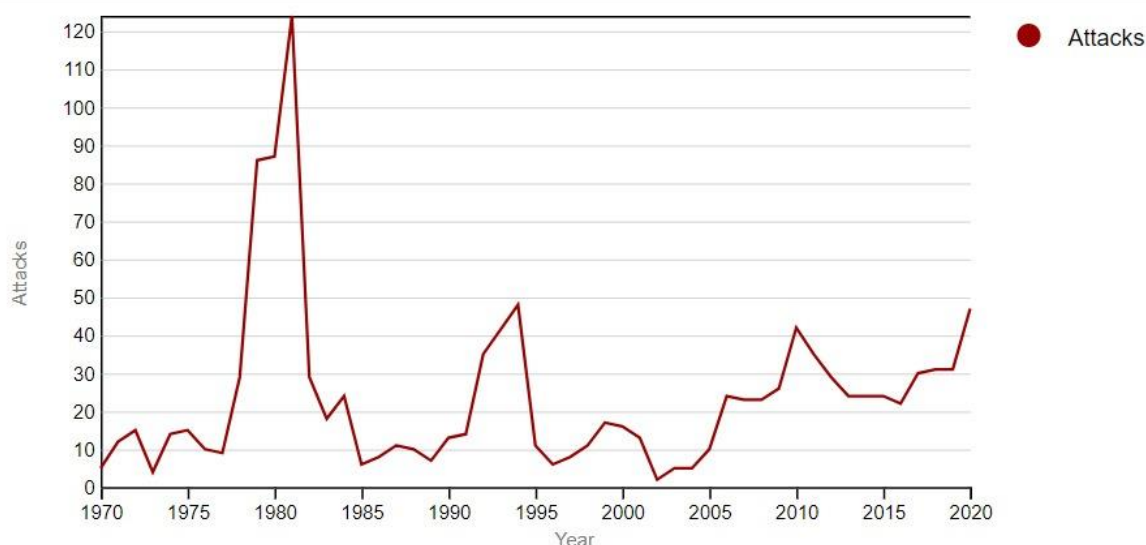
terrorism-affected country. The GTI analysis revealed that Iraq, Afghanistan, Nigeria, Pakistan, and Syria came under the rating of 8.51, 9.11, 8.23, 7.83, and 8.25, respectively, and these five countries were the most terror-affected in the world. Nearly 78 per cent of global terror fatalities occurred in these countries. India's rating scale was 7.43, and Iran was 5.10. Moreover, they were in 12 and 27 positions, respectively, on the Rating Scale of terror-affected countries. In general, Asia and Africa remain the most terror-affected continents of the world.

Line Graph No. 01 Terrorist attacks on India



Data adopted from Global Terrorism Database- <https://www.start.umd.edu/>
Accessed 24 June 2023

Line Graph No.02 Terrorist attacks on Iran



Data adopted from Global Terrorism Database- <https://www.start.umd.edu/>
Accessed 24 June 2023

The Graphs No. 1 and No. 2 of Global Terrorist Database⁶ (GTD) were drawn from various documents regarding terrorist attacks in India and Iran, between 1970 and 2020. GTD data revealed that both countries, especially India, faced severe terrorist attacks between 2008 and 2015. Fatalities caused by terror attacks were higher in India than in Iran. India stood as the sixth most terror-struck country globally and second in South Asia after Pakistan. A significant number of terror operations took place in the years 1993, 2006, 2008 and 2010, with a death toll ranging between 250 and 450 during this period. On the other hand, as compared to India, Iran recorded a lower number of terror attacks, with few terror-related incidents occurring between 1970 and 2020. The GDT stated that the highest terrorist attacks in Iran occurred between 1975 and 1980 and 1990 and 1995.

Despite these differences, the combined statistics of GTD and GTI showed that India and Iran remained victims of terrorism. Most of the terror operations were abetted by their rival countries. In Iran, many domestic terrorist groups were by helped outsiders, especially some Sunni Arab countries. The RAND's⁷ analysis showed that over 17,000 Iranians were the victims of terrorism over the last 35 years. As a Shia-majority

⁶See the official website, for instance, the Global Terrorism Database--GTD is an open-source database including information on terrorist events around the world. <https://www.start.umd.edu/>. Accessed 12 August 2016

⁷ See the report, RAND-Database of Worldwide Terrorism Incidents (National Security Research Division. <https://www.rand.org/nsrd/projects/terrorism-incidents.html>. Accessed on 05 June 2019.

country, Iran faced a major threat from the Sunni extremist factions within and outside the country. Jundallah, known as the People's Resistance Movement of Iran, is a militant organisation based in the Baloch region of Pakistan that claims to be fighting for the rights of Sunni Muslims in Iran, in the Sistan-Balochistan province particularly. It declared Jihad, the holy war against the country with the support of Sunni states in West Asia and was also associated with the Tehreek-i-Taliban Pakistan (TTP). Jundallah has carried out numerous terrorist attacks in Iran since 2003, resulting in the death of 42 individuals, including members of Iran's Islamic Revolutionary Guard Corps, in 2009. In 2010, the group was responsible for an attack on a mosque in Zahedan, the capital of Sistan-Balochistan, which claimed the lives of 20 Shiite followers. Certain members of Jundallah aligned themselves with Jaish al-Adl, an anti-Iran militant group and collaborated in carrying out bomb attacks within Iran. The Iranian government accused militants from Jaish al-Adl, originating from Pakistan, of conducting these attacks against the country. The Shia community across the world, especially in West Asia, was targeted by such extremist Sunni groups as Jundallah and the Islamic State (IS), among others.

India has been consistently claiming that Pakistan is involved in sponsoring terrorism against India, a claim supported by major powers like the US. According to data from the South Asia Terrorism Portal (SATP), India banned 11 terrorist/extremist groups; 6 terrorist/insurgent/separatist groups operating in the region of Kashmir while 19 terrorist/insurgent/separatist groups are inactive.⁸ In addition, the Central Asian region also faced the malice of terrorism. The socio-political upheavals in the region raised security threats for both India and Iran. For instance, the spread of the Islamic Movement in Turkmenistan and Hizb ut-Tahrir in Uzbekistan⁹ and Central Asia has been perceived with caution as it may make the region a potential breeding ground for terrorism. This indicated that the strategic regions of South and Central Asia were becoming targets for terrorist groups seeking to establish safe havens. Such developments posed significant security challenges for both India and Iran in the post-Cold War era.

⁸See, for instance, the South Asia Terrorism Portal, which shows the Proscribed and Active Terrorist Groups in the world. <http://www.satp.org/satporgtp/countries/india/terroristoutfits/index.html> . Accessed 12 July 2019

⁹ David C. Isby, "The Hizb ut-Tahrir: Stronger In Central Asia," (Washington DC: Jamestown Foundation Global Research & Analysis), 1: 5: May 5, 2005 <https://jamestown.org/program>. Accessed 12 July

Afghan-Taliban: A Common Threat to India and Iran

The Afghan Taliban (who ruled Afghanistan from 1996 to 2001 and 2021 to present) are considered to be a threat to both India and Iran. The Afghan Taliban's relations with both countries were strained, mostly due to Pakistan's influence over the Afghan Taliban. In the case of Iran, there was an ideological factor as well. Despite being in power in Afghanistan, the intervention of the Afghan Taliban in regional politics created new security threats for various countries. Such policy of the Afghan Taliban also impacted various aspects, including political, economic, and particularly security interests of Iran and India. The Afghan Taliban declared that their objective was to establish an independent country and build an Islamic state in Afghanistan without any intention of causing harm to other nations. Notably, Saudi Arabia, the United Arab Emirates (UAE), and Pakistan recognised the rule of the Afghan Taliban and also provided logistical support. The Afghan Taliban opposed the intrusion of external powers in the internal matters of Afghanistan. The presence of the Afghan Taliban in Afghanistan helped anti-India jihadist groups find fertile ground in the Pashtun heartlands, which they utilised to prepare for carrying out terrorist attacks in Kashmir and other regions of India.¹⁰

The US invasion of Afghanistan in 2001 did not yield the goals desired by the West. The long conflict in Afghanistan made 6.3 million Afghans refugees, with 3.3 million migrating to Iran and the rest to Pakistan.¹¹ The presence of registered and unregistered Afghan refugees in Iran presented various security challenges. Many of them were alleged to act as mediators of terrorist organisations and spies for anti-Iranian forces. Iran pursued some policies against the unregistered Afghan refugees. Some even reported that Iran used some Afghan refugees in its fight against the IS in Syria, led to tension between Iran and Afghan governments.¹² In the 1990s, the Taliban and Iran did not share good relations. The Taliban killed many Iranian diplomats and journalists. One of the major incidents was in September 1998 in Mazar-e-Sharif when the Taliban killed 9 Iranian diplomats. The incident brought two countries to the brink of war, also involving

¹⁰ See the coverage in a prominent online news magazine, Hrishabh Sandilya, "India, Iran, and the West", *The Diplomat*, November 09, 2014 <http://thediplomat.com>. Accessed 19 June 2018

¹¹ See, for instance, "(Afghanistan: the unending crisis) - The biggest caseload in the world" (UNHCR, Refugees Magazine Issue 108-11, 1997), <https://www.unhcr.org/in/publications/refugees-magazine-issue-108-afghanistan-unending-crisis-biggest-caseload-world>. Accessed 02 February 2018

¹² See the coverage of prominent news agency network Patrick Strickland, "Why are Afghan refugees leaving Iran?" *Aljazeera*, May17, 2016, <https://www.aljazeera.com/features/2016/5/17/why-are-afghan-refugees-leaving-iran>. Accessed 03 February 2018

Pakistan.¹³ The Taliban had cosy ties with Al-Qaeda, and the latter extended aid and military training to the Taliban sympathisers to fight against the foreign forces.¹⁴ Under the Taliban rule (1996-2001), Afghanistan served as a sanctuary for terrorist organisations like Al-Qaeda. In 2001, the US asked the Taliban regime to hand over Al-Qaeda militants for trial, the ones responsible for the World Trade Centre attacks in 2001. On the refusal of the Afghan Taliban to hand over the Al Qaeda members involved in 9/11 and allegedly present in Afghanistan, the US carried out military strikes against the Taliban regime, and they were removed from power. It was a favourable political outcome for both India and Iran, and they supported the US endeavour to uproot the Taliban. It brought about a paradigm shift in the regional security of South Asia.

However, the subsequent failures of the US-led forces to rout the Afghan Taliban and close its sanctuaries in the border areas of Pakistan led to a fierce long battle and finally to the revival of the Taliban.¹⁵ A long-term war on terror by the US-led NATO could not root out the Taliban and its networks.¹⁶ The Taliban was able to mobilise local people against the democratic government in Afghanistan. The Ashraf Ghani government's failure to create even economic incentives and the populace's hostility towards the authorities in Afghanistan helped the Taliban in gathering local support and propagating its ideology within the nation. Pakistan-based terrorist organisations supported the Taliban insurgents. Taliban militants received training in North and South Waziristan and Balochistan in Pakistan to engage in combat against foreign military forces. These camps drew students from local religious schools and were believed to receive assistance from Pakistan's security forces, despite the government officials denying such reports.¹⁷

India's position throughout was that Pakistan was the leading supporter of the Afghan Taliban. One of the policies pursued by Pakistan via the Taliban was to undermine India's

¹³ See coverage in a prominent daily newspaper, Suzanne Goldenberg, "Funerals fuel Iran's rage at Taliban," *The Guardian*, 19 September 1998.

<https://www.theguardian.com/world/1998/sep/19/suzannegoldenberg>. Accessed 14 May 2018

¹⁴ Richard Barrett, "The al-Qaeda-Taliban Nexus", (New York: Council on Foreign Relations, November 24, 2009), 1-9, <https://www.cfr.org/expert-roundup/al-qaeda-taliban-nexus>. Accessed 08 February 2018

¹⁵ See for more details, Ahmed Rashid, *Descent into Chaos: The U.S. and the Disaster in Pakistan, Afghanistan, and Central Asia* (London: Penguin Books, 2009), 1-560.

¹⁶ See coverage in a prominent news publication, Alicia P.Q. Wittmeyer, "What Went Wrong in Afghanistan?," *Foreign Policy*, March 04, 2013, <https://foreignpolicy.com/2013/03/04/what-went-wrong-in-afghanistan/>. Accessed 01 March 2018

¹⁷ See report in prominent daily Indian newspaper, Duncan Gardham, Pakistan 'still running Taliban training camps,' *The Telegraph*, October 26, 2011, <https://www.telegraph.co.uk/news/worldnews/asia/pakistan/88483>. Accessed 05 March 2018

involvement in various development projects in Afghanistan. For instance, the Taliban killed 130 workers, including four Indians involved in the construction of the Zaranj-Delaram road in Afghanistan between 2005 and 2009.¹⁸ The guerrilla-type attack was the strategy of the Taliban and increased operations against government supporters, civilians, and foreign troops - International Security Assistance Force (ISAF), foreign consulates and embassies. Indian Embassy and consulates were prime targets of the Taliban. Many terror attempts were made against the Indian assets in Afghanistan. Expressing deep concern, the then Indian Foreign Minister Pranab Mukherjee had said that ensuring security and safety of Indian personnel stationed in Kabul was necessary in the wake of attacks against them. Thus, the Afghan Taliban was the common threat to India and Iran in the post-Cold War period. When not in power (2001-2021), they still were a threat to India and Iran. Unlike Iran, India was apprehensive over the worsening security situation after the withdrawal of ISAF in Afghanistan. India and Iran were apprehensive about the return of the Taliban to the country. Their rule and policies had negative implications for Iran and India's political, economic, and particularly security interests in the region. The situation in Afghanistan had already created issues for the regional countries.

Terrorism from the Territories of Pakistan

For a long time, India's official position has been that Pakistan is involved in training and materially supporting militant groups.¹⁹ Because of its role in providing asylum to terrorist groups, Pakistan remained on the grey list of the Financial Action Task Force (FATF) for a long time and was removed from it in 2022. It was also on the International Cooperation Review Group (ICRG) list of²⁰ from 2012 to 2015. India was apprehensive that Pakistan permitted its territory to be used for terrorist activities against India. Pakistan acted as a channel to link the Kashmiri-based insurgent groups in the Afghanistan-Pakistan region with the Taliban and Al-Qaeda networks.²¹ India was

¹⁸ See the Report of prominent daily newspaper, "India hands over strategic highway to Afghanistan," *The Hindustan Times*, January 23, 2009, <https://www.hindustantimes.com/world/india-hands-over-strategic-zaranj-delaram-highway-to-afghan/story-WSbFNMguMWjvY39V7fR46H.html>. Accessed 16 July 2017

¹⁹ See, for instance, the Rajya Sabha debate on "Pakistan's role on Terrorism against India" (New Delhi: Parliament of India, Government of India, December 02, 2010), 41.

²⁰ The Financial Action Task Force (FATF) is an inter-governmental body established in 1989 by the Ministers of its Member jurisdictions. The objectives of the FATF are to set standards and promote effective implementation of legal, regulatory and operational measures for combating money laundering, terrorist financing and other related threats to the integrity of the international financial system. <http://www.fatf-gafi.org>

²¹ the Rajya Sabha debate on Pakistan's links with Kashmir militants (New Delhi: Government of India, Parliament of India, December 12, 2001), 104.

equally apprehensive about the rise of terrorism in Pakistan, and it was a victim of terrorism being operated by groups from Pakistani territory. Since 2001, in the wake of the pressure from the US and the international community, Pakistan stopped supporting the Afghan-Taliban. The US prompted Pakistan to take part in its global war on terror campaign. However, Pakistan struck its anti-Indian policy, and it continued with its hostility with India. Meanwhile, Pakistan maintained a position that it was fighting terrorism by being a member of the global efforts against terrorism, collaborating with the US in areas such as anti-terror law enforcement, border security, and counterterrorism training. Pakistan also established Anti-Terrorism Courts to address both international and domestic cases related to terrorism. However, it followed selective policy.²² Pakistan ostensibly tried to spare terrorist groups that it saw as serving its interests. The issue of double standards in addressing terrorism was highlighted during the U.S. operation that resulted in the killing of Al-Qaeda leader Osama bin Laden in Abbottabad, located in the high-security area of the Eastern Khyber-Pakhtunkhwa (KP) province in Pakistan. This incident highlighted the international and Indian perceptions that the top leadership of Al-Qaeda was residing in the Afghan-Pakistan border.

After a brief period, after joining the US in the latter's campaign against the Taliban, Pakistan reestablished contact with the Afghan Taliban in 2006/07. This created discomfort for India as well as Iran. Pakistan's support to the Taliban and Sunni militias exacerbated insecurity in the region. Pakistan has had links with militant groups in Afghanistan, such as *Lashkar-e-Taiba*, *Harkat-ul-Mujahideen*, *Harkat-ul-Ansar* and *Harkat-ul-Jihadi-Islami*. India's position was that Pakistan had been operating proxy war groups in South Asia.²³ It also held the view that Pakistan was supporting the Taliban, which was also proven when it was disclosed that the arms made in China were routed through Pakistan to the Afghan Taliban.²⁴ The Iranian Interior Ministry stated that Pakistan was accountable for the terrorist attacks and regularly reprimanded Pakistan

²² For details, see the report, The United States Department of States on "Pattern of Global Terrorism—2003," 22 June 2004, <https://2009-2017.state.gov/j/ct/rls/crt/2003/c12153.htm>. Accessed 20 March 2018

²³ Lary Hanayer Peter Chalk, "India's and Pakistan Strategies in Afghanistan," (Pittsburgh: Centre for Asia Specific Policy International Relations-RAND, March 16, 2012), DOI: <https://doi.org/10.7249/OP387>

²⁴ Watch the Documentary of Al-Jazeera Channel on East - Afghanistan: Taliban at The Gates (<https://www.youtube.com>) Accessed 23 May 2017

authorities for taking inadequate actions to prevent infiltration of terrorists into Iranian territory.²⁵

From the domestic front, Pakistan has been facing grave security challenges posed by the Tehreek-i-Taliban Pakistan (TTP). The TTP is the main anti-Pakistan insurgent group in the country. As stated in the United Nations (UN) documents, the core objective of the organisation is to overthrow the democratically elected government of Pakistan and establish an emirate governed by its own interpretation of Islamic law.²⁶ India was aware of the TTP's support to the Taliban in the latter's fight against the foreign troops and the Afghan security force. According to Hassan Abbas, an ex-Pakistani security official and fellow at Harvard University's Kennedy School, the TTP established a coalition against the NATO forces in Afghanistan, ceased military operations in the Swat district and North Waziristan, and dismantled all military checkpoints in the Federally Administered Tribal Areas (FATA) located in the northwestern region of Pakistan.²⁷ The nexus between various terror groups and the security establishment in Pakistan has questioned the consistency of Pakistan's anti-terror policies.

Pakistan's Dual Position on Terrorism

Pakistan-based terrorists have been involved in the killing of diplomats and heads of cultural centres of Iran in Pakistan and Afghanistan. This has often created mistrust and political friction between them. In fact, these proxy war groups have created insecurity and uncertainty in the region. Pakistan operated through those groups to undermine and harm the position of India and, at times, Iran in the region. It is often alleged that Pakistan-supported terrorist organisations have been found to have linkages with insurgent groups based in Kashmir, as well as with the Taliban and Al Qaeda networks.²⁸ However, Pakistan has denied its support to terrorist outfits. Yousuf Raza Gilani, the then Prime

²⁵ See the report of Iran's Fars News Agency, Iran Summons Pakistani Envoy over Terrorist Cross-Border Attack," *Fars News Agency*, October 19, 2014, <https://www.farsnews.ir/en/news/13960208000359/Pakisani-Envoy-Smmned-ver-Crss-Brder-Terrris-Aack-in-Sheasern-Iran>. Accessed 12 March 2018

²⁶ See for details. Security Council Committee Pursuant to Resolutions 1267 (1999) 1989 (2011) and 2253 (2015) concerning ISIL (Da'esh) Al-Qaida and associated individuals Groups undertakings and entities (New York: UNSC, July 29, 2011), <https://www.un.org/securitycouncil/sanctions-committees/security-council-committee-pursuant-resolutions-1267-1999-1989-2011-and-2253>. Accessed 12 March 108

²⁷ Sarah Jones , "Did you know that there are two different Taliban groups?," *The Digital Journal*, <http://www.digitaljournal.com>, Accessed on 14 July 2018

²⁸ For instance see, Rajya Sabha, debate on Pakistan links with Kashmir based insurgent organisations (New Delhi: Parliament of India, Government of India, December 12, 2001):104.

Minister of Pakistan, emphasised the Pakistan government's strong commitment to combat terrorism decisively, stating that a destabilised Afghanistan was not in the best interest of his country. On the contrary, India argued that it had evidence showing the Taliban received support from the Pakistan Army and intelligence services. Indian position continues to be around the point that support from the Pakistani establishment helped the Taliban military wings gain efficiency. Asif Ali Zardari, the then President of Pakistan, told the UN General Assembly:

*“the acts of terrorism should not discourage the countries in the region from pursuing their shared goal of peace. On the contrary, these incidents should serve as a catalyst to bolster their determination in combating terrorism in all its various forms and manifestations.”*²⁹

The Karzai and Ghani administrations in Afghanistan claimed that Pakistan had a role in the rising Taliban activities in the country. Rehman Malik, the then Interior Adviser of Pakistan, remarked the Afghanistan accusations were baseless. Shah Mahmood Qureshi, the then Foreign Minister of Pakistan, in the wake of the 2008 Mumbai attacks in India, stated that Terrorism is a menace threatening humanity and that humanity should join hands in fighting this scourge. Pakistan condemns terrorism in all its forms and manifestations.”³⁰ These statements pointed out that Pakistan was also a victim of terrorism and its willingness to fight against terrorism.

India has rejected Pakistan's explanations, citing evidence of its collaboration with terrorist organisations responsible for acts of terrorism in Afghanistan and India. India maintained the position that although verbally Pakistan stated its anti-terrorism stance, in practical terms, Pakistan failed to curb terror outfits within its borders. Moreover, its double standard towards terrorism was visible in many incidents against India. For example, M.K. Narayanan, the then National Security Adviser of India, questioned the credibility of Pakistan's denial of its involvement in the attacks on the Indian Embassy in Kabul, asserting that substantial intelligence inputs indicated Pakistan's connection to the

²⁹For further details on the subject see, General Debate of the 71st Session, General Assembly of the United Nations, <https://gadebate.un.org/en/countries/pakistan>. Accessed 30 March 2018 See for Instance, Ahmed Rashid, “The Taliban: Exporting Extremism,” *Foreign Affairs* 78, no. 6 (1999): 22–35. Accessed 20 May 2017

³⁰ See the report of prominent news network, “World leaders condemn Mumbai attacks,” *CNN*, November 27, 2008 <https://edition.cnn.com/2008/WORLD/asiapcf/11/27/mumbai.world.reaction/index.html#:~:text=Bush%20said%3A>. Accessed 23 August 2018.

suicide attack.³¹ Admiral Mike Mullen, the then US Joint Chiefs of Staff Chairman, demanded Pakistan to stop its security agencies from supporting Taliban and Al-Qaeda.³² This concurred with India's position.

India called for the attention of the international community in response to Pakistan's continuous support for terrorism, highlighting the involvement of Pakistan's Inter-Services Intelligence (ISI) in revitalising terrorist organisations to carry out operations against India. Pakistan was alleged to back 32 transnational terrorist groups, some of which were formed under the guise of Kashmiri names such as the "Jammu & Kashmir National Liberation Army," "Kashmir Jihad Force," "Jammu & Kashmir Students Liberation Front," "Tehreek-e-Hurriyat-e-Kashmir," "Al Jihad Force," "Muslim Janbaz Force," and "Kashmir Jihad Force."³³ These organisations claimed to be fighting to liberate Kashmir from India through insurgent operations and destabilise India.

In addition to Pakistan, as some reports have shown, some other Arab States (such as Saudi Arabia) also retained links with the Afghan Taliban mainly to undermine the Shia sect and Iranian influence in Afghanistan. Pakistan and Saudi Arabia had common interests in promoting radicalism, and Saudi Arabia's pro-radical involvement was historically connected with Soviet-Afghan intervention and Shia-Sunni ideological conflict.³⁴ Saudi Arabia has been accused of having financially supported the madrassas in Pakistan, which had played a significant role in shaping the ideology of the Taliban³⁵. While the real extent of Saudi Arabia's assistance to the Taliban remained uncertain, it was widely believed that their support was primarily in the form of financial aid³⁶. It is often stated that Iran and Saudi Arabia encouraged their radical Shia and Sunni followers to fight each other to protect their political and ideological interests. Pakistan's inconsistent approach against extremism has caused unease in both India and Iran within

³¹See the coverage in prominent daily newspaper, "ISI involved in Kabul attack, says Narayanan," *The Economic Times*, July 12, 2008, <https://economictimes.indiatimes.com/news/politics-and-nation/isi-involved-in-kabul-bombing-on-indian-embassy-nsa/articleshow/3226893.cms?from=mdr>. Accessed 19 March 2021

³² See the report of prominent news agency, "Afghan talks: NATO urges Pakistan to fight militants," BBC News, 23 April 2013, <https://www.bbc.com/news/world-asia-22274557>. Accessed 19 March 2021

³³ For instance, see the report, Terrorist / Extremist / Insurgent Groups - Jammu and Kashmir, *South Asia Terrorism Portal*, <http://www.satp.org>

³⁴ Vali Nasr, "International politics, Domestic Imperatives, and Identity Mobilization: Sectarianism in Pakistan, 1979-1998," *Comparative Politics*, vol. 32, No 2, 2000, 171-190.

³⁵<http://www.encyclopedia.com/history/asia-and-africa/central-asian-history/taliban>. Accessed 12 July 2019

³⁶ <http://www.encyclopedia.com/history/asia-and-africa/central-asian-history/taliban..> Accessed 12 July 2019

the region. With the return of the Taliban in Afghanistan (in 2021), Pakistan has witnessed a rise in terror attacks. Furthermore, some reports about the presence of groups like Al-Qaeda and the IS in Afghanistan is considered to be posing security threats for Iran, as well as for India.

Balochistan: Perceptions of Iran, India and Pakistan

Form the region, Pakistan's Balochistan and Iran's Sistan-Balochistan too have been identified as volatile hotspots. The Baloch areas are spanned across the border of Pakistan and Iran. In both countries, the Baloch areas claim to be marginalised and exploited. Various Baloch uprisings have broken out, mainly in Pakistan from the late 1940s. Thus, the Baloch insurgencies have created security issues for these countries, sometimes also involving Afghanistan.³⁷ The demand of some Baloch for having a separate sovereign state caused disturbances within Iran and Pakistan. They reciprocally engaged in suppressing the Baloch insurgency and their combined efforts continued till the Islamic Revolution of 1979.³⁸ Since then the mutual interference has decreased.

The Baloch uprising in Pakistan intensified after the US invasion of Afghanistan in 2001. The Baloch insurgency and possible alliance with the TTP have emerged as a major threat to Pakistan's security. In addition, unlike other insurgents, Baloch separatists did not have significant logistic and economic support from the outside.

However, given its inability to eliminate the Baloch insurgency, Pakistan has blamed India for supporting Baloch insurgents and interfering in its internal matters. There were allegations from Pakistan in the past claiming that the Indian consulate in the Iranian city of Zahedan provided assistance to certain Baloch elements. Pervez Musharraf, the then Pakistan President of Pakistan accused that alleged India's support to the rebels in Balochistan validated the argument that India was involved in Balochistan. Another allegation of Pakistan was that India's secret agency, Research and Analysis Wing (R&AW) was involved in subversive activities in Pakistan, particularly in Balochistan.³⁹

37Prasanta Sahoo, "India's Balochistan Tactic: Has it Shattered Pakistan's Kashmir Dream?," *World Affairs: The Journal of International Issues* 23, no. 2, 2019, 98–115.

38 For further details on the subject, See the report, Safdar Sial, "An analysis of emerging Pakistani-Iranian ties," (Oslo, Report of Norwegian Peacebuilding Resource Centre-NOREF, April 2015), 1-8, <https://www.files.ethz.ch>. Accessed 17 May 2019

39 Mir Sherbaz Khetran, "Indian Interference in Balochistan: Analysing the Evidence and Implications for Pakistan," *Strategic Studies* 37, no. 3, 2017, 112–25.

For instance, Pakistan continued to criticize that India through R&AW was trying to sabotage the China-Pakistan geoeconomic initiative- the China–Pakistan Economic Corridor (CPEC) in Balochistan. The province is a key part of the over \$60 billion project- CPEC, multi-layered Chinese investment programme.⁴⁰ India rejected such allegations. It has raised the arguments of one the leading leaders of Balochistan, Nawab Akbar Khan Bugti, who had accused President Musharraf for employing falsehoods as a means to discredit the rightful grievances of the people of Balochistan.⁴¹ Bugti stated that the President (Mr.Mushraff) was spreading misinformation to undermine the genuine grievances and aspirations of the Baloch.

In 2014, the Bharatiya Janata Party (BJP) came to power in India with a new strategy: to raise the Balochistan conflict so as to fend off Pakistan’s involvement in Kashmir.⁴² Narendra Modi, the Prime Minister of India, drew attention to the human rights violations committed by the Pakistani state in Balochistan and expressed his support for the people's quest for self-determination. This shift in policy was viewed as a direct response to Pakistan's involvement in a proxy war in Jammu and Kashmir.⁴³ India's policy shift became evident with the launch of a Balochi radio service website and mobile application by All India Radio (AIR). The objective of this initiative was to establish a communication channel with the Baloch diaspora residing in various countries across the globe.⁴⁴ India was ready to consider the application of some Baloch exiled leaders such as Brahamdagh Bugti, grandson of the late Nawab Akbar Bugti and the leader of the Baloch Republican Party and Hyrbyair Marri for asylum in India. India perceived that such strategic intrusion into Pakistan’s critical region and sympathy with Baloch leaders would help build pressure on Pakistan to take action against the anti-India militants operating from Pakistan.

⁴⁰Ali Zaman Shah, “Geopolitical Significance of Balochistan: Interplay of Foreign Actors,” *Strategic Studies* 37, no. 3 (2017): 126–44.

⁴¹ See coverage in prominent daily newspaper, Praveen Swami, “Balochistan leader slams Musharraf,” *The Hindu*, January 12, 2006, <http://www.thehindu.com>, Accessed 02 September 2019

⁴²Prasanta Sahoo, “Narendra Modi’s Anti-Terrorism Strategy and India’s Islamic Neighbours,” *World Affairs: The Journal of International Issues* 21, no. 1 2017, 122–35.

⁴³ See the report of Indian news website, “How Balochistan Could Change Iran-Pakistan Relations in a Way that’s Not Good for India,” 27 September 2016, <https://thewire.in/world/how-balochistan-could-change-the-dynamics-of-iran-pakistan-relations>. Accessed 23 May 2020

⁴⁴ For details, see the report, “AIR launches Baloch mobile application,” *The Hindu*, September 17, 2006, <https://www.thehindu.com/news/national/AIR-launches-Baloch-mobile-application/article14441939.ece>. Accessed 23 May 2020

Iran, along with Pakistan, perceived that such an approach to the Baloch conflict could pose new security threats in the Baloch areas. Iran's Shia authority was concerned about the presence of various Sunni militant groups taking refuge in and conducting operations from the border regions of Pakistan.⁴⁵ Iranian Baloch insurgent groups, such as Jundullah, along with its splinter factions Jaish al-Adl and Jaishul Nasr, established a significant presence in the Sistan-Baluchistan province of Iran and the border regions between Pakistan and Iran.⁴⁶ These militant groups have carried out numerous terrorist attacks, targeting IRGC members and civilians of Iran. Iran claimed that these groups were having safe havens in Pakistan's Balochistan Province, with their members crossing back into Pakistan after each attack. Hazara community was the targeted Shia sect in Balochistan, and the radical Sunni extremist groups like Lashkar-e-Jhangvi killed many. On the one hand, the Baloch insurgency might have taken advantage of India's position that Pakistan sponsors terrorism in India. On the other hand, the Baloch national question might have affected Iranian security interests in the region. It is evident from the above discussions that every actor has its own interest and strategises its actions to further its strategic depth in the region through involvement in domestic political and security systems. Such involvements generate a kind of zero-sum game scenario. In view of the above discussion, the next section analyses the non-traditional security threat and its implications for India and Iran ties.

Non-Traditional Security Threats and Implications for India and Iran Relations

Authoritarian regimes in West Asia were threatened by an unprecedented political outburst in 2011 (the so-called Arab Spring), which continued for years. This phenomenon spread across the region, especially in Tunisia, Egypt, Yemen, Bahrain, Libya and Syria. It triggered political uncertainty in these countries. India was cautious about the popular uprisings and their potential implications for the stability and security in the region, especially in the Gulf countries. Although India favours a broader democratisation process, the chaotic circumstances of the Arab Spring engendered instability in the area that could have jeopardised India's interests. Instead of turmoil, India favoured a peaceful democratic transition in the region. One of the outcomes of the

⁴⁵Belal Kulsoom, "Pak-Iran Relations: Evolving Dynamics, Prospects and Approaches," *Policy Perspectives* 14, no. 1 2017, 83–104.

⁴⁶Abdul Basit, "IS Penetration in Afghanistan-Pakistan: Assessment, Impact and Implications," *Perspectives on Terrorism* 11, no. 3 2017, 19–39.

uprisings and subsequent civil wars in Syria and Iraq was the emergence of radical Sunni groups. This was a matter of concern for both India and Iran in their respective regions. While for Iran, these groups posed a direct threat as they claimed to have an anti-Shia agenda, for India, these created issues by trying to reach out to some radical elements in the country. New political updates from West Asia indicated that multi-pronged attacks were destroying the Islamic State (IS), and the IS militants began moving into new safe havens. Meanwhile, the IS released a map which marked their targeted destinations along with Syria and Iraq, including the larger area of the Asian continent.

Given Afghanistan's imposed writ of the state, it becomes vulnerable to the presence of groups like the IS and Al-Qaeda. For India and Iran, this remains a matter of concern. Ash Carter, the then US Defence Secretary, highlighted that Islamic State of Iraq and Syria (ISIS) militants have been attempting to establish small enclaves wherever they perceive opportunities.⁴⁷ Another high official of the US, Brig. Gen. Wilson A. Shoffner of the US Army stated that there are approximately 1,000 to 3,000 ISIS fighters in eastern Afghanistan who attempted to establish a foothold in the rugged mountains of Nangarhar Province in Afghanistan.⁴⁸ The revolutionary adherents of the Afghan Taliban are found to be leaning towards the IS camps as well after the withdrawal of the US from Afghanistan.⁴⁹ These pro-IS forces can strengthen if the Taliban are unable to control the entire territory. The possibility, and according to some reports, the presence of IS militants in Afghanistan can create security threats for the regional countries. Ideologically, Pakistan is against the IS.

⁴⁷For details, see the report, Andrew Tilghman, "IS seeking foothold in Afghanistan's Nangarhar Province," *Military Times*, December 18, 2015, <https://www.militarytimes.com/news/your-military/2015/12/18/is-seeking-foothold-in-afghanistan-s-nangarhar-province>. Accessed 22 February 2019

⁴⁸For instance, see the report, "U.S. Airstrikes Target ISIS in Afghanistan," *CBSNEWS*, <https://www.cbsnews.com>, Accessed 19 May 2019.

⁴⁹Farhan Zahid, "Implications of the US Forces' Withdrawal on the Af-Pak Jihadist Landscape," *For Counter Terrorist Trends and Analyses* 13, no. 3, 2021, 10–14. For Instance, Raffaello Pantucci and Abdul Basit, "Post-Taliban Takeover: How the Global Jihadist Terror Threat May Evolve," *Counter Terrorist Trends and Analyses* 13, no. 4, 2021: 1–7. For more details, see the coverage in prominent daily newspaper, Christina Goldbaum, "Taliban Fighters, Unsettled by Peace, Seek New Battles Abroad," *The New York Times*, 14 August 2023, <https://www.nytimes.com>. Accessed 21 August 2023

Narcotic Drugs and Insecurity

Afghanistan is the largest source of worldwide illicit drugs destined for countries like China, India, Iran, Central Asia and Europe. Reports by the Anti-Narcotics Police of Iran showed that the intensity of drug addiction was directly proportional to the increase in domestic issues and security threats in the country. According to the UN Office on Drugs and Crime (UNODC), global opium consumption was estimated to be around 1100 tonnes per year, with approximately 4 million users. Iran accounts for over 42 per cent of this consumption. The UNODC also estimated that Iran's annual heroin consumption stood at 17 tonnes, which represented 5 per cent of the global consumption.⁵⁰ These figures underlined Iran's significant role in the global opium and heroin markets, reflecting substantial challenges in combating drug abuse and trafficking within the country.

The main reason for the higher percentage of drug addiction in Iran is its easy availability since Iran lies in the central trafficking route of poppy, the source of opium and heroin, from Afghanistan to Western Europe. According to Hasan Razavi, the head of the rehabilitation centre in Tehran, the rising number of drug addicts in the nation can be linked to a range of factors, including economic sanctions and international isolation, as well as the widespread discontent stemming from elevated levels of unemployment. Dr. Hasan Razavi, the then director of the rehabilitation centre in Tehran, opined that the increasing number of drug abusers in the country was due to the isolation of Iran from the international community and high unemployment rates.⁵¹ The combination of these factors has contributed to the rise in drug addiction, highlighting the complex interplay between socio-economic and security challenges and public health concerns in the region.

Myanmar was the largest heroin-producing East Asian country. It traffics heroin into India, one of its biggest markets, through various unmarked transit routes on land and sea, creating economic and social security challenges for India. India was the largest consumer of illicit narcotic analgesics among the South Asian countries. The Indian

⁵⁰ For details, see for instance, World Drug Report-2021 (UNODC: United Nations Office on Drugs and Crimes World Drug, 1-151, https://www.unodc.org/unodc/secured/wdr/wdr2013/World_Drug_Report.pdf. Accessed 10 December 2021

⁵¹ Ramin Mostaghim and Shashank Bengali, "Iran's growing drug problem: 'No walk of society is immune'", *Los Angeles Time*, December 10, 2014, See for instance, A. William Samii, "Drug Abuse: Iran's 'Thorniest Problem,'" *The Brown Journal of World Affairs*, 9, no. 2, 2003, 283–99.

Ocean Region has evolved into a central location for the storage and processing of 'base cocaine' into its final form.⁵² The flow of narcotic drugs into India occurs through two key pathways. The first is the Golden Crescent or Silk Route, situated on the western side of India, which encompasses routes through Iran, Afghanistan, and Pakistan. Tonnes of narcotic drugs transited into India from Afghanistan via Pakistan, increasing the possibility of spreading of terrorist activities as the money generated from drugs gets channelled in sponsoring them. The second route was the 'Golden Triangle' through which drugs came from countries like Laos, Vietnam, Thailand and Myanmar.

From the outset, India and Iran realised that the illicit narcotics endangered their countries, and they agreed it was a common, non-conventional security threat to both countries. AB Vajpayee, the then Prime Minister of India and Muhammad Khatami, the then President of Iran, expressed grave concern over the growth of illegal trade in narcotic drugs which emanated from Afghanistan.⁵³ Punjab was the largest drug-addicted region in India. As per the state government, by 2023, there were about 1 million registered drug addicts in Punjab⁵⁴, the number still being said to be under-reported. The illegal and unlimited flow of drugs created political tension between India, Iran and Afghanistan. Most importantly, the wide-ranging drug movement led to the rise of cross-border narco-terrorism in the region.⁵⁵

Maritime Threats and Security Issues

Jawaharlal Nehru, the first Prime Minister of India, defined the geographic situation of India as "On three sides there was the sea, and on the fourth, high mountains - in a sense, our country may be said to be in the very lap of an ocean. We could not afford to be weak at sea."⁵⁶ His words underscored the importance of the ocean for the economic linkage and

⁵²Lee Cordner, "Maritime Cooperation in the Indian Ocean Region," Bateman, Rajni Gamage, and Jane Chan edits. *ASEAN and the Indian Ocean: The Key Maritime Links*. (Singapore: S. Rajaratnam School of International Studies, 2017), 1-9

⁵³ Rajya Sabha, debate on "drug threat from Afghanistan" (New Delhi, Parliament of India, Government of India, April 26, 2001): 64-65

⁵⁴Gurpreet Singh Nibber, "One million addicts in Punjab drug de-addiction centres: Minister", *Hindustan Times*, 22 March 2023. <https://www.hindustantimes.com/cities/chandigarh-news/one-million-addicts-in-punjab-drug-de-addiction-centres-minister-101679502927185.html> Accessed 13 August 2023

⁵⁵ The term "narco-terrorism" is often attributed to Peru's president Belaunde Terry in 1983, to describe attacks by cocaine traffickers against the police, who suspected that the Maoist rebel group, Sendero Luminoso (Shining Path), had found common ground with cocaine traffickers, Terrorism Research Analysis Consortium-TRAC, <https://www.trackingterrorism.org>. Accessed 24 May 2020

⁵⁶Nirupama Rao, former Foreign Secretary of India, quoted the words of Jawaharlal Nehru (said on March 28, 1958, standing on the quarterdeck of INS Mysore, the second cruiser to be acquired by independent

security of the country. The new version of traditional as well as modern maritime threats escalated in the early years of the 21st century. Since then, the subject of maritime security occupied a significant place in international politics.

Like India, Iran is also a maritime country in the Persian Gulf. From a strategic and economic perspective, the ocean is the lifeline for both India and Iran. That also means that India and Iran both remain vulnerable to conventional and non-conventional maritime security threats. These threats emanated from the power projection of regional players and great power competition in the Persian Gulf and the Arabian Sea. The US and especially China are the major regional maritime competitors of India in the Indian Ocean and in the Asia Pacific. China has expanded its presence in the Indian Ocean through its “string of pearls” policy.⁵⁷ This entailed the construction of an extensive network of naval bases spanning from southern China to Pakistan. Various US government sources suggest that the possibility that Chinese naval bases would be established in its harbours such as Gwadar in Pakistan, Sittwe in Burma, Hambantota in Sri Lanka, and Chittagong in Bangladesh could not be ruled out. However, the available evidence supporting these claims was limited.⁵⁸ But that did not mean China did not seek or would not seek such bases in the future as well.

Given continuous tension between India and Pakistan on various issues, Pakistan can use these Chinese-made maritime strategic spaces, naval military bases and seaports against India. Likewise, Iran also faces maritime threats from the regional countries, especially from extra-regional powers. The Persian Gulf is providing opportunities as well as creating challenges for Iran. After the first Gulf War, US Naval bases in Diego Garcia and Gulf countries threatened security, particularly in the wake of Iran’s nuclear enrichment programme.⁵⁹ The geopolitical dynamics in the region have raised

India's Navy) on "Maritime Dimensions of India's Foreign Policy" (organized by the National Maritime Foundation in India, Habitat Centre July 28, 2011), <http://www.mea.gov>. Accessed 19 March 2021

⁵⁷ Harsh V Pant, “Sino-Indian Maritime Ambitions Collide in the Indian Ocean,” *Journal of Asian Security and International Affairs*, 1, no. 2 2014, 195. See for instance, Harvir Sharma, “China’s Interests in the Indian Ocean Rim Countries and India’s Maritime Security,” *India Quarterly* 57, no. 4 2001, 67–88.

⁵⁸ Daniel J Kostecka, “Places and Bases: The Chinese Navy’s Emerging Support Network in the Indian Ocean,” *Naval War College Review* 64, no. 1 (2011). See for instance, Andrew S Erickson, Places and Bases: The Chinese Navy’s Emerging Support Network in the Indian Ocean, December 10, 2010, <https://www.andrewerickson.com/2010/12/places-and-bases-the-chinese-navy%E2%80%99s-emerging-supply>. Accessed 16 August 2019

⁵⁹ Andrew S. Erickson, “Diego Garcia and the United States’ Emerging Indian Ocean Strategy,” *Journal of Asian Security*, Vol. 6, Issue 3, 2010 <https://doi.org/10.1080/14799855.2010.507408>

apprehensions about the strategic implications of these naval bases in the context of the U.S-Iran conflict relations in the post-Cold War period.

The contemporary maritime threat includes a wide array of challenges, spanning terrorism, piracy, drug trafficking, illegal arms proliferation, human trafficking, maritime insurgency, sabotage, organised crime, climate change, disasters, interstate conflicts, and territorial disputes.⁶⁰ The non-conventional security challenge was a common disquiet for India and Iran. They have a significant stake in the Indian Ocean and the Persian Gulf as they remain the world's largest energy routes into Europe and Asia. As the oil importing and exporting countries, India and Iran respectively, cannot compromise on the security of the Sea Lanes of Communication (SLOC). The Indian Ocean plays a crucial role in global oil transportation, with approximately half of the world's oil production being transported by sea tanker through its waters.⁶¹ The Indian Ocean Region (IOR) is particularly significant, accounting for 36 percent of the global oil supply. Moreover, the three straits of Hormuz, the Malacca, and Bab-el-Mandeb served as passages through which over 80 percent of this oil traversed, highlighting their strategic importance in global energy security.⁶² These potential choke points have a keen strategic role in determining the maritime security of the region.

Iran has been concerned, given the threats Tehran faces from the US, about the security of the Strait of Hormuz. The strait represents the globe's most critical pressure point, linking the Gulf of Oman to the Persian Gulf, and serves as Iran's vital lifeline.⁶³ International Energy Statistical Analysis's (IESA) calculation was that around 17 million barrels of oil pass through the Strait of Hormuz per day from West Asia into the world markets. For Iran, the Persian Gulf is the single most sea-based gateway to export energy and connect to the rest of the world, especially with the East Asian countries. Therefore, its security remains Iran's preference, despite the fact that Tehran has deployed its forces

⁶⁰ Fred Schreie, "Trends and Challenges in International Security: An Inventory," (Geneva Centre for the Democratic Control of Armed Forces-Dcaf, 2010), 1-176, <https://www.dcaf.ch/sites/default/files/publications>. Accessed 12 March 2019

⁶¹ Amit A Pandya, Rupert Herbert-Burns, and Junko Kobayashi, "Maritime Commerce and Security," *Maritime Commerce and Security: The Indian Ocean*, (Washington, D.C: Stimson Center, Feb. 1, 2011), 1-10

⁶² The Bab-el-Mandeb or Mandeb Strait is a strait located between Yemen on the Arabian Peninsula, and Djibouti and Eritrea in the Horn of Africa

⁶³ See coverage in prominent news publication, "The List: The Five Top Global Choke Points," *Foreign Policy*, May 08, 2006, <https://foreignpolicy.com/2006/05/08/the-list-the-five-top-global-choke-points>. Accessed 18 July 2021

in Abu Musa Island, near the Strait of Hormuz. The International Maritime Organization (IMO) has cautioned that any disturbance in the Strait of Hormuz would impact global oil trade.⁶⁴ Thus, along with Iran's security and economic interests, the world's energy supply chains remain connected to the stability of the Persian Gulf as well as the Indian Ocean. An analysis by the Centre for Strategic and International Studies (CSIS) highlighted that these two maritime routes collectively carry over 80 percent of the oil trade and this percentage is projected to rise to 90 percent by 2025.⁶⁵ These factors underlined the strategic importance of the maritime shipping routes in the Indian Ocean and the Persian Gulf.

Piracy and Maritime Terrorism

Piracy, along with maritime terrorism, has emerged as a major non-traditional maritime challenge since the end of the Cold War. Piracy and armed robbery emanated from the sea, off Somalia's coast, into the Straits of Hormuz, Malacca and the Gulf of Aden. India and Iran were under the threat of Somali pirates, and this led the UN to declare "a Joint initiative for anti-piracy" in 2008.⁶⁶ The reports of the International Maritime Bureau (IMB) pointed out that Somali pirates made many attacks against freight ships in Southeast Asia, South Asia and Yemen. Somalia contributed 16 percent of incidents of global piracy. The lion's share of imports and exports of India and Iran went through the sea. Therefore, possible interruption in the flow of goods was one of their apprehensions.

Maritime terrorism has also been a significant security issue, affecting the littoral countries. Various terrorist organisations operated at the ocean for hijacking of ships, seeking ransom, smuggling small weapons and narcotics, piracy, murders, seizing and sabotaging of ships, and other clandestine activities. One of the major terror attacks that India faced was from maritime terrorism, the Mumbai 2008 terror attack. The Mumbai attack on 26 November 2008 (26/11) was carried out by the Lashkar-e-Taiba, an Islamic militant organisation based in Pakistan, by using the Sea route. Moreover, oceans have

⁶⁴See for instance, "Maritime Security and Piracy," (London: International Maritime Organisation-Specialised Agency of agency of UNO), <https://www.imo.org/en/ourwork/security/pages/maritimesecurity.aspx>

⁶⁵ For more reference, see the official website of Centre for Strategic and International Studies, <https://www.csis.org>. Accessed 24 May 2020

⁶⁶ Security Council authorizes states to use land-based operations in Somalia, as part of fight against piracy off coast, unanimously adopting 1851 (2008), Security Council/9541, December 16, 2008, <https://www.un.org>. Accessed 21 October 2021

been used by terrorist/militant groups for the transfer of arms. In the case of India, the Arabian Sea and the Bay of Bengal were used as routes for the supply of arms. It was believed that Indian rebel groups like United Liberation Front of Assam (ULFA), the National Socialist Council of Nagaland (NSCN), and the National Democratic Front of Bodoland (NDFB) received weapons originated from Pakistan and South East Asian countries through these routes.⁶⁷ These maritime routes also played a role in the illicit transfer of weapons to these insurgent organisations. For India and Iran, coastal areas remain important for their respective economies. Therefore, both remained vigilant about the maritime security threats to their respective security. The following section of the chapter examines the security collaboration of India and Iran to address their conventional and non-conventional threats.

Security Collaboration between India and Iran

Security is a significant variable of the national interests of all countries. States threatened by various forces seek to ensure their security by collaborating with other countries, giving more priority to security engagements. Since the 9/11 attacks, countries have been ready to cooperate even with their antagonists to ensure their citizen's security. Starting in 2001, India and Iran initiated a collaborative effort in the security domain aimed at safeguarding peace and stability within their respective region. The India and Iran Dialogue on Strategic Issues played a role in addressing regional and global security challenges related to terrorism and fundamentalism. Through their various bilateral meetings, both countries gained a deeper understanding of each other's legitimate security concerns in the region, contributing to improved comprehension and mutual cooperation. They recognised the significance of upholding peace, security, and stability within their regions and at large.

Iran's strategic position in the region was a factor in building new security architecture in South-Western Asia. Iran could have helped India in curbing threats emerging from Afghanistan and Pakistan. AB Vajpayee, the then Prime Minister of India, during his 2001 trip to Iran, emphasised the perils associated with cross-border terrorism and

⁶⁷For details, see the report, "The National Democratic Front of Bodo and (NDFB)," (Virginia: Global Security org, 19 February 2018):1-7, <https://www.globalsecurity.org/military/world/para/ndfb.htm..> Accessed 14 January 2020.

underscored the significance of achieving peace and stability in the region.⁶⁸ Both nations put forward anti-terror initiatives through the provisions of the Tehran Declaration 2001 and New Delhi Declaration 2003. Making their first joint statement on terrorism in 2001, the Joint Statement on Terrorism in 2001, they made it clear that all kinds of extremism and terrorism in the world were condemnable.

The 9/11 attacks made Iran an important country in the security calculus of the region and it attained a critical role in maintaining security in the Persian Gulf. Even the toppling of the Taliban regime by the US in 2001 involved indirect support extended by Iran. Recognising their significant contribution to the security of the Persian Gulf and the Arabian Sea, India participated in initiatives such as the Tehran International Conference on Disarmament and Non-proliferation: World Security without Weapons of Mass Destruction" organised by Iran in 2010. The conference, focusing on the theme of "Nuclear Energy for All, Nuclear Weapons for No One," reflected India's commitment to peaceful use of nuclear energy and advocated its long-held position that of global disarmament.⁶⁹ The Conference recorded important discussions and debates on different aspects of diminution of Weapons of Mass Destruction (WMD), including nuclear weapons. Dr. Pankaj Sharma, the then Joint Secretary of Disarmament and International Security Affairs in India, affirmed that India advocated for a global, non-discriminatory nuclear disarmament programme. The commitment to supporting verifiable nuclear disarmament on a non-discriminatory basis within a timeframe.⁷⁰ India perceived that an international arms policy and the law could prevent the rise of dangerous weapons.

Iran was conscious of the security in the region, despite the Sunni-Shia sectarian conflict. For example, on the celebrations of the 40th anniversary of diplomatic relations between Iran and Oman, Ali-Akber Salehi, the then Iranian Foreign Minister, underscored Iran's enduring dedication to promoting collaborative security efforts in the Persian Gulf.⁷¹ He

⁶⁸Reply of External Affairs Minister against the question of C.M.Ibrahim on Question 1273 - Discussion with <http://www.mea.gov.in/rajya-sabha.html>. Accessed 12 May 2017

⁶⁹See the Official website of ministry of foreign affairs, Islamic Republic of Iran en.mfa.ir. Accessed 19 March 2021

⁷⁰Statement by Dr. Pankaj Sharma, Joint Secretary, Disarmament and International Security Affairs, (New Delhi: Ministry of External Affairs, Government of India), <https://eoi.gov.in>. Accessed 19 March 2021

⁷¹See the report of prominent news agency, "Iran, Oman commemorate 40th anniversary of establishment of relations," *The Organisation Asia-Pacific News Agency*, May 05, 2013, <http://www.oananews.org>. Accessed 17 May 2021

highlighted the significance of creating an action plan as a fundamental means to attain long-term stability in the region.

In 2001, Iran proposed the idea of ‘Dialogue among civilisations’ in response to Samuel Huntington's “Clash of Civilisations” thesis. In 2013, Hassan Rouhani, the then President of Iran introduced the concept of “World Against Violence and Extremism” (WAVE). This initiative as identified by UN advocated for the values of respecting human rights and fundamental freedoms to all people regardless group belonging, race, colour, sex language religion political or any other opinion national social origin property birth status etc.⁷² Iran’s important endeavours for peace and security were adopted and promoted by the UN in 2016 as an annual programme. Such steps encouraged India to work with Iran for peace and security in the region. Both nations shared the belief that promoting peace, stability, and harmony among diverse religions, ethnicities, languages, cultures, and social systems could be best achieved through open dialogue and constructive discussions.⁷³ Thus, India and Iran had a clearly defined perspective on their mutual security cooperation.

Cooperation in Maritime Security

Given the significance of the Sea route for their respective economies and potential terror threats, India and Iran have a shared interest in ensuring the security of international waters, particularly of the Indian Ocean and the Persian Gulf. India ranks as 13th largest global importer, with about 90 percent of its total trade in terms of volume and 70 percent in terms of value being transported via sea routes.⁷⁴ Iranian Ministry of Roads and Urban Developments recorded that in 2013, Iranian ports handled 135 million tonnes of imported and exported goods, equivalent to 43.2 million twenty-foot equivalent units

⁷²During the September 2013 United Nations General Assembly, Iranian President Hassan Rouhani proposed that the General Assembly take steps against “violence and extremism” by creating a United Nations initiative he called “WAVE: World Against Violence and Extremism (WAVE: World Against Violence and Extremism, September 2013), <https://theworld.org/stories/2013-09-24/hassan-rouhani-calls-wave-world-against-violence-and-extremism>. Accessed 23 March 2021

⁷³See for details, The Republic of India and the Islamic Republic of Iran “Tehran Declaration,” (New Delhi: Ministry of External Affairs, government of India, January 25, 2003), <http://mea.gov.in/bilateral-documents.htm?>

⁷⁴ See the report of Press Information Bureau, “Year-end Review Setting the Stage for Growth,” (New Delhi: Ministry of Shipping, Government of India, 22 December 2016): 1-9, <https://pib.gov.in/>. Accessed 12 April 2021

(TEU) in container shipping.⁷⁵ The new developments in the maritime space forced them to seek maritime security collaborations.

In a joint effort, India and Iran have been deploying naval ships since 2008 into the piracy-affected waters, especially in the Gulf of Aden⁷⁶, near Somalia. Such endeavours remain important for ensuring the security of sea transportation particularly. A.K. Antony, the then Defence Minister of India, while underlining potential maritime threats, said that the threat of piracy was a significant challenge unless there was a coordinated and collective effort under the leadership of the United Nations to deal with it.⁷⁷ In response to the increase of threats due to Piracy off the coast of Somalia, the UNSC passed Resolutions 1814, 1816, 1838 and 1846 in 2008.⁷⁸ The UNSC urged nations and organisations with the capability to engage in combating piracy and armed robbery in the waters off Somalia. This includes the deployment of naval vessels and military aircraft, as well as taking action to seize and handle the boats and weapons involved in these criminal activities.⁷⁹ Hardeep Singh Puri, the then Permanent Representative to the UN, said:

*“Since its initiation of anti-piracy patrols in the region in 2008, the Indian Navy had deployed 23 ships in the Gulf of Aden. During this period, they have successfully escorted 1,487 ships to safety, including 1,321 foreign-flagged vessels from various countries.”*⁸⁰

⁷⁵ For further details, see the report of Ministry of Roads and Urban Development, Islamic Republic of Iran <http://mrud.ir/en>. Accessed 29 May 2018

⁷⁶ Gulf of Aden, deep water basin that forms a natural sea link between the Red Sea and the Arabian Sea, named for the seaport of Aden, in southern Yemen, the gulf is situated between the coasts of Arabia and the Horn of Africa. <https://www.britannica.com>

⁷⁷ For instance, see the coverage in prominent daily newspaper, Sudha Nambudiri, “Indian Navy succeeds in pushing back pirates, *The Times of India*, October 26, 2012, <https://timesofindia.indiatimes.com/india/indian-navy-succeeds-in-pushing-back-pirates/articleshow/12044261.cms>. Accessed 12 June 2022

⁷⁸ Adopted by the Security Council, at its 5987th meeting on 7 October 2008, “recalling its resolutions 1814 (2008) and 1816 (2008), gravely concerned by the recent proliferation of acts of piracy and armed robbery at sea against vessels off the coast of Somalia, and by the serious threat it poses to the prompt, safe and effective delivery of humanitarian aid to Somalia, to international navigation and the safety of commercial maritime routes and to fishing activities conducted in conformity with international law. See for instance, Lee Cordner, “Progressing Maritime Security Cooperation in the Indian Ocean,” *Naval War College Review*, 64, no. 4 2011, 68–88.

⁷⁹ UN Security Council authorizes states to use Land-Based Operations in Somalia, as part of fight against piracy off coast, unanimously adopting 1851, 16 December 2008. <https://www.un.org/press/en/2008541.doc.htm>. Accessed 12 July 2018

⁸⁰ See for instance, United Nations Security Council-UNSC Sixty-sixth year 6473rd meeting, January 25, 2011, <http://www.securitycouncilreport.org>. Accessed 11 December 2020

India has established a 24x7 Communication Centre to coordinate anti-piracy actions in the region. In addition, the Indian Coast Guard (ICG) is the primary agency responsible for Maritime-Search and Rescue (M-SAR) operations, ensuring maritime security in the area.⁸¹ These initiatives underline India's commitment to mitigate maritime threats in the region.

Iran, on the other hand, has deployed its naval flotillas to safeguard and provide security to commercial ships and oil tankers navigating through the Gulf of Aden, ensuring their the safe passage in the region.⁸² Iran's Navy Commander, Admiral Habibollah Sayyari, stated that Iran was one of the earliest nations to respond by deploying its forces to the Gulf of Aden in an effort to combat Somali pirates.⁸³ Iran has submarines, destroyers, missile ships and flying equipment, different missile systems and expert staff to counter any marine threats. Based on a report from the Washington Institute for Near East Policy, in the last 20 years, and especially in the aftermath of the Iraq war, Iran has notably improved its naval capabilities, showcasing its skill in carrying out unorthodox and asymmetrical warfare against stronger naval forces.⁸⁴

Among the maritime countries, only Iran can guarantee security to India's freights in the Indian Ocean and the Persian Gulf. The Iranian naval commander stated that there are fifty-five fleets patrolling to secure the safety of approximately 4,000 commercial vessels and oil tankers in the open seas.⁸⁵ This indicated Iran's strategic role in the region to ensure maritime security.

India and Iran have joined hands with the International Maritime Organization (IMO), a specialised agency of the UN responsible for establishing global standards in terms of safety, security, and environmental practices in international shipping. Their collaboration aimed to contribute to the enhancement of these standards and promote the

⁸¹Indian Coast Guard, Ministry of Defence, Search and Rescue <http://indiancoastguard.gov.in>. Accessed 11 December 2020

⁸²See the report of Iran's Fars News Agency, Noshahr, "Iranian Navy provides security for 4,000 ships in in waters: Commander," *Islamic Republic News Agency*, June 7, 2017 <https://www.farsnews.ir/en/news>, Accessed 11 December 2020

⁸³See the report of prominent news agency, "Iran sends ship against pirates," *BBC News*, 20 December 2008, <http://news.bbc.co.uk/2/hi/africa/7793603>. Accessed 14 February 2021

⁸⁴Fariborz Haghshenass, "Iran's Asymmetric Naval Warfare," (Washington Dc: The Washington Institute for Near East Policy, September 21, 2008):1-40, <https://www.washingtoninstitute.org/media/3446>. Accessed 19 August 2021

⁸⁵ Noshahr, "Iranian Navy provides security," 06.

overall well-being of the maritime industry.⁸⁶ India and Iran have recognised the potential of the IMO's directed technical cooperation and capacity-building programs in their efforts to combat piracy and robbery against ships in the waters off the coast of Somalia. India and Iran enhanced their capabilities, shared knowledge, and collaborated to address the challenges posed by maritime piracy and ensure the safety and security of shipping in the region. The Indian Ocean Naval Symposium (IONS) is a voluntary initiative set up by the littoral countries of South West Asia, East Africa, Southeast Asia and Australia. Its objectives are to foster greater maritime cooperation, strengthen regional maritime security and foster interoperability in areas such as doctrines, procedures, organisational and logistic systems, and operational processes.⁸⁷ This collaborative effort aimed to create a framework for collective maritime security in the Indian Ocean region.

The second IONS, held in Abu Dhabi by the UAE Navy from May 10 to 12, 2010, centered around the theme of 'Collaboration to Strengthen Maritime Security in the Indian Ocean'.⁸⁸ India and Iran joined as members of IONS in 2012. They have begun consultation and cooperation with each other and with other members of the organisation. The activities of IONS have expanded across the Indian Ocean, the Persian Gulf and the Pacific Oceanic domain. Shiv Shankar Menon, the then National Security Adviser of India, emphasised India's robust endorsement of collaboration with neighbouring coastal nations and naval forces to develop efficient solutions for tackling a broad spectrum of challenges in the maritime domain.⁸⁹ The last IONS Maritime Exercise 2022 (IMEX-22) took place in Goa and the Arabian Sea from March 26 to 30, 2022. Participants included naval assets from Bangladesh, France, India, and Iran, along with observers from 15

⁸⁶See the official website of International Maritime Organisation, <http://www.imo.org>. Accessed 11 December 2020

⁸⁷ See for instance, Indian Ocean Naval Symposium (IONS) held at Paris, France (New Delhi, Indian Navy, Government of India, 2021 Conclave of Chiefs 15 -16 November 2021):1-3, <https://www.indiannavy.nic.in/content/indian-ocean-naval-symposium-ions-%E2%80%93-2021-conclave-chief>. Accessed 11 December 2021, See Indian Navy, www.indiannavy.nic.in/, for information about IONS, the inaugural IONS seminar in February 2008 was hosted and chaired by India and comprised representatives from Australia, Brazil, Burma, Djibouti, Egypt, Eritrea, France, Indonesia, Kenya, Kuwait, Madagascar, Malaysia, Maldives, Mauritius, Mozambique, Oman, Qatar, Saudi Arabia, Seychelles, Singapore, South Africa, Sri Lanka, Sudan, Tanzania, Thailand, and the United Arab Emirates. Notable absentees were Iran and Pakistan.

⁸⁸See Indian Navy, www.indiannavy.nic.in/, for information about IONS, which provides a regional forum through which the 'Chiefs-of Navy' of all the littoral states of the IOR can periodically meet to constructively engage one another through the creation and promotion of regionally relevant mechanisms, events, and activities.

⁸⁹See for details, address by NSA at the 9th IISS Asia Security Summit, (New Delhi: Ministry of External Affairs, Government of India, June 05, 2010) <https://www.mea.gov.in/Speeches-Statements.htm?Address=by>. Accessed 14 May 2021

IONS member navies. The exercise focused on validating IONS Humanitarian Assistance and Disaster Relief (HADR) guidelines, developing response mechanisms for sea-to-shore HADR and assisting distressed ships. Chiefs of the Indian and French Navies observed the exercises, marking a significant step for regional navies to collectively respond to natural disasters and enhance regional cooperation.

A viable port-to-port transit route through the Arabian and the Persian Gulf is of the utmost priority for India to link with the Chabahar port and INSTC. Indian freight passes 4500 nautical miles in the sea to reach the Iranian ports of Bandar Abbas and Chabahar. India's public and private sector energy companies have invested billions of dollars in foreign countries such as Sudan, Yemen, Iran and Iraq. Therefore, India needs to guarantee the unimpeded transportation of oil cargo. India and Iran shared a commitment to safeguard the vital sea lines of communication (SLOC) spanning from the Malacca Straits to the Persian Gulf, recognising their significance for regional stability and prosperity.⁹⁰ India and Iran collaborated in economic and security areas in the Indian Ocean Rim Association for Regional Cooperation (IOR-ARC) and promoted stability and prosperity in the region.⁹¹ In short, India and Iran effectively coordinated to combat various maritime challenges with the assistance of the international community under the guidance of the UNO.

India and Iran: Initiatives in Combating Terrorism

That India's perspective on international terrorism is relevant at the global level is clearly stated by Syed Akbaruddin, the then spokesperson of the Ministry of External Affairs of India;

“India unequivocally condemned terrorism in all its forms and manifestations. Wherever and by whosoever committed, regardless of their motivation and it was

⁹⁰See for instance, Remarks by Pranab Mukherjee, Minister of External Affairs of India, at the Council on Foreign Relations in New York, on “India's Foreign Policy and Future India-US Relations,” (Embassy of India, Washington DC, October 1, 2007), <https://www.indianembassyusa.gov.in/ArchivesDetails?id=838> Accessed 11 December 2019

⁹¹For more details, see the report of External Affairs Minister, Pranab Mukherjee's talk on “India and Iran: Ancient Civilizations and Modern Nations” at the Iranian Institute of Political and International Studies, (New Delhi: Ministry of External Affairs, Government of India, November 2, 2008), <https://www.mea.gov.in/Speeches-Statements.ations+in+Tehran>. Accessed 16 October 2018

*considered as criminal and unjustifiable and the fight against the scourge of terrorism might be unrelenting.*⁹²

India projected its position on terrorism has the one emphasising a policy of “zero-tolerance”. Iran, on the other hand, provided some tactical logistic support to some various Shia militias, allied Sunni extremist groups, and organisations like Iraqi Shia in Iraq, Hezbollah, Islamic Jihad (PIJ), the Popular Front for the Liberation of Palestine-General Command (PFLP-GC) and, to a lesser extent, Hamas in Gaza and the Houthis in Yemen, among others, are included in this list. These groups have been involved in insurgencies.⁹³ The US government categorised Iran as the “foremost state supporter of terrorism” and has maintained its designation of Iran as a state sponsor of terrorism.⁹⁴ The US perception was Mahmoud Ahmadinejad served as President of Iran, and Iran covertly offered assistance to the selected factions of the Afghan Taliban to counter the US task force in Afghanistan. The US Treasury Department reported Iran delivered various weapons. This involves supplying the Afghan Taliban with various items such as small arms, ammunition, rocket-propelled grenades, mortar rounds, plastic explosives, and potentially portable defence systems. Iran also supported Shia militancy against Sunni-dominant countries in the Arab world, like Saudi Arabia.

India has maintained a position on the issue of Iran’s role in sponsoring terrorism that is different from the US. India opposed the idea of an “axis of evil” and did not view Iran as a breeding ground for terrorism.⁹⁵ However, the Iranian link with some of the above-mentioned groups and activities was a setback to India’s efforts with Iran to counter terrorism and bring peace to the region. Heads of two countries paid several state-level visits and conducted discussions covering the topic of combating the rise of violence and extremism in the region.⁹⁶ India and Iran shared a similar approach towards Pakistan’s double-standard stance on terrorism/extremism. Omar Abdullah, the then Minister of

⁹²Transcript of Media Interaction of External Affairs Minister following his meeting with the King of Bhutan), New Delhi:Ministry of External Affairs, Government of India, January 25, 2013), <https://detail.htm?21132/Transcript+of+Media+Interaction+of+External+Affairs+Minister+following+his+meeting+with+the+King+of+Bhutan>. Accessed 6 December 2020

⁹³ See for instance, report of Bureau of Counterterrorism on state sponsors of terrorism, country reports on terrorism 2014, U.S Department of State, <https://www.state.gov> Accessed 6 December 2020

⁹⁴ For further details, see the report of Bureau of Counterterrorism and Countering Violent Extremism, U.S Department of State, 2015, <https://www.state.gov> Accessed 11 December 2020

⁹⁵Sumitha Narayanan Kutty, “Dealing with Differences: The Iran Factor in India-U.S. Relations,” *Asia Policy* 14, no. 1 (2019): 95–118.

⁹⁶ Tehran and New Delhi declarations, (New Delhi, Ministry of External Affairs, Government of India), <http://mea.gov.in>. Accessed 11 October 2019

State for External Affairs of India, responded to a question in the Lok Sabha regarding India and Iran's cooperation on counter-terrorism; thus, both nations concurred that countries provided assistance, support and direct backing to counter-terrorism. In 2009, Dr. Saeed Jalili, the then Secretary of Iran's Supreme National Security Council (SNSC), paid a visit to India, during which the two countries engaged in extensive deliberations that encompassed various regional and international subjects, such as terrorism, the situation in Afghanistan, and energy security. In his meeting with Prime Minister Manmohan Singh, Jalili discussed the rise of extremism in the region.⁹⁷ India and Iran had shared disarmament of Weapons of Mass Destruction (WMD) as well.

The Second Nuclear Security Summit, held at Seoul in 2012, highlighted the major challenges of the present era as The Final Communiqué of the Summit identified nuclear explosives, the illicit transfer of nuclear materials and technology, and cyber terrorism as significant threats.⁹⁸ It emphasised that nuclear terrorism is among the most formidable challenges to global security. India and Iran looked ahead to the “Peace Accords Matrix” initiative to resolve the regional and international security issues. Moreover, both Iran and India have opposed the idea of a separate state for Afghan Pashtuns, which might be advantageous to Pakistan. Pashtuns comprise over 15.42 percent of Pakistan's population or 25.6 million people.⁹⁹ Iran’s apprehension was that it would escalate the conflict between Pashtuns and Shias in the border region.

Cooperation in Defence Field between India and Iran

A specific joint and comprehensive defense collaboration between India and Iran could not be achieved as desired. The 2001 Tehran and 2003 New Delhi Declarations encompassed the fundamental aspects of defence collaboration. In 2001, Jaswant Singh, the then Indian defence Minister, visited Iran and signed MoUs on defence cooperation. India and Iran initiated a collaborative effort in the defence sector because of the evolving security landscape in the post-Cold War era. The objective of cooperation in the defence field had two-pronged structural directions: The first one is to address conventional and

⁹⁷Visit of the Secretary of the Supreme National Security Council of Iran, (New Delhi: Ministry of External Affairs, Government of India, March 28, 2009), <http://www.mea.gov.in> Accessed 11 December 2020

⁹⁸ Nuclear Security Summit, www.nss2016.org/past-summits/

⁹⁹Pashtun people, New World Encyclopedia, <http://www.newworldencyclopedia.org>. Accessed 11 December 2020

non-conventional threats in the region. The second one is to address the defence relations between India and Iran at the policy level (which underwent further development following the signing of another MoU on defence cooperation in 2001). Yogendra Narain, the then-Indian defence secretary, held a meeting with Ali Shamkani, his Iranian counterpart. This meeting took place after India initiated the sale of military equipment to Iran, which included spare parts and Indian Konkurs anti-tank guided munitions.¹⁰⁰ India supplied traditional military equipment and spare parts to Iran as well as exchanged expertise in the field of electronics and telecommunications. India and Iran engaged in collaborative training exercises with the Iranian armed forces.¹⁰¹ India offered combat training for missile boat crews and supplied simulators for ships, submarines, and warships.¹⁰² India established intelligence outposts within the Indian consulate located in Zahedan and Bandar Abbas in Iran. These outposts enabled India to observe and track the movements of ships in the Persian Gulf.¹⁰³ India supplied Iran with medium-technology weaponry, such as medium-range howitzers, and participated in collaborative military training exercises with Iranian forces. In addition, both governments have commenced a collaborative effort in the realm of space exploration.

In 2002, India and Iran formed the 'India-Iran Joint Working Group on Defence Cooperation (JWG-DC), and subsequently, the bilateral ties in the field of defence received a significant boost. Seyyed Mohammad Khatami, the then Iranian President, visited India as a guest for India's Republic Day celebrations in 2003. During the visit, the two countries reached an agreement which enabled Iran to access India's advanced military technology. By focusing on areas such as maritime control and security, conducting joint naval exercises, India providing support for enhancing Iran's Russian-made military equipment and collaborating on counter-terrorism and anti-narcotics efforts, India and Iran have enhanced their defence cooperation. Two countries have engaged in reciprocal exchange of military personnel for the purposes of training, and the

¹⁰⁰ See for instance, prominent online journal, Calabrese, "Indian-Iranian Relations in Transition: Military Ties Growing," *Strategic Affairs*, June 16, 2001.

¹⁰¹ For more details see Joint Statement by the Republic of India and the Islamic Republic of Iran, "The New Delhi Declaration," (New Delhi, Ministry of External Affairs, January 25, 2003): 1-10, <https://www.mea.gov.in/other.htm?dtl/20182/The+Republic+of+India+and+th>. Accessed 11 December 2020

¹⁰² For more details see, Stephen Blank, "India's Rising Profile in Central Asia," *Comparative Strategy*, vol. 22, no. 2, April-June 2003, 139-157. DOI:10.1080/01495930390202607. Accessed 14 July 2020

¹⁰³ Donald L. Berlin, "India-Iran Relations: A Deepening Entente," (Honolulu, United States, Asia-Pacific Center for Security Studies Special Assessment, October 2004): 1

Indian Navy provided training programmes to Iranian sailors. They agreed to build warship repair facilities at Chabahar port in Iran and host stations for the Indian Air Force's aeronautical engineering units and state-owned Hindustan Aeronautics Ltd (HAL).

In addition, India and Iran conducted their first Joint Naval Exercise in the Arabian Sea in 2003. The naval exercise was a conjoined effort in which their army, navy, and air force personnel participated. In 2006, India and Iran conducted their second Joint Naval Venture at Cochin Naval Base, Kerala and enhanced the maritime security.¹⁰⁴ The Indian consulate in the Iranian port city of Bandar Abbas was permitted to monitor ship movements in the Persian Gulf and the Straits of Hormuz. Iran has made the decision to acquire defence equipment from Bharat Electronics Ltd (BEL) in India, with an estimated worth of approximately \$70 million. The equipment includes modern radar systems, anti-aircraft batteries, and enhanced Support Fledermaus radar systems.¹⁰⁵ The defence pact between India and Iran represents a significant milestone in their defence cooperation, strengthening their bilateral relationship in this area. India provided technical support to maintain Iran's Russian-built military equipment like T-72 tanks, MIG 29 Aircraft and Kilo-class submarines.¹⁰⁶ Moreover, Iran sought support from India to develop new batteries for the three Kilo-class submarines it acquired from Russia. The submarine batteries provided by the Russians were ill-suited to the warm waters of the Persian Gulf. India was involved in providing nuclear fission technology and materials to Iran till the West tightened sanctions. In 2022, the Iranian Naval Chief visited India, where the Indian Navy team offered training sessions and technical support to certain members of the Iranian Navy. The Iranian Navy participated in the MILAN-22 exercise led by India, which was held in Visakhapatnam, Andhra Pradesh. In addition, Iranian vessels participated in the IMEX-22 exercise held off the coast of Goa in 2022.

¹⁰⁴ For detailed analysis, see the project report, Ronak D. Desai & Xenia Dormandy, "India-Iran Relations: Key Security Implications, (Harvard University: Center for Science and International Affairs, Harvard Kennedy School, April 2008):1-3, <https://www.belfercenter.org/sites/default/files/legacy/files/India%20Ira>. Accessed 24 2021.

¹⁰⁵ Monika Chansoria, "India-Iran Defence Cooperation," *Indian Defence Review*, Issue Vol. 25.1 Jan-Mar, 2010

¹⁰⁶ K. Alan Kronstadt, and Kenneth Katzman, "India-Iran Relations and U.S Interests," (Washington DC, Congressional Research Service-CRS Report for Congress, Order Code RS22486, August 6, 2007). <file:///C:/Users/Admin/Downloads/465840.pdf>. Accessed 12 June 2020

Since 2018, advancements in defence and military collaboration have been influenced by several causes, including the involvement of major countries in the region, their apprehension regarding Iran's nuclear activities, the imposition of multiple sanctions on Iran, and the United States' insistence on India to reduce or limit its strategic connections with Iran. In 2023, Iran Army Day ceremony in India was addressed by Gen Dinesh Singh Rana, current Director General (DG) of the Defence Intelligence Agency of India who emphasised that India and Iran are further working toward expanding bilateral military cooperation to newer domains in the near future. This development underlined India's pro-activeness in following defence ties with Iran to meet newly emerged security threats in the sea in the context of geopolitical tensions in West Asia.

Concluding Remarks

Given the fact that security continues to remain a serious issue for countries, the chapter analysed the security profiles of India and Iran and also their security collaborations in the post-Cold War period. Since the 9/11 attacks, both countries have faced significant conventional and non-conventional security threats. Such as the rise of the Afghan Taliban (2001-2021), conflicts among regional countries, major power interventions in the region, the threat of terrorist organisations, maritime threat and the spread of narcotic drugs were the major security threat factors of India and Iran in the post-Cold War period. The report of GTI and GTD, as the chapter argued, underlined that India was more affected by terrorist fatalities than Iran in the region.

Political instability in Afghanistan (2001 to 2021 and 2021 to present) has been a common and long-term security threat for both nations in the region. For instance, the Afghan Taliban's resurgence (2001 to 2021) and its recapturing of power (2021 to present) in Afghanistan posed threats to India and Iran. In addition, India and Iran were apprehensive about the new Afghan regime (2021 to present) mobilising the terrorist groups in the region, like the TTP and Haqqani networks. Terrorism from Pakistan and its dual standard position in anti-terror efforts of the global community was a continued threat factor to India and Iran. This new geopolitical development in Afghanistan (2021) was leverage for Pakistan to harm India's interests in the region. Unlike India, Iran began to reconcile with the new Taliban rule (2021) in Afghanistan, adding another layer of apprehension for India in the region. Since 2001, Iran has been the chief ally of India in preventing the threat of the Afghan Taliban to some extent. India's approach to the new

Taliban regime (sent a technical team to speak with Afghan Taliban) showed some signs of its plan to engage diplomatically with the new Taliban government in Afghanistan. India required a moderate diplomatic relationship with the Afghan Taliban in order to check Pakistan's strategic depth in Afghanistan.

In addition, the abundance of narcotic drugs in the Golden Crescent and Golden Triangle regions posed a significant threat to the social, economic and domestic security of India and Iran. Both countries were apprehensive about the potential rise of narco-terrorism in the region. They cooperated themselves, and they were also involved with UNODC to stop narcotic drug trafficking in their respective regions. If the Afghan Taliban continue to remain under international sanctions, they might allow the use of money generated from illicit drugs like Opium sales (UN estimated annual export value is \$1.5 to 3 billion).

Maritime security threats were a shared apprehension for India and Iran, particularly as their movement of goods and trade shifted to international waters. The significance of sea-lane security became more pronounced due to the escalating incidents of piracy and armed robbery off the coast of Somalia. They faced maritime threats such as piracy, terrorism, smuggling and drug trafficking in the Indian Ocean and the Persian Gulf, and both waters are their lifeline. The chapter also argues India and Iran's joint efforts to enhance maritime security through naval cooperation like IMO and IONS. They conducted Naval symposiums and Naval exercises in the Indian Ocean and Persian Gulf (2003 and 2006). They utilised regional and global venues, as well as side-line meetings, to improve regional security. Leaders of the two nations like Manmohan Singh (Indian Prime Minister-2004-2014) and Hassan Rouhani (Iranian President 2013-2021) were in a position to address both their conventional and non-conventional threats, contributing to enhanced peace and stability in their region. However, economic sanctions on Iran, US pressure on India (systemic) to reduce strategic ties with Iran, Iran's moderate approach towards certain extremist groups like Hamas and their diminished defence engagement were hindered from materialising their security ties. In view of this discussion, the next chapter discusses the role of major powers in shaping India and Iran relations.

Chapter: V

Major Powers and Their Engagements in India and Iran Relations: Diverging Trends

Introduction

The US and China, as major powers, have a significant role in shaping the dynamics of India and Iran relations in the post-Cold War period. The US has impacted this bilateral relationship through its involvement in Iran's nuclear policy. On the other hand, China's influence on India-Iran relations, though less overt, is significant due to its strategic relationship with Iran, which carries implications for the nature and direction of India-Iran interactions. In this context, this chapter examines the Iranian nuclear programme and the complex political dynamics surrounding it, with a particular focus on the involvement of the US and China as two major global powers. It also analyses the relations between Iran and China and assesses their implications for India's relationship with Iran. In addition, the chapter examines India's stance on the issue of Iranian nuclear proliferation. The first part of the chapter discusses the nuclear programme of Iran and the response of the US. The second part examines China and Iran relations and their implications for India's relations with Iran. The last part of the chapter analyses India's position in the Iranian nuclear programme and the US involvement in India and Iran relations.

The Iranian nuclear programme stands as an influential factor, with the global community having convergent and divergent perspectives on this matter. It has evolved into a central issue involving major world countries. On one end, the US and China hold divergent views on the Iranian nuclear programme. On the other end, India has its position on the Iranian nuclear programme. The dynamics of India and Iran's relationship in the post-Cold War period are significantly influenced by the Iranian nuclear programme and the positions taken by the US and China.

Nuclear Programme of Iran and the Response of the World

The nuclear programme of Iran is an important issue in the strategic discourse of the region. In fact, Iranian nuclear aspiration was encouraged during the Cold War period,

and the US cooperated with imperial Iran (Shah regime) to develop nuclear facilities.¹ In fact, the US had specific interests in nuclearising imperial Iran at that time. The main goals were to promote US President Eisenhower's Atoms for Peace Programme and to establish Iran as an ally in the region to counteract against the Soviet Union. Since the imperial period, Iran has carried the ambition to become a nuclear power in the region. Iran's pursuit of nuclear power has been influenced by factors such as national security concerns, aspirations for regional influence and a desire to assert its technological competency. This drive has led to the development of a comprehensive nuclear programme, including the establishment of nuclear facilities, uranium enrichment activities, and research and development efforts.

In the aftermath of the Islamic Revolution (1979), the leadership of the newly established Iran did not express any desire to establish fully developed domestic nuclear industries. Prior to the Revolution, the pursuit of a nuclear programme in Iran was primarily influenced by the assistance of the US and the ambitions of Reza Shah within the region. However, following the establishment of the Khomeini-led government in Iran, the country's stance shifted, with a diminished emphasis on the necessity of nuclear weapons for both national security and ideological purposes. It was the change in the environment after the Iraq invasion of Iran in 1981 and the subsequent support of the international community to Iraq that created a sense of insecurity, which then motivated Iran to pursue nuclear procurement despite it being questioned by Islamic laws. In 1980, the Iraq attacks on Iran instilled a pervasive feeling of insecurity and posed a direct challenge to the country's defence capabilities. In addition, there is a perception among people in Iran that they have been historically subjected to victimisation by external forces. Most importantly, Iran held a position that they had to maintain a balance of power in response to threats from the US and Israel. Moreover, at the domestic level, the ordinary citizens of Iran aspired to possess nuclear capabilities, aiming to establish a distinct national identity separate from the Arab world. Thus, the Iranian nuclear programme was influenced by the great power politics (US and China) of the region to which Iran could resist but respond by playing the same game.

¹ Robert J Reardon, "Iran's Nuclear Programme: Past, Present, and Future," in *Containing Iran: Strategies for Addressing the Iranian Nuclear Challenge*, (California: RAND Corporation, 2012), 9–64. See for instance, "Iran's Nuclear Programme," *The American Journal of International Law* 99, no. 1 (2005): 270–71.

Mahmoud Ahmadinejad's (2005-2013) nuclear policy differed from that of other Presidents of Iran. In 2006, Mahmoud Ahmadinejad disclosed the progress of nuclear procurement, stating that “enriched uranium (of) about 3.5% (was) produced at Natanz.”² It brought into question the stance of moderate-reformist factions as they had reached a consensus with EU+3 that Iran would refrain from uranium enrichment for nuclear weapons. As a result, the EU+3 suspended the Paris Agreement of 2003³. Since 2006, the Iranian nuclear programme has become a major concern, primarily for Israel, Saudi Arabia, and the US. It is also a source of apprehension for Arab countries and other nations worldwide that oppose both Iran and nuclear activities. Mahmoud Ahmadinejad used nuclear deterrence as a policy option to dominate regionally and to defend the nation on a global scale.

During Mahmoud Ahmadinejad’s presidency, significant advancements (Iran declared itself in the process of nuclear enrichment for weapons) were made by Iran towards nuclear proliferation. This intensified the animosity between the US and Iran. The US compelled the UNO to direct the International Atomic Energy Agency (IAEA) to investigate the diversion of enriched uranium activities in Iran. Since 2008, the IAEA has been significantly involved in bringing out the facts of the Iranian nuclear programme. The IAEA focused on whether the processed uranium in Iran was enough to build atom-loaded Weapons of Mass Destruction (WMD).⁴ In fact, the anti-Iranian states, especially Israel and the US, required legal evidence to pursue punitive action against Iran. The IAEA's report was vital for gathering diplomatic support, especially from countries that were neutral or indifferent towards the Iranian nuclear programme.

On the other end, there were divergent and convergent views in Iran on its nuclear enrichment programme. For instance, the new supreme leader, Ali Khamenei, reiterated the previous supreme leader, Ruhollah Khomeini’s perception of the nuclear programme, denying that Iran wanted to have the nuclear bomb. Karim Sadjadpour, an Iranian-American policy analyst at the Carnegie Endowment for International Peace, stated the

² See the report of Arms Control Association, “Timeline of Nuclear Diplomacy with Iran, Fact Sheet & Brief Arms,” Arms Control Association, April 11, 2006. www.armscontrol.org. Accessed 29 October 2017.

³See the text of Paris Agreement, The Paris Agreement and Iranian Nuclear Case. https://www.ipcs.org/comm_select.php?articleNo=1606. Accessed 4 January 2024.

⁴Official document of IAEA on Iranian Nuclear Enrichment Programme. <https://www.iaea.org/newscenter/focus/iran/iaea-and-iran-iaea-board-reports> Accessed 8 August 2017.

nuclear programme had become a symbol of the central principles of the revolution, including the pursuit of independence, opposition to foreign powers' injustices, the need for self-sufficiency and the value placed on scientific achievements within the context of Islam. His aim was to ensure Iran's advancement in scientific and technological fields.⁵

Later on, all factions in Iran shared a similar perspective on the nuclear program in a shifting regional geopolitical environment, viewing it as a strategy for regime survival. There was widespread support for the regime's efforts in developing indigenous nuclear energy. Different segments of Iranian society believed that achieving national goals, such as the country's development, required acquiring nuclear capabilities and advancing technology. Despite ideological differences, all factions expressed a unified desire for Iran to have nuclear capabilities, not necessarily for a bomb, as it was considered essential for ensuring energy security and national stability.

Iranian Nuclear Issues and Global Nuclear Regulatory Institutions.

The Iranian nuclear issue remained at the centre of Iran's relations with the Western world. The controversy arose from the suspicions that Iran was developing nuclear weapons, which raised global security concerns. The main point of contention centred around Iran's nuclear enrichment capabilities, as uranium enrichment can be used both for civilian energy purposes and for developing nuclear weapons. The concern was that Iran covertly advanced its nuclear weapons programme under the guise of civilian nuclear energy production.

Despite various investigations and reports, IAEA officials couldn't determine if Iran had acquired nuclear-enabled uranium or completed enough enrichment for a bomb. The Director General of the IAEA stated that Iran violated Article II of the NPT (Non-proliferation Treaty), which prohibits member states from manufacturing or acquiring nuclear weapons and seeking assistance in their production. In addition, Iran's non-compliance with Article III, requiring adherence to IAEA safeguards, was highlighted.⁶ The IAEA authority concluded Iran, having attempted to manufacture nuclear weapons,

⁵See for an instance, Sadjadpour Karim, "The Supreme Leader," *The Iran Primer*, August 01, 2015. <https://iranprimer.usip.org/resource/supreme-leader>. Accessed 17 July 2016.

⁶ The Treaty on the Non-Proliferation of Nuclear Weapons, (NPT). <http://www.un.org>. Accessed 17 July 2016.

was reported to the UNSC for failing to comply with its obligations. A 2005 US intelligence review found that Iran wouldn't have the capability to produce a crucial component for a nuclear weapon before 2015.⁷ UNSC Resolutions (1696, 1737, 1747, 1803, 1835, and 1929) aimed to curb the possibility of a military-oriented uranium enrichment programme in Iran. The National Intelligence Estimate (NIE) didn't assume Iran's intention to obtain nuclear weapons but focused on analysing its capacity and inclination to acquire knowledge about them. UNSC Resolutions were based on the belief that Iran might attempt to make an atomic bomb in the future.⁸ Despite international efforts, reliable evidence about processed uranium for weapons in Iran couldn't be obtained.

US Positions Towards Nuclear Programme of Iran

The US finds it difficult to confirm the accuracy of information from the IAEA and the National Center for Intelligence and Research (NCIR) regarding the Iranian nuclear programme. In addition, the board of governors of the IAEA acknowledged the presence of uncertainties surrounding and characteristics of Iran's nuclear programme.⁹ Exploiting this ambiguity about the Iranian nuclear programme, the US saw it as an opportunity to garner international support for imposing economic restrictions on Iran. US objective was to limit Iran's capability in the region. The US argued that the presence of a nuclear-armed Iran would pose a substantial threat not only to the region but also to the global community. It also raised questions on the integrity of the international nuclear non-proliferation framework.¹⁰ The strategy of the Bush administration was to prevent Iran from obtaining access to the international fuel market and to prohibit the establishment of any civilian nuclear power plant.¹¹ Such actions from the US were in violation of

⁷See the report of Arms Control Association on "Background and Status of Iran's Nuclear Programme." <https://www.armscontrol.org>. Accessed 18 August 2020.

⁸For a brief overview see, National Intelligence Estimate: Iran: Nuclear Intentions and Capabilities, Global Security. www.globalsecurity.org. Accessed 23 August 2020.

⁹Mohamed El Baradei, D. G. Director General Briefs Press on Iran Nuclear Issue, IAEA, March 06, 2006. <https://www.iaea.org>. Accessed 30 August 2020.

¹⁰Sherman, Under Secretary for Political Affairs, "US Policy toward Iran," (Washington DC: United State Department of State Overseas Security Advisory Council, Department of State Publication, Bureau of Diplomatic Security, 2013). <https://state.gov/p/us/rm/2013/202684.htm>. Accessed 17 July 2016. Gawdat Bahgat, "Nuclear Proliferation: The Islamic Republic of Iran," *Iranian Studies* 39, no. 3 (2006): 307–27. See for instance, Ray Takeyh, "Iran's Nuclear Calculations," *World Policy Journal* 20, no. 2 (2003): 21–28.

¹¹Seyed Hossein Mousavian and Shahr Shahidsaless, *Iran and the United States: an insider's view on the failed past and the road to peace* (New York: Bloomsbury Academic, An imprint of Bloomsbury Publishing, 2015), 32.

Article IV of the NPT Treaty, which guaranteed all signatories the right to engage in research, production and utilisation of nuclear energy for peaceful purposes without any form of discrimination.¹² This violation was perceived as a breach of the NPT's fundamental principle of non-discrimination, which was aimed at ensuring that all nations can access the benefits of nuclear technology for peaceful purposes on an equal footing.

During his first presidency, Barack Obama was proactive in seeking to resolve the Iranian nuclear issue. However, he did not emphasise on additional measures compared to his predecessors. This approach was evident during his second-term presidential debate when he reminded Iranian authorities about their obligations and the need for further action. He reminded the Iranian authority that “all the options were on the table and we would do anything to make sure Iran not get a nuclear weapon.”¹³ In his statement, President Obama emphasised that the US considered all options to be available when it comes to preventing Iran from obtaining nuclear weapons. This phrase, “all options were on the table,” was a common diplomatic phrase used to convey the willingness to consider a range of actions, including military options, if necessary. President Obama's comments reflected the broader US policy on Iran's nuclear programme, which aimed to employ a combination of diplomatic engagement, economic sanctions and credible military threats to dissuade Iran from pursuing nuclear weapons capability. It emphasised that the US would take necessary measures to prevent Iran from crossing the threshold into acquiring nuclear weapons.

In 2010, the US administration launched the joint US-Israel “Stuxnet virus cyber-attack” on the computer system of Iranian nuclear centrifuges. Stuxnet, an intricate computer worm, was designed to specifically target Iran's uranium enrichment facilities within its nuclear programme. There was widespread belief that it was a collaborative endeavour between the US and Israel.¹⁴ In addition, Obama demanded all countries stop bilateral relations with Iran to freeze comprehensive economic transactions. The US imposed multi-pronged economic sanctions on Iran as a policy choice to force Iran to give up on

¹²See the article IV of 2005 Review Conference of the Parties to the Treaty on the Non-Proliferation of Nuclear weapon. www.un.org. Accessed 28 June 2019.

¹³See for instance, “Full text: Obama gives a speech about the Iran nuclear deal,” *The Washington Post*, August 5, 2015. <https://www.washingtonpost.com/news/post-politics/wp/2015/08/05/text-obama-gives-a-speech>. Accessed 21 June 2019.

¹⁴For details see, Ellen Nakashima and Joby Warrick, “Stuxnet was work of U.S and Israeli experts, officials say,” *Washington Post*, 2 June 2012. <https://www.washingtonpost.com/world/national-security/stuxnet-was-work-of-us-and-israeli-experts-officialsay/2012/06>. Accessed 29 August 2020.

its nuclear programme. Through the harsh isolation policy, the US aimed to target either a standstill of uranium processing or topple the Iranian regime without a military strike. The UNO and the EU stood as frontline partners with the US, and anti-Iranian Arab countries cooperated with them to implement the sanctions effectively on Iran. Their objective was to undermine Iran's domestic economy, reduce both imports and exports, devalue the Iranian Riyal and restrict the availability of essential life-saving drugs and medicines in the domestic markets.¹⁵ The US administration pursued diplomacy to garner the support of others, especially those who had significant bilateral and strategic links with Iran. Against the setting, the next section discusses Iran and China's strategic ties and their implications for India and Iran relations.

Iran and China Strategic Ties: Implications for India and Iran Relations

Unlike India, China cooperated significantly with Iran, and they did not have complex constraints in their ties, as seen in the case of India-Iran relations. Throughout history, in the realm of culture, the interaction between Confucianism (representing China) and Islam (practised in Iran) often saw them coexisting peacefully with minimal territorial conflicts or disputes.¹⁶ Their interactions emphasised harmony and minimal conflicts in tune with these past interactions, in contemporary times, China found Iran as a strategic partner, a route to its geoeconomic projects and transport hub in the Persian Gulf.¹⁷ Along with Pakistan, China intended to expand its geopolitical interests with the support of Iran. China has looked for a broad, inclusive regional policy with Iran and Afghanistan through significant regional initiatives like road-rail-port networks.

On the other end, India and Iran concluded substantial bilateral agreements, treaties and MoUs. The 2001 Tehran Declaration¹⁸ and the 2003 New Delhi Declaration were steps towards emphasising the need for joining hands in various areas in the region. However, in practical terms, these were not completely implemented on account of a variety of reasons. In fact, unlike China, India could not establish significant bilateral ties with Iran

¹⁵See for instance, Transformation Index BTI Report on Iran Country, 2012, www.btiproject.de. Accessed 25 July 2019.

¹⁶Schuurmans Laura, "The Future of the Sino-Iran Entente," (Slovakia, Centre for European and North Atlantic Affairs Analysis, 2016):1-13. <http://www.cenaa.org>. Accessed 18 December 2019.

¹⁷ Erica Downs, "Cooperating with China on Iran,"--Policy Brief (Washington, D.C, Embassies Dialogue on Asia German Marshall Fund, January 2012):1-5. <https://www.brookings.edu/wp-content/uploads/2016/06/011>. Accessed 15 March 2016.

¹⁸ The New Delhi Declaration (1st January 2003), signed during President Muhammad Khatami's visit to India, Ministry of External Affairs. <http://www.mea.gov.in>. Accessed 22 July 2019.

even though it had various opportunities in the economic and strategic fields. India could not materialise its stake in the IPI Gas Pipeline Project with Iran. If the project were to finish within the stipulated time, it would be a strategic and political development of India and Iran in the region. Some analysts have argued the IPI Project is the pipeline for peace between India and Pakistan.¹⁹ India was not in a position to utilise this as an opportunity to build geopolitical relations with Pakistan and, especially, with Iran. China utilised its political ties with Iran and supported Iran to fend off the economic sanctions. Unlike India, China has not substantially reduced its oil imports from Iran. On the other hand, Iran provided a space for China to fill in as Iran needs investment and support to survive harsh US sanctions.

Multinational oil refining companies abandoned their projects in Iran due to sanctions and under US pressure. Violating the US sanctions and pressure, China successfully started doing business with Iran and increased investments in the oil and gas sectors, which helped in the economic survival of Iran.²⁰ Based on information provided by the American Enterprise Institute, China's foreign investments totalled a significant \$942 billion between 2013 and 2023, with \$392 billion specifically attributed to the Belt and Road Initiative (BRI). China and Iran introduced goods exchange and long-term payment systems to overcome the financial transaction issues. India had no such separate trade mechanisms (barter system), lacking high-value commodities to equate its oil imports from Iran. They opted for full-scale Rupee-Riyal payments for exports and imports and it was affected by rupee value inflation.

On the other hand, Political factors were also significant in improving Iran and China relations. For instance, strategic and geopolitical ties between Pakistan, Iran and China have been influential. On the one hand, Pakistan and Afghanistan finalised the Trilateral Cooperation Agreement in 2017. They had a common interest in improving peace and stability in the region. Afghanistan and Pakistan cooperated in China's Belt and Road initiatives (BRI) in their respective regions. On the other hand, Economic sanctions on Iran and US interference in India led to the suspension of its significant oil pipeline

¹⁹Sanket Sudhir Kulkarni, "India's Decision Making on Cross-Border Natural Gas Pipelines, 1989–2012," New Delhi: Institute of Defence Studies and Analyses, Vol. 40, Issue: 5, September, 2016): 405-424.

²⁰ Willem van Kemenade, *Iran's Relations with China and the West: Cooperation and Confrontation in Asia* (Hague, Netherlands Institute of International Relations, 2009), 1-136.

project-IPI. Consequently, India slowed down the development of INSTC and Chabahar projects with Iran.

Iran and China's apprehension revolved around the military and naval manoeuvrability of the US in strategic locations in West Asia and Asia-Pacific regions. China sought the support of other anti-US actors in order to address the US influence in the region. In 2023, China initiated reconciliation between Iran and Saudi Arabia and recognised the new Taliban regime. China's involvement has caused discomfort for India because it is apprehensive that China might occupy strategic locations in the region.

China shares a 90 km border with Afghanistan. During his presidency, Hamid Karzai demanded China to participate in the process of development of Afghanistan.²¹ A stable Afghanistan, under any type of government, is the primary goal for China. During the Afghan Taliban insurgency (1996-2001, it offered a mediator position between the Afghan government and the Taliban.²² Following the US withdrawal, China's approach to Afghanistan was unique, and it emerged as a key player in negotiations with the new regime. It caused uneasiness in India as it may lose to China in cultivating a favourable environment for securing its economic and security interests in these countries. On the other side, Chinese involvement in Afghanistan helped India to stabilise the region, though Indian investment in the country hit a roadblock. The Chinese perspective holds that if China withdraws its support from Iran to appease the West, it will lose an opportunity to increase its influence in the West Asian region. China's unique position as one of the few permanent United Nations Security Council members with a close diplomatic connection to Iran makes it the most practical channel for the international community to engage with Iran.²³ China has influence in the P5+1 nuclear deal²⁴ as a

²¹See the coverage in prominent daily newspaper, "China Renews Pledge of Aid during Karzai Visit," *China Daily*, January 24, 2010. <http://www.china.org.cn/english/2010/Jan/25789.htm>. Accessed 12 February 2017.

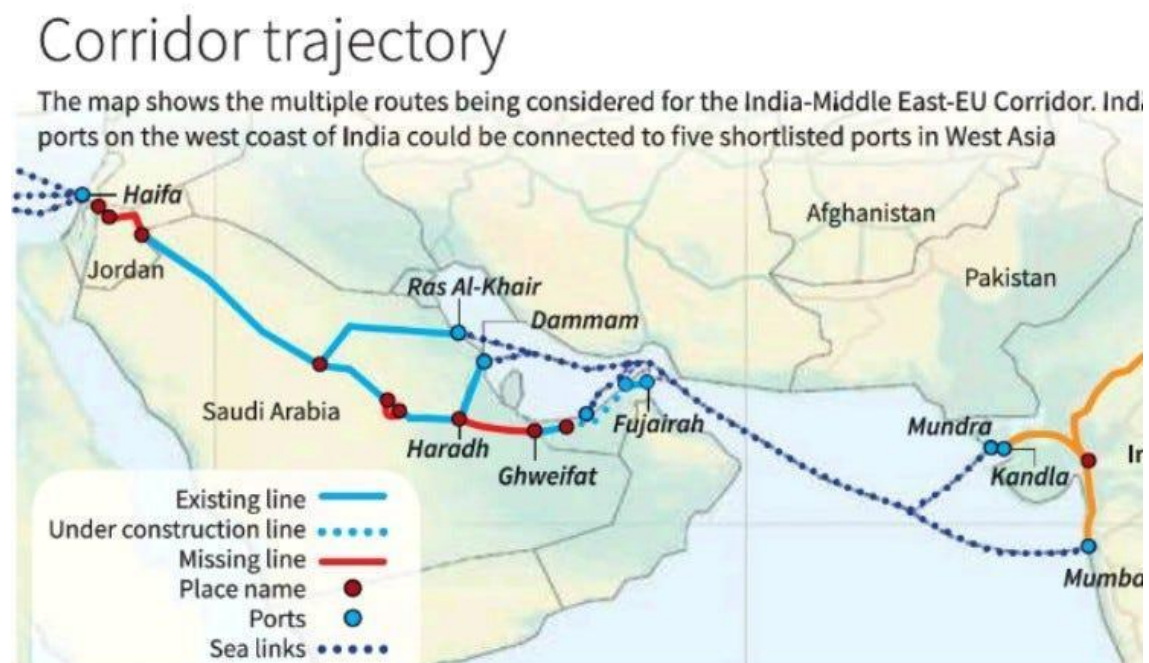
²² See the coverage in prominent news agency, Maria Golovnina, "China offers to mediate installed Afghan Taliban peace talks," *Reuters*, February, 12, 2015. <https://www.reuters.com/article/us-pakistan-china-idUSKBN0LG1UP20150212/> Accessed 12 February 2017.

²³ See for instance, Graham Gerard, "China and Iran: Turning the Nuclear Tide," *The World Today* 65, no. 11 (2009): 13–15.

²⁴Iran and the six world powers (China, France, Germany, Russia, the United Kingdom, and the United States), known as the P5+1, reached the agreement after three rounds of talks with Tehran's new negotiating team. According to the text of the agreement, Iran is required to eliminate its stockpile of uranium enriched to 20 percent and maintain its stockpile of 3.5 percent-enriched uranium at its current size. Arms Control Association. <https://www.armscontrol.org/act/2013-12/iran-p51-sign-nuclear-agreem>. Accessed 7 January 2024

member, and this is a favourable factor to Iran.²⁵ China and Iran's relationship facilitated dialogue and cooperation on various global issues, including matters related to diplomacy, regional stability and international agreements. China's ties with Iran played a significant role in navigating complex geopolitical challenges in the region. China and Iran shared common geopolitical issues, developing a convergent political perspective at regional and global levels. It indicated that, on the one end, China and Iran are exploring new geoeconomic developments, with a shared interest in the region and on the other end, their relations have geopolitical implications for India and Iran relations. In 2023, at the G-20 Summit, held in New Delhi, India, proposed the India-Middle East Economic Corridor (IMEC) beginning from India and reaching Europe through UAE, Saudi Arabia, Israel and Greece. It poses a geopolitical challenge to China, especially regarding Iran. Israel plays a significant role in the IMEC as its ports act as major connecting links between Asia and Europe. It compels China and Iran to expand their regional initiatives in West Asia and Central Asia, particularly in Afghanistan. The following map is an illustration of the IMEC corridor.

Map: 01 Corridor trajectory



²⁵John W Garver, "China and Iran: An Emerging Partnership Post-Sanctions," 1763 N St. NW Washington, D.C. Middle East Institute, February 8, 2016. <https://www.mei.edu/publications/china-and-iran-emerging-partnership-post-sanctions>. Accessed 17 February 2017.

Source: The Hindu Daily Newspaper,
<https://www.google.com/search?q=the+IMEC+image+in+Hindu> Accessed 07 January 2024

China has perceived the political dilemma of Iran. It acted adroitly to exploit the situation for its strategic, political and economic advancements in the region. China's position in the global politics helped Iran to secure its interest and survive the crippling sanctions. Given the reluctance shown by India, Pakistan and Russia under pressure from the US and Western countries to engage with Iran, Iran believed that China was a credible alternative to these countries. At the same time, by diversifying its foreign relations, Iran maintained a balance in its relations with India and China. Iran's priority was survival. Iran and its leadership (moderate-reformist) were flexible in engaging with all nations, irrespective of the West and East. Its moderate-reformist leaders like Muhammed Khatami and Rafsanjani pursued reconciliation with the West, especially the US. Hassan Rouhani (2013-2021), the then President of Iran, sought to improve relations with Western nations, and he followed the P5+1 Iranian nuclear deal or Joint Comprehensive Plan of Action (JCPOA, 2013). Ebrahim Raisi, the current President of Iran, also expressed to follow with the nuclear deal. India and China are major Asian powers and the largest oil-consuming countries globally. China is the second largest oil-consuming country (13.2% and 12791553 barrels per day), and India is the third largest (4.6% and 4443000 barrels per day). They are Iran's foremost oil importing countries and Iran relied on the relations to maintain its best oil markets in Asia. China was not in favour of a military conflict between Iran and the US or Israel, recognising the consequence for both Iran and Chinese interests in the region. Meanwhile, Iran persuaded Pakistan to reach a consensus on the IPI Gas Pipeline Project and on other geopolitical issues with India. Iran has been seeking peaceful regional, political and economic cooperation among East Asian countries. This has been its policy to overcome the constraints of the Arab world.

In short, geoeconomic linkages and common interests in economic and political areas were persuasive factors in improving China-Iran relations in the post-Cold War period. China's regional expansion policy and its competition with the US and India led to the expansion of ties between China and Iran in the region. Chinese economy and technologies were prominent in Iran, and most imported products in Iran's markets were manufactured in China. This proves that historical contact is not the only chief factor in establishing a strategic partnership but also the recent geopolitical developments. India

was apprehensive about China and Iran relations, and it could not influence Iran's ties with China in the changing geopolitical context, but it could improve its strategic engagements with Iran. Also, India may find ways to take part in the joint geo-economic developmental projects of Iran in the region, especially in non-China-Pakistan projects. On the other hand, Iran found different diplomatic channels, and it followed a balancing act between the two Asian powers—India and China.

China's Views on Iran's Nuclear Programme

China is against Iran's development of nuclear weapons. China follows the neorealist argument that every state wants to retain relative military strength. At the same time, it is not against Iran's civilian nuclear programme. The argument put forth by China is that its nuclear collaboration with Iran is only for civilian purposes and not for nuclear weaponry. The US suspected that China was helping Iran in its nuclear enrichment programme. Therefore, the US forced China to lay off its delivery of nuclear armaments and materials to Iran. The countries which were against the nuclear programme, Iran questioned the credibility of China's stand that was against the non-proliferation of Weapons of Mass Destruction (WMD). In 1997, China suspended direct nuclear support to Iran with the intention of normalising its relationship with the US.²⁶ This action was part of a broader effort to address international concerns about Iran's nuclear programme and reduce tensions in China-US relations. China, in turn, used the suspension of the nuclear deal with Iran to lift the sanctions imposed by the US on it after the Tiananmen Square incident of 1989. This diplomatic manoeuvre allowed China to improve its economic ties with the US. China made the US as its primary global export market, with current estimates placing the export value to the U.S at over \$500 billion.²⁷ This demonstrated China's economic interdependence with the US.

China was against the United Nations Security Council (UNSC) unilateral sanctions imposed by the US on Iran, emphasising the principle that every nation has the right to engage in nuclear energy enrichment under the oversight of the IAEA. China shared that a military strike on Iran would not be a rational alternative to resolve Iran's nuclear issue.

²⁶Mohammad Salman, Moritz Pieper, Gustaaf Geeraerts, "Hedging in the Middle East and China-U.S. Competition," *Asian Polity & Policy*, Vol.7, Issue 04, (2015): 575-596.

²⁷See the document, Office of the United States Trade Representatives Executive office of the President. <https://ustr.gov/countries-regions/china-mongolia-taiwan/peoples-republic-china>. Accessed 23 February 2017.

It could result in the destruction of the country, as seen in countries like Iraq and Libya. It would affect the established economic and regional connectivity of various countries with Iran. China compelled the EU's pro-reconciliation countries to find a solution to Iran's nuclear issue.

China did not agree with the US and the West on the policy that Iran might be isolated internationally. The Chinese Foreign Ministry stressed the importance of adhering to the relevant UNSC resolutions.²⁸ This statement emphasised China's commitment to upholding international agreements and regulations set by the UN. It implied that adherence to these resolutions was vital for promoting global peace, security and cooperation. China has stated that Iran has every right to procure nuclear energy for civilian purposes. Despite its clear position, however, China could not entirely counter the international isolation of Iran. In fact, China suspended weapon accords with Iran, and it froze the delivery of S-300 missiles due to pressure from the US. The next section discusses India's position/stance on Iranian nuclear programme

India's Stance on Iranian Nuclear Programme

India, not in favour of having a nuclear Iran, however, did not support this approach of the US to deal with the nuclear issue. It wanted that rather than the US making it like a US-Iran issue, the authorised international body should deal with it. It was directed by the Ministry of External Affairs of India that:

*"The IAEA is the final arbiter as designated authority to decide the nature of Iran's nuclear programme... US could not arrogate to itself the right to determine whether Iran's nuclear programme was peaceful or not... India conveyed to the US, do not take on yourself the responsibility whether Iran was manufacturing weapons or not... leave it to the IAEA."*²⁹

India conveyed to the U S that it should refrain from assuming the responsibility of determining whether Iran's nuclear activities were related to weapons development. It

²⁸For more details, see the report of Ministry of Foreign Affairs of the People's Republic of China. <http://www.fmprc.gov.cn/mfa>. Accessed 22 January 2020.

²⁹See the coverage in prominent daily newspaper, "Indian Iran retort might lay groundwork for nuclear movement," *The Hindu*, March, 26, 2011. <https://www.thehindu.com/news/the-india-cables/the-cables/151154-Indian-Iran-retort-might-lay-groundwork-for-nuclear-movement/article14962430.ece>. Accessed 14 August 2018.

emphasises that this assessment should be entrusted to the IAEA, the recognised international body for such matters.

India's primary discomfort was Iran's nuclear programme could lead to US intervention in Iran. India believed that resolving the matter of Iranian nuclear enrichment could only be achieved through diplomatic channels.³⁰ Consequently, it urged all parties involved to pursue this objective without resorting to punitive measures against Iran. India emphasised the importance of dialogue and negotiations within the framework of the IAEA. According to Nirupama Rao, the then-foreign secretary of India;

*“India’s consistent stand was that all possible effort should be made to address the issue of Iran's nuclear programme through peaceful means of dialogues and negotiations and our position is that coercion and application of force is not the answer to resolve issues.”*³¹

Nirupama Rao emphasised India advocated for diplomatic solutions rather than resorting to the use of force. India supported the right of all nations, including Iran, to use nuclear energy for peaceful purposes, emphasising adherence to international obligations. India believes that the IAEA framework can address technical concerns related to Iran's nuclear programme and advocated for peaceful dialogue and diplomacy to resolve issues among concerned countries.³² India has a stance on the nuclear deals between Iran and the IAEA.

India never supported President Mahmoud Ahmadinejad's objection towards the IAEA's interference in ensuring the transparency of nuclear enrichment. As the then Foreign Minister of India, Pranab Mukherjee, pointed out “Iran, being a party to the NPT, had specific obligations concerning international agreements.”³³ Since 2005, India has been extending its support for bringing a settlement on the nuclear issue between Iran and the

³⁰ A K, Pasha, Iranian Nuclear Programme: Regional Responses in Iran and Post-9/11 World Order: Reflections on Iranian Nuclear Programme, in *India and Iran: An Assessment of Contemporary Relations*, ed. Anwar Alam (New Delhi: New Century Publications, 2009), 32.

³¹ See for instance, Answer of Pranab Mukherjee, Minister of External Affairs of India, against the question on India's Economic relations with Iran by Mahendra Mohan in Rajya Sabha, August 30, 2007, Ministry of External Affairs of India, Government of India, (Unstarred question No. 1892).

³² Nirupama Rao, India and the GCC, Iran and Iraq: Security Perspectives', Valedictory Address, Foreign Secretary at the Indian Council of World Affairs Seminar: (New Delhi: Indian Council of World Affairs, November 21, 2010). <http://www.icwa.in>. Accessed 16 August 2020.

³³ For more details, see the document of India's Foreign Relations-2006, Pranab Mukherjee shared during his interaction with reporters at an orientation programme on parliamentary reporting in New Delhi, (New Delhi: Ministry of External Affairs of India, 2006). https://www.mea.gov.in/images/pdf/main_2006.pdf. Accessed 14 July 2016.

US. India's viewpoint was that, as a member state that ratified the NPT, Iran has the right to exercise all the rights associated with peaceful applications of nuclear energy. However, Iran must fulfil its treaty obligations and fully cooperate with the IAEA, providing necessary access and information to address and resolve concerns as requested.³⁴ India utilised all the platforms, regional and international, to encourage Iranian leaders to let the IAEA inspect its nuclear facilities and settle their issues with Arab countries through negotiations. India holds the position that “it is a matter that should be resolved through diplomacy and dialogue.”³⁵ India believes that negotiation can restore peace and economic transactions in the region.

India has engaged in consultations with members of the IAEA Board of Governors as well as with Iran, with the aim of preventing confrontation and seeking peaceful resolutions to the matter at hand.³⁶ In addition, it has presented specific recommendations to address the nuclear issue of Iran. These suggestions involve encouraging all nations involved to avoid confrontation and work together for a mutually agreeable solution. Additionally, India stresses the importance of respecting Iran's pursuit of peaceful nuclear energy. India supports Iran's cooperation with the IAEA to address any remaining concerns about its nuclear program.³⁷

On the other end, On the flip side, Iran's moderate-reformist leaders believed that India could persuade the international community about the necessity of Iran's civilian nuclear programme. These measures aim to rebuild trust and confidence in the peaceful nature of Iran's nuclear activities. The reformist perspective aligns with India's approach, emphasising transparency in civilian nuclear projects and adherence to the NPT guidelines and IAEA regulations. The Iranian reformist government under Muhammad Khatami signed the Paris Agreement with EU+3 (France, Germany, and the UK)

³⁴ Avtar Singh Bhasin, *India's Foreign Relations – 2006 Documents Part – I*, (Published in Cooperation with Public Diplomacy Division Ministry of External Affairs, 2006). <http://www.mea.gov.in>. Accessed 2 August 2018.

³⁵ Opening statement by Prime Minister Man Mohan Singh at National Press Conference (New Delhi, National Press Conference, February 1, 2006). <http://archivepmo.nic.in>. Accessed 22 January 2016.

³⁶ See for instance, Ministry of External Affairs, Official Spokesperson of India in response to a question on the Iran nuclear issue (New Delhi: Embassy Archives, January 27, 2006), 14-16. <https://www.indianembassy.org>. Accessed 12 August 2016.

³⁷ See the press release, regarding response of Official Spokesperson to a question on comments made by Secretary, Supreme National Security Council of Iran regarding India in a recent interview (New Delhi: Ministry of External Affairs of India, January 16, 2006). <http://www.mea.gov.in>. Accessed 12 August 2016.

countries in 2003. Salman Khurshid stated India's response to the Iranian recognition of EU+3, the then External Affairs Minister of India:

*“the interim steps that have been agreed in Geneva would build trust between Iran and the international community and lead to a durable and long-term settlement of the Iranian nuclear issue.”*³⁸

India supported the agreement between Iran and the EU+3 nations, reflecting a broad consensus on India's stance on resolving the Iranian nuclear issue. India's approach was acknowledging Iran's legitimate right to use nuclear energy peacefully. India supported the agreement due to its commitment to diplomacy and non-proliferation, aiming to ease tensions around Iran's nuclear programme through diplomatic channels. Recognising Iran's right to pursue peaceful nuclear energy was viewed as a critical step for regional stability and conflict prevention, aligning with India's commitment to global peace.

In addition, India's backing of the Iran-EU+3 Agreement was reflected in its broader foreign policy objectives. As a country with in-depth cultural, economic, and historical ties to both Iran and the Western nations involved in the negotiations, India sought to leverage its relationships to promote constructive dialogue and find a mutually acceptable solution. This approach aligned with India's commitment to multilateralism, wherein international agreements and frameworks played a pivotal role in resolving complex issues.³⁹ In addition, India's endorsement of the agreement underlined its desire to enhance its strategic engagement with Iran. Recognising Iran as a significant regional player, India sought to strengthen economic ties, promote energy cooperation and expand cultural exchanges with Iran. Resolving the nuclear issue was perceived as a significant step in creating an environment conducive to broader collaboration between India and Iran in the region.

The Tehran Declaration of 2001 and the New Delhi Declaration of 2003 emphasised Iran and India's shared commitment to engaging in multilateral negotiations with a primary

³⁸See for details, “International Interests in Middle East Security and Non-Proliferation,” at IISS Manama Dialogue,” (New Delhi: Ministry of External Affairs of India, December 08, 2013). <http://mea.gov.in>. Accessed 12 August 2016.

³⁹Kadira Pethiyagoda, “India's Pursuit of Strategic and Economic Interests in Iran,” (Brookings Doha Center: September 2018), 1-32. <https://www.brookings.edu/wp-content/uploads/2018/09/Indias-Pursuit-of-Strategic-and-Economic-Interests-in-Iran.pdf>. Accessed 23 August 2016.

focus on achieving nuclear disarmament. This commitment highlighted both nations to work together for a nuclear weapon free world. These declarations also stress for establishing effective international mechanisms to ensure the success of disarmament efforts.⁴⁰ Iran and India share a strong commitment to a world without nuclear weapons, aiming for international oversight to replace the spectre of nuclear weaponry and foster a safer, more peaceful global community.

The 2015 JCPOA is a significant agreement between Iran and P5+1 nations (the US, the United Kingdom, France, Germany, Russia, and China), with the EU playing a key role. It aimed to place strict limits on Iran's nuclear programme, ensuring its peaceful nature. In exchange for Iran's compliance, the agreement provides significant economic sanctions relief. India, as a responsible global actor, has emphasised implementation of JCPOA.⁴¹ The Indian was found apprehension about any actions to undermine the integrity and effectiveness of this landmark agreement. India also followed multilateral diplomacy to resolve the issue. It addressed the Iranian nuclear issue in various international platforms, including BRICS (Brazil, Russia, India, China, South Africa), IBSA (India, Brazil, South Africa), NAM and G77 (Group of 77). By raising the Iranian nuclear issue in these forums, India demonstrated its commitment to engaging with the international community on a multilateral level. It signifies India's intent to work with a broad range of nations to seek collective solutions and build consensus on the issue, keeping regional power politics in consideration.

Iran's Nuclear Issue and Indo-US Nuclear Deal

The US has been concerned about Iran's nuclear ambitions and has accused Iran of pursuing nuclear weapons, despite Iran's assertions that its nuclear programme is purely for peaceful purposes. To address these concerns, the US has advocated for a more stringent approach, including economic sanctions and diplomatic isolation, to deter Iran from further nuclear advancements.⁴² For that to succeed, the US has sought assistance

⁴⁰ Shireen T. Hunter, *Iran's Foreign Policy in the Post-Soviet Era Resisting the New International Order* (Oxford England: Praeger, 2010), 130.

⁴¹ Summaiya Khan, "Iran Nuclear Deal: Implications for India," (New Delhi: Institute for Peace and Conflict Studies, November 10, 2015).

<https://www.google.co.in/books/edition/InstituteofPeaceConflictStudies>. Accessed 22 October 2018.

⁴² Cabrera Luengo, José, and Erica Moret, "Sanctions against Iran: The Role of Pivotal Rising Powers," (Paris: European Union Institute for Security Studies (EUISS), 2015), 1-14.

<https://www.iss.europa.eu/content/sanctions-against-iran-role-pivotal-rising-powers>. Accessed 16 August 2018.

from various countries to strengthen the policy of isolating Iran. On the one end, Iran has no significant bilateral and strategic relations with the Gulf Cooperation Council (GCC) member states. On the other end, Iran has political, economic and strategic ties with East Asian countries, especially India, China, and Japan, causing discomfort for the US and Israel.

The US sought assistance from India, along with the Arab and the EU countries, to strengthen its policy of isolating Iran. At the same time, substantial bilateral relations with these countries provide the potential for Iran to survive the economic sanctions imposed by the West. Therefore, the US has urged India to suspend relations with Iran in significant areas, such as transport corridor initiatives, the Chabahar port, and INSTC projects. In addition, the US has pressured India to reduce its dependency on Iranian oil. US perception was that Iran could update its defence system and access Indian military and navy strategies through joint exercise ventures. Building significant diplomatic ties with a regional power like India could help overcome challenges posed by US efforts in that regard.⁴³ Therefore, it was perceived to be urgent for the US to forestall the growing strategic partnership of India and Iran.

During the Cold War, the US and India had somewhat distant and less-than-friendly relations. In the early post-Cold War years, instead of building closer ties, the US viewed India with suspicion, thinking it leaned towards Russia and strongly supported the NAM. Indo-U.S. diplomatic relations faced more strain when the US imposed a trade embargo on India after its nuclear tests in 1998. The relationship started warming up after the trade embargo ended in 2001, marking the end of a phase characterised by frigid and often contentious exchanges.

Meanwhile, India has emerged as a significant regional power in South Asia and beyond. US policymakers recognised that India would be a geopolitical choice for safeguarding their economic and strategic interests in the Asian continent. The US believed that India had the potential to further its policy of isolating Iran, uphold a stable balance of power in South Asia, act as a counterbalance to China in the Asia-Pacific area, and serve as a valuable ally in the worldwide fight against terrorism. The terrorist attacks that took place

⁴³Xenia Dormandy and Ronak D. Desai, "India-Iran Relations: Key Security Implications", (Harvard Kennedy School, Belfer Centre for Science and International Affairs March 24, 2008): 1-11. <https://www.belfercenter.org/publication/india-iran-relations-key-security-implications>. Accessed 15 November 2015.

on September 11, 2001, widely known as 9/11, together with subsequent political shifts in global and regional affairs, compelled the US to strengthen its diplomatic ties with India. George Bush, the then-President of the US, pointed out,

*“The importance of collaboration with India was in controlling and policing strategically critical Indian Ocean sea lanes from the Suez Canal to Eastern Asian countries through the Strait of Malacca.”*⁴⁴

India holds significant geopolitical importance due to its geographical location in South Asia, prominent regional economic power, huge market and advanced military. This has led the US to establish ties with India, aiming to leverage these strengths to secure its interests in the country and beyond. Moreover, both nations share a mutual interest in combating terrorism within South Asia and beyond.

In fact, India and the US didn't have a significant strategic partnership until they concluded the Civilian Nuclear Agreement in 2008.⁴⁵ The US saw this as a valuable opportunity for India to pursue atomic energy, given that India is not a mandatory member of the NPT. In response, Iran expressed scepticism about the credibility of the NPT. Despite facing significant criticism, India and the US collaborated to defend the nuclear deal, positioning it as an extension of their Next Steps in Strategic Partnership (NSSP). This marked a breakthrough in India and US bilateral relations in the post-Cold War period (NSSP).⁴⁶

The primary objective of the nuclear deal was to improve India's energy security by expanding its civil nuclear programme. However, there were other objectives, including reducing India's ties with Iran, especially in nuclear cooperation. The US, along with several other countries such as Israel and Saudi Arabia, aimed to isolate Iran and impose sanctions to prevent nuclear weapons proliferation. By making a nuclear deal with India,

⁴⁴GM Hiranadani, “External Naval Presence in Indian Ocean,” *Indian Defence Review*, March 02, 2012: 1-9. <http://www.indiandefencereview.com/spotlights/external-naval-presence-in-indian-ocean/>. Accessed 08 June 2016.

⁴⁵ For details, see for instance, official document of Civil Nuclear Cooperation (New Delhi: Ministry of External Affairs, Government of India): 198-256. <http://www.mea.gov.in>. Accessed 12 June 2016. See for instance, P.M. Kamath, “Civilian Nuclear Deal: Turning Point in Indo-US Relations,” *India Quarterly* 62, no. 3 (2006): 23–56.

⁴⁶ For details see also, United States -India Joint Statement on Next Steps in Strategic Partnership Following is the text of a Joint Statement issued by US and India on September 17, 2004. They agree to expand cooperation in three specific areas: civilian nuclear activities, civilian space programs, and high-technology trade, (United States government publishing office). <https://www.gpo.gov>. Accessed 23 August 2016.

the US sought to align India's nuclear policy with its own and discourage India from collaborating with Iran in the nuclear sector. The US believed that giving India access to nuclear technology and fuel could lessen India's dependence on Iran for energy resources and deter potential nuclear cooperation (India and Iran had nuclear feasibility relations to exchange nuclear materials in the Cold War period) between the two nations. This aspect of the deal was viewed as a strategic move to limit Iran's nuclear influence and maintain international pressure on Iran to address concerns about its nuclear programme.

US attempt to seek India's support on its opposition to Iran's Nuclear Programme

The Indo-US civilian nuclear deal aimed to ensure India's involvement in the US endeavour to hinder Iran's acquisition of weapons of mass destruction.⁴⁷ The nuclear deal was also part of the US political and economic encirclement of Iran with the backing of India. In 2005, Condoleezza Rice, the then US Secretary of State, arrived in India and expressed US concerns over the proposed energy pipeline cooperation between Iran, Pakistan and India (IPI Oil and Gas Project) Ms. Rice persuaded the Indian administration to refrain from the pipeline project and in return, the US offered India substantial concessions to get nuclear energy assistance.⁴⁸ Further, She added, "US had successfully communicated its concerns to the Indian government regarding their participation in the Gas Pipeline project with Iran."⁴⁹ The US assured India of comprehensive technical and strategic support for the effective operation of sanctions on Iran. Policymakers in the US realised that even India's minimal engagements would enhance Iran's confidence and finance the progress of nuclear enrichment.

On the other end, in India, the opposition parties, especially the Left, campaigned that the United Progressive Alliance (UPA) government has stopped the IPI Gas Pipeline Project as part of the Indo-US nuclear deal.⁵⁰ They reiterated that its aim was to break the ties between India and Iran. The argument put forth by the UPA government was that the

⁴⁷A. Kronstadt, "India-US Relations" (New York: Congressional Research Service, June 20, 2012). https://www.everycrsreport.com/files/20120223_IB93097aae3e0622501b039e76f83117f2917d9459b735f.pdf. Accessed 11 January 2016. See for instance, Mahrukh Khan, "Growing India-US Strategic Cooperation: An Analysis," *Strategic Studies* 37, no. 4 (2017): 97–117.

⁴⁸ See document of Rajya Sabha, debate on "India-Iran pipeline," Session No.204, Question No.101,102-103, 2005.

⁴⁹See document of Lok Sabha, "US Reservation on Indo-Iran Gas Pipeline," (Unstarred Question No. 4022), 507-508, April 20, 2005.

⁵⁰Mahwish Hafeez, "India-Iran Relations: Challenges and Opportunities," *Strategic Studies* 39, no. 3 (2019): 22–36.

Indo-US civil nuclear deal was not reached at the expense of the Iran-Pakistan-India Gas pipeline Project. As Pranab Mukherjee, the then External Ministry of India, observed,

*“Nuclear power is one source of energy. The other important source is the Iran-Pakistan-India (IPI) gas pipeline... One is not exclusive to the other... Indo-US nuclear deal would have no impact on the IPI gas pipeline.” He further added, “India’s energy requirement is quite substantial and it has to locate various sources of energy, including civil nuclear cooperation with countries like US, France and Russia or any other country willing to cooperate with us.”*⁵¹

In the case of US-Iran ties, it is perceived that it is in the interest of the US to talk to India in order to persuade Iran to cooperate with the nuclear negotiators. According to the US, India may communicate to Iran the need to finding a solution to the nuclear issue while they are participating in organisations like the Non-Aligned Movement (NAM) and Shanghai Cooperation Organisation (SCO). In 2008, the US designated India as the interlocutor for engaging in discussions with President Mahmoud Ahmadinejad during his visit to the country. The US expressed its desire for India to exert influence over Iran in order to halt the uranium enrichment process and persuade Iran to comply with the resolutions of the UNSC. As a UN member state, India is implementing her obligations under the recent UNSC Resolutions No. 1737 and No. 1747 on Iran.⁵² Tom Casey, the then US State Department spokesperson, said that India would ask Iran to become a more responsible actor on the world stage and end its rather unsupportive activities like nuclear programme and support to terrorism.⁵³ This remark posits that the US held the expectation that India would employ diplomatic means to apply pressure on Iran, with the aim of aligning the latter with internationally recognised standards and objectives.

In reality, India had to operate within constraints to convince Iran to halt its nuclear development activities, the geopolitics of the region and the role of great powers. Iran finds itself surrounded by hostile neighbouring countries, and the presence of military bases in the region has led some scholars to suggest that Iran may be considering the

⁵¹Media Report on the interaction of External Affairs Minister Pranab Mukherjee and the Iranian Economic Minister Shamseddin Hoassein after the Joint Commission meeting (New Delhi: Ministry of External Affairs of India, November 2, 2008). <https://www.mea.gov.in>. Accessed 25 August 2016.

⁵²See for instance, Rajya Sabha debate on “India’s economic relations with Iran,” (New Delhi: Rajya Sabha, Parliament of India, Unstarred Question No. 1892, August 08, 2007), 208-209.

⁵³See the coverage in prominent daily online newspaper, Daya Gamage, “Iranian President’s South Asia Tour: United States Places ‘Conditions,’” *Asian Tribune*, April 04, 2008. www.asiantribune.com. Accessed 13 January 2016.

option of developing nuclear capabilities.⁵⁴ Moreover, the Iranian authorities suspected that India was taking a pro-US stance on the Iranian nuclear issue. This feeling was reinforced when India cooperated with the sanctions of the West. Gholamreza Ansari, the then-Iranian Ambassador to India in 2012, remarked that India did not do what we wanted them to do, but they did their best.⁵⁵ This statement implied that India made genuine attempts to navigate a complex diplomatic situation, even if it didn't entirely align with Iran's wishes. Efforts of the US through India to freeze Iranian nuclear activity through negotiations did not attain the desired goal.

Subsequently, the US tried to compel India to cut its relations with Iran. Hillary Clinton, then US Secretary of State, who made a visit to India in 2012, underlined that her country's central goal revolves around bolstering India's oil import range, promoting variety, and reducing its dependence on Iranian oil. In addition, the US maintains a conviction that the most immediate issue that bothers the US is the prospect of Iran possessing nuclear weapons. Therefore, the US emphasised the need for India to engage in the international cooperative effort to confront this matter.⁵⁶ In her book *Hard Choices*, Hillary Clinton remarked that her visit to India in 2012 was primarily undertaken to persuade India to decrease its dependence on Iranian oil. Subsequently, the US successfully managed to reduce India's oil imports from Iran, decreasing from \$11,358 million in 2012 to \$8,102 million in 2013. As a result, India's position on the list of oil importers from Iran dropped to the sixth highest. India was the second-largest oil buyer of Iran after China in Asia.

In addition, the US froze the Asian Clearing Union⁵⁷ (ACU) which in turn brought difficulty to the Reserve Bank of India to operationalise the payments with Iran since 2010.⁵⁸ Economic sanctions on Iran for the last four decades have made a critical

⁵⁴ Kenneth Waltz, "Why Iran Should Get the Bomb: Nuclear Balancing Would Mean Stability," *Foreign Affairs*, Vol. 91, No. 4, (July/August 2012): 2-5.

⁵⁵ See for instance, the report of Hardnews of India conducted Interview with Gholamreza Ansari, Current Iranian Ambassador, (August 10, 2015). <http://www.hardnewsmedia.com>. Accessed 06 November 2016.

⁵⁶ See the coverage in prominent daily newspaper, Dean Nelson "US calls on India to cut oil imports from Iran," *The Telegraph*, 07 May 2012. <https://www.telegraph.co.uk/news/worldnews/asia/india/9250355/US-calls-on-India-to-cut-oil-imports-from-Iran.html>. Accessed 17 March 2016. See for instance, Sumitha Narayanan Kutty, "Dealing with Differences: The Iran Factor in India-U.S. Relations," *Asia Policy* 14, no. 1 (2019): 95–118.

⁵⁷ The Asian Clearing Union (ACU) was established with its headquarters at Tehran, Iran, on December 9, 1974 at the initiative of the United Nations Economic and Social Commission for Asia and Pacific (ESCAP), for promoting regional co-operation.

⁵⁸ See for instance, Rajya Sabha Debate on "India's payment against Iranian oil," (New Delhi: Rajya Sabha, Parliament of India, Session No.2010, Question No.171), 2012.

triangular relationship between the US, India and Iran.⁵⁹ The US has warned India that its support of Iran through public and diplomatic channels would adversely affect Indo-US relations. Hillary Clinton warned during her visit to Calcutta and New Delhi in India that “India could face sanctions if it does not halt the trade with Iran.”⁶⁰ The US expressed apprehension about India’s support for Iran’s advancements in military and defence fields. The US’ Iran Non-proliferation Act led to the imposition of sanctions on two Indian nuclear experts, namely Dr Y.S.R Prasad and Dr C Surendra.⁶¹ These sanctions were enacted due to concerns about the potential proliferation of sensitive technologies and materials. The US administration’s attitude and the content of the Indo-US nuclear treaty categorically revealed that the US put pressure on India to keep a standstill approach on strategic engagements with Iran and reduce the economic ties despite India and Iran having important treaties and agreements.

India’s Opposition to the Iranian Nuclear Programme at IAEA

India voted three times at the IAEA sessions in 2005, 2006 and 2009 in response to the Iranian Nuclear Resolutions. Iran reacted with apprehension and India conveyed to Iranian officials it did not act vengefully. Iran displayed profound resentment when India conducted its nuclear test in 1998, leading Iran to support the UNSC Resolutions against India. Iran called for both India and Pakistan to limit their nuclear capabilities.⁶² On the other hand, India’s intention was clear when it voted against Iran at the IAEA.⁶³ The then Prime Minister Manmohan Singh emphasised the importance of a dispassionate analysis of the facts, taking into account India’s interests. He stated that due consideration was given to India’s relationship with Iran, the imperative of upholding peace and stability in the Persian Gulf and ensuring the security of India.⁶⁴ This statement highlighted India is in apposition to adopt a dynamic approach in its foreign policy decisions.

⁵⁹Monish Tourangbam, “India-Iran Relations amidst Strategic Constraints,” *Indian Foreign Affairs Journal* 13, no. 3 (2018): 183–94.

⁶⁰ Harsh V Pant, Julie M. Super, “Balancing Rivals: India’s Tightrope between Iran and the United States,” *Asia Policy*, no. 15 (2013): 69–88.

⁶¹Paul K. Kerr, “US Nuclear Cooperation with India: Issues for Congress and Non-proliferation,” (United States of America: Congressional Research Service, June 26, 2012): 1-49. <https://sgp.fas.org/crs/nuke/RL33016.pdf>. Accessed 22 February 2016.

⁶² See the report of prominent daily edition newspaper, Harsh V Pant, “Tehran stands between Washington and New Delhi, *Business Standard*, 2012. <http://www.business-standard.com>. Accessed 25 February 2016.

⁶³S. Samuel C. Rajiv, “India and Iran’s Nuclear Imbroglio: Navigating the Consequences,” *Middle East Review of International Affairs*, 16, no. 2 (June 2012):1-19.

⁶⁴ See for instance, Lok Sabha debate on “India’s vote at the IAEA on Iranian Nuclear Programme,” (New Delhi: Lok Sabha, Parliament of India, March 6, 2006), 110.

However, Iran had resented India's votes at the IAEA, which was echoed by the postures of officials at the Iranian Consulate, who raised concern over India's tie-up with the US to handicap Iran in the defence and military fields (scholars' interview with officials at Iranian Consulate, Hyderabad). India informed Iran that its votes at the IAEA were not intended to sever relations with its historical partner in the region but according to its commitment to international obligations. Salman Khurshid, the then-Indian Foreign Minister, said,

*"It was our conviction that our active role, along with other friendly countries... consistent with its international commitments and obligations... India called upon Iran to respond positively to the requests from IAEA and to cooperate with the IAEA."*⁶⁵ *He added that "India was not taking sides against Iran but we were taking a principled position."*⁶⁶

On one end, through UN voting, India recognised an opportunity to alleviate the nuclear threat within its geographical vicinity. On the other end, India aimed to garner international support by demonstrating its commitment as a responsible nuclear-capable nation while not being a signatory to the NPT.

However, India expressed its apprehension about the imposition of punitive measures on Iran. India opposed such a move and advocated for the international community to maintain engagement with Iran through dialogue in order to facilitate the resolution of the issue.⁶⁷ Its isolation policy engendered an economic crisis in Iran that directly affected the people of the country.

For that, India has officially appealed to Iran, urging its collaboration with the IAEA to fulfil the obligations it assumed as a party to the NPT. India emphasised the significant role of the IAEA in effectively addressing and resolving the prevailing concerns surrounding Iran's nuclear programme.⁶⁸ In addition, India's stance against nuclear

⁶⁵Avtar Singh Bhasin, "Reaction of the Official Spokesperson to questions on India's vote on the Iran nuclear issue at the IAEA Board meeting in Vienna," India's Foreign Relations-Documents-Part-I (New Delhi: Published in Cooperation With Public Diplomacy Division Ministry Of External Affairs, Geetika Publishers, February 4, 2006), 1206.

⁶⁶ See for instance, External Affairs Minister's speech at Global India Foundation Conference on Iran's Eurasian Dynamic: Mapping Regional and Extra-Regional Interest, (New Delhi: Ministry of External Affairs of India, Government of India, February 13, 2013), 11-14.

⁶⁷See for instance, Rajya Sabha debate on "Iran Issue with US President," (New Delhi: Rajya Sabha, Parliament of India, Unstarred Question No. 1716, December 08, 2005), 27.

⁶⁸Avtar Singh Bhasin, "India's Foreign Relations – 2006 Documents Part – I," (New Delhi: Published in Cooperation with Public Diplomacy Division Ministry of External Affairs, Geetika Publishers, February 4, 2006), 2.

proliferation was evident in the speech delivered by Manmohan Singh, the then Prime Minister of India, at the Council on Foreign Relations (CFR) in the US in 2009. He clearly stated that India did not support Iran's nuclear weapons aspirations, indicating its disapproval of Iran's nuclear ambitions.⁶⁹ Certainly, India has explicit and peaceful plans to prevent Iran from becoming a nuclear weapon power in order to safeguard its security interests in the region.

India's stance on US (Efforts To) Iranian Regime Change and Sanctions

The Iranian religious leaders were concerned that the US was planning a coup to remove their hold on power in Iran. Since 2005, the US administration has attempted to dismantle the clergy-centric ruling structure and change the Iranian regime either through coercive or diplomatic ways. The US neoconservatives were reluctant to recognise the Islamic-based government, the position of 'vilyat-e-faqiha' and the structure and function of the foreign office of Iran. Unlike other countries, the foreign policy process of Iran is more complex and the supreme leader (Ayatollah) is the final arbiter in all external matters of the country.

The regime change approach has been frequently advocated by the hardliners in the US and led to tribulations in Iran-US relations. The US had put forward the "Dual Containment Policy," operationalised through isolation and sanctions to hamstring Iran and change its attitude.⁷⁰ The US was insistent on following military strikes on Iran, and its possibility was increased when it gained success with the military strike on Iraq in 2003. The Iranian regime change was a priority of the Republican governments in the US.⁷¹ This approach was rooted in their belief that a change in the Iranian hard-line in power would have aligned with US interests and regional stability.

India did not favour regime change in Iran by means of physical force. It never wanted another war in West Asia. According to Pranab Mukherjee, the then the External Minister of India;

⁶⁹See for instance, A Conversation with Prime Minister Dr. Manmohan Singh, (America: Council of Foreign Relations, 23 November, 2009), 1459. <https://www.cfr.org/event/conversation-prime-minister-dr-manmohan-singh>. Accessed 18 March 2016.

⁷⁰Sasan Fayazmanesh, *US and Iran Sanctions, Wars and the Policy of Dual Containment* (London: Routledge, 2008), 78-91.

⁷¹Tabatabai, Ariane, and Edgar Tam, *Prospects for European and U.S. Policy toward Iran* (United States: German Marshall Fund, 2020), 1-17.

*“India was against any such military attack... there was no military solution to the issues that were being discussed between Iran and the international community... military strike on Iran would have disastrous consequences for the entire region, affecting the lives and livelihood of five million Indian residents in the Gulf.”*⁷²

Indian leaders were apprehensive about the aftermath of the Iraq war, especially in the economic and political spheres in the region. Unlike the US, India does have issues with Iran’s Islamic model of political structure as it remains its internal matter and up to the people of Iran what kind of system or change they want in their country. It is the nuclear programme of Iran, without IAEA compliance, that is an issue for India, given its possible wide implications for the region. India was apprehensive about the inconsistency of the US policy towards Iran. India has advocated for Track II diplomacy, which encompasses unofficial and non-governmental initiatives aimed at fostering discussion and resolving conflicts between opposing parties or governments. The US-Iranian pro-reconciliation camps tried for rapprochement, but the hardliners of both sides hesitated to cooperate with each other. This indicated that a de-nuclearised Iran was not the only aim of the US, and its target was to bring about desirable changes in the domestic politics and within the power structures of Iran.⁷³ The US has broader objectives in Iran beyond just nuclear disarmament, aiming to influence domestic politics and reshape the power dynamics within the country to align with its strategic interests.

The US administration faced a dilemma when operationalising its antagonistic policy towards Iran, especially in light of its experience in Afghanistan. Instead of an all-out war, the US administration decided to follow harsh diplomacy and multi-pronged economic sanctions with the intention of political and economic weakening of Iran to introduce change in its behaviours. The US hoped such “psychological warfare” would change the attitude of the Iranian administration. It sought support from India, Russia and China, in addition to the Arab and EU countries, to strengthen the policy of isolation of Iran. Policymakers in the US perceived that the substantial bilateral ties with the East Asian countries were adequate for Iran to survive the sanctions and isolation. Samuel

⁷²Avtar Singh Bhasin, “India’s Foreign Relations – 2008 Documents Part – I,” (New Delhi: Published in Cooperation with Public Diplomacy Division Ministry of External Affairs, Geetika Publishers, July 04, 2008): 1743.

⁷³Robert J. Reardon, “Containing Iran: Strategies for Addressing the Iranian Nuclear Challenge,” (California: RAND-National Security Research Division, 2012), 123.
<https://www.rand.org/pubs/monographs/MG1180.html>. Accessed 04 March 2016.

Bodman, the then US Energy Secretary, noted that extensive discussions had taken place between India, other nations like China and Iran regarding the exploration for oil and gas asset development in Iran. Bodman expressed his country's concern regarding the economic ties of other countries with Iran, stating, "Our assessment, if these endeavours were permitted to progress unhindered, it was our belief that they could unintentionally contribute to the advancement of nuclear weapons capabilities of Iran."⁷⁴ Therefore, the US urged East Asian countries, especially India, to pursue the policy of isolation to contain Iran's economy. In addition, the Central Intelligence Agency (CIA) of the US sought the support of the National Council Resistance of Iran (NCRI), the anti-moderate and reformist organisation of Iran located in France, to change the political structure of Iran,

The US administration perceived that the economic sanctions might have influenced a change in the mindset of the Iranian people, leading them to denounce the anti-West stance. In addition, it thought that the harsh isolation policy was a better strategic choice than a military strike on Iran. By punishing the common people, the US expected them to turn their anger outward to raise questions of regime change or suspension of uranium processing. On the other end, India had the opposite view from that of the US regarding imposing economic sanctions on the common people of Iran.

A large percentage of Iranians, including the common people, agreed with the Islamic regime (1979) by a referendum. Iran is a limited democratic system, not an absolute autocracy like the Arab monarchies.⁷⁵ Unlike the resistance against Reza Shah (1978-79), there was no unity among the factions against the contemporary supreme religious authority of Iran. The anti-Shah uprising was a multi-pronged movement that involved various sections of people across the ideological, political and economic spectrum of the country. Iranian hardliners were not in a position to change the "neither East nor West" approach, and they always upheld the deterrence against the US. Mahmoud Ahmadinejad gained attention as a sturdy anti-West Iranian President across the world, especially in pro-Saddam and anti-US Latin American countries. He tried to shift Iran to an

⁷⁴See the coverage in prominent daily newspaper, "India threatens to pull out of Iran pipeline," *Times of India*, 22 March 2007. <https://timesofindia.indiatimes.com/business/india-business/india-threatens-to-pull-out-of-iran-pipeline/articleshow/1795759.cms>. Accessed 26 May 2016

⁷⁵Robert S Snyder, "The Arab Uprising and the Persistence of Monarchy," *International Affairs* (Royal Institute of International Affairs 1944) 91, no. 5 (2015): 1027–45. See for instance, report of The Project on Middle East Political Science on the Arab Monarchy Debate, (POMEPS) December 19, 2012, <https://pomeps.org>. Accessed 16 May 2016.

independent and self-reliant nation without the support of the US. Sayed Hossein Moussavi, the then-Iranian Ambassador to India, stated that “Nejad’s personal insistence on presenting a different face for Iran.”⁷⁶ This statement implied that Nejad was focused on changing Iran's international image.

Mahmoud Ahmadinejad tried to isolate Iran from the US and did not even favour cultural engagements with the West. In addition, the US disengagement policy widely restricted its access to Iranian society. The US was not able to win the confidence of the people of Iran and orient them towards a pro-US mentality. In fact, anti-West posture was found in a huge percentage of the population of Iran. A Gallup survey (conducted among Iranian people) indicated that 68 percent of the citizens wanted Iran to be a nuclear power.⁷⁷ In many junctures, they concurred to pursue ties with the West other than the US, whom they perceived as oriented towards weakening Iran. The US could not achieve its original goal and also introduce a pro-West stance within the formal power authorities of Iran.⁷⁸ Iran’s links with Syria, Russia, North Korea, China, Libya, India, and Latin American countries helped significantly to subvert the organised isolation and encirclement policy of the US. Unlike Britain, other European countries continued to have substantial economic ties with Iran till the US reimposed sanctions in 2018. Still, the US could not attain its original goal in Iran through coercive diplomatic ways. On the other hand, the traditional conservatives, with their main revolutionary goal of establishing a non-Western, Shia-based Islamic country, have prevailed despite some opposition from certain sections.⁷⁹ They believed that a non-Western and Shia ideology had played a significant role in shaping Iran's foreign policy and its relationship with the US.

⁷⁶ For details, see for instance, Sayed Hossein Moussavi, *Iran and the United States: An Insider’s View on the Failed Past and the Road to Peace* (London: Bloomsbury 2014), 1-254.

⁷⁷ For instance see, *Iranians Split, 40% to 35%, on Nuclear Military Power*, (*Gallup survey*). <https://news.gallup.com/poll/152633/iranians-split-nuclear-military-power.aspx>, <http://www.gallup.com/home.aspx>. Accessed 20 May 2016.

⁷⁸ The formal bodies consist of constitutionally determined institutions divided in three groups: religious supervisory bodies, republican institutions and religious foundations. <https://www.kcl.ac.uk>. Accessed 12 August 2016.

⁷⁹ For an overview, see for instance, *History of Iran: Islamic Revolution of 1979*, (Tehran: Iran Chamber Society). <http://www.iranchamber.com>. Accessed 24 May 2016.

Concluding Remarks

US and Chinese involvement in India and Iran relations following the end of the Cold War was marked by a complex interplay of political economic factors and great power politics of the region. The US had a significant influence in shaping India's approach towards Iran, primarily driven by its own political and strategic interests in the region. India and the US had convergent and divergent positions regarding Iran. India has attempted to maintain a delicate balancing act between Iran and the US. India's approach was characterised by a commitment to peaceful engagement with Iran and reluctance to support any regime change through military means. However, India was cautious about Iran acquiring nuclear capabilities, which led to significant debates surrounding the Indo-US civil nuclear deal. The pressure exerted by the US on India resulted in a reduction in India's oil imports as well as economic ties between India and Iran. It indicated the impact of the Indo-US nuclear deal on India-Iran relations in the post-Cold War period. Despite these challenges, India has not significantly disengaged its ties with Iran. India found an opportunity in the US disengagement with Iran to develop a strategic relationship with the US while also maintaining relations with Iran. India mediated to settle the disputes between the US and Iran, with the aim of a nuclear-free Iran.

In short, the US factor in India and Iran relations post-Cold War was found to be complex diplomacy, strategic manoeuvring and conflicting interests. India's efforts to maintain a balance between these two nations shaped its foreign policy in the region. It underlined the complex regional and global geopolitics in the modern period.

The changing geopolitics and great power politics brought Iran and China closer, and they developed a strategic partnership. Unlike India, China utilised emerging opportunities in the region, such as geoeconomic investments, goods exchange and a long-term payment system with Iran. China capitalized on Iran's strained relations with the US, Israel, and Arab nations, turning these disengagements to its advantage. Consequently, China emerged as a strategic partner for Iran, leveraging the geopolitical landscape to strengthen its own regional influence and interests. They had common interests in countering extra-regional powers' interferences in strategic places of the region. China's political and economic relations improved with Iran when the US unilaterally withdrew from the JCPOA in 2018 and re-imposed sanctions on Iran. In fact, a moderate level of India-Iran relations created space for a higher level of China-Iran

relations. Unlike India, Iran maintained a balanced relationship with both India and China and did not exploit political advantages at the expense of India and China's competition.

The US has played a key role in shaping the bilateral relationship between India and Iran. Since the presidency of Ahmadinejad, the US has consistently opposed Iran's nuclear programme, which had a significant influence on India's approach to its relationships with Iran. Despite the longstanding ties between China and Iran, China's influence on the bilateral relationship between India and Iran has only recently become more apparent. Unlike the US, China does not have a declared policy aimed at undermining India and Iran relations, and its approach differs from that of the US. The difference arises from China's non-antagonistic position on Iran's nuclear programme. In contrast to the US, China has not objected to Iran's civil nuclear programme, and it has provided material support to Iran prior to facing pressure from the US. China's recent pronounced influence on India and Iran relations can be attributed to geopolitical interests. Investments in infrastructure projects and energy resources underlined China's pragmatic and economically driven approach towards Iran. The relations between India and Iran were influenced by the antagonistic relationship between the US and Iran on the one hand and the strategic ties between Iran and China on the other in the post-Cold War period. The next chapter discusses Multi-linked regional connectivity initiatives between India and Iran.

Chapter: VI

Multi-linked Regional Connectivity Initiatives between India and Iran

Introduction

The concept of regional connectivity refers to the pursuit of economic relationship between countries through interconnected transit corridors. Connectivity is a fundamental aspect of regional economic cooperation and integration across the world. The Asian countries, particularly India and China, have prioritised such initiatives. In general, the geographical location of a country is the primary factor in building such a territorial based economic connectivity. Some countries have peculiar geographical features allowing them to redefine the strategic spaces for inter-continental economic ties. The attraction of regional connectivity is the transaction of goods between different countries with minimal cost and time. This chapter is an attempt to analyse the regional connectivity initiatives between India and Iran, specifically the ones initiated after 1990s, focusing on multimodal regional transport system built by them in collaboration with other players in the region. It also explores the political and strategic implications of regional connectivity initiatives between India and Iran, with a focus on the influence of China-Pakistan transport corridors in the region. The first section of the chapter examines the multilinked regional corridor initiatives of India and Iran. The second section of the chapter examines the political and strategic implications of the regional connectivity corridors.

In general, the key driving force behind the development of regional connectivity effort is the shared goal of India and Iran to meet their economic needs and attain their regional power aspirations. Recognising the vital role of regional connectivity as an essential linking factor, it compels India and Iran to establish trade relations not only with each other but also with extended neighbouring countries. India has major constraints to build and operate regional connectivity corridors with others because it required multi-modal connectivity links to access the rest of the country. India's geographical location, geopolitical issues with neighbours and risk and expenses associated with the trading routes were the major obstacles stopping it from establishing regional connectivity. The post-Cold War geopolitical shift in the region compelled India to build regional connectivity initiatives with its extended neighbourhoods. China's regional connectivity projects in the region have attained certain degree of support from Pakistan and Iran,

which has also forced India to prioritise regional connectivity. India and Iran, despite their geographical distance, have collaborated in developing a wide regional transport network.

Importance of Iran in India's Regional Connectivity

India found that Iran has the potential to facilitate regional connectivity, providing access to the West and Central Asian regions by circumventing the existing long maritime route. Iran's geographical location includes coastlines along the Persian Gulf to the south and the Caspian Sea to the north. It is connected to the Indian Ocean in the east through the Arabian Sea.¹ On the northern side, Iran shares borders with the three Central Asian countries- Armenia, Azerbaijan and Turkmenistan. Afghanistan and Pakistan are located on its eastern flanks. On the western side, its border coincides with Iraq and on the north-west is Turkey.² Iran, thus, enjoys notable strategic significance due to its geographical location in the region. By virtue of its geostrategic location, Iran is perceived as being a regional strategic power in West Asia.

From Indian perspective, Iran is a strategic gateway for India and its role as a key access point to Western and Central Asian regions, taking advantage of its favourable geographical location that encompasses coastlines along the Persian Gulf and the Caspian Sea. Iran's strategic importance places it as a dominant regional power in West Asia, making it a vital contributor to India's efforts to improve connectivity, commercial, and diplomatic ties across the broader South and Central Asian regions. Therefore, India is involved in the construction of ports, rail and road facilities in the region around Iran. Upon the completion of these projects, India would be able to circumvent Pakistan's territory and overcome the lack of geographical connectivity to regions outside.³ This would enable India to connect with the north-western extended neighbouring countries

¹Mouhmmmed Abdul Gaffar, "Iran as a Regional Power in West Asia: Opportunities and Challenges," *World Affairs: The Journal of International Issues* 19, no. 3 (2015): 64–83. Accessed on 12 September 2016. See for instance, Alok Bansal, "Iran: Its Strategic Importance," *Strategic Analysis*, Volume 36, Issue 6 (2012): 1-12. <https://doi.org/10.1080/09700161.2012.728871>. Accessed 31 December 2020

² See the official website of Ministry of Foreign Affairs of Islamic Republic of Iran about the geographical position of the country. <http://www.en.mfa.ir>. For reference see, about Iran, the page of Consulate General of The Islamic Republic of Iran, Hyderabad. <https://hyderabad.mfa.gov.ir/en/viewpage/13793/about-iran>. Accessed 12 February 2016.

³See the research report, Melissa Levaillant, "*India's Foreign Policy towards Iran: Dilemmas of An Emerging Power*," (Noria Network of Research in International Affairs, Nov, 2012):1-11. Accessed 15 March 2018. See for instance, Yogesh Joshi, "Indian Foreign Policy Struggles with the Iran Dilemma," (Singapore: Institute of South Asian Studies, National University of Singapore, No.736, 15 January 2020):1-8. Accessed 15 March 2018.

of India such as Afghanistan and Central Asian countries like Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan as well as Russia and countries of Northern Europe (*henceforth western side countries*). Thus, India's geo-strategic connection with Iran is important.

Iran can offer two transport corridor options for India. Firstly, India can connect its western side regions via Afghanistan and Iran where the former acts as a transit corridor. Secondly, it can directly access the western countries through Iran surpassing Afghanistan. India is thus looking for an inclusive, comprehensive and secured transport passageway with the cooperation of Iran and Afghanistan.

Multi-modal Transport System between India and Iran

The multimodal transport system is a combination of more than one passageway which includes road, rail, ports and air. It is a comprehensive version of a transit system to enhance the economic linkage and maximise connectivity between different topographies. The geographical differences between the southern and western regions of Asia forced countries to build a comprehensive or multi-regional transport system. It helped to connect the Old Silk routes and the newly proposed transportation projects of other countries. Unlike other countries in the region, India required a fully operational multimodal transportation system without which it cannot connect with the land and water corridors of other regions. The hostility with China and Pakistan encouraged India to commence advanced port-to-port and port-to-railroad transportation in the region with friendly states. While Iran possesses well-developed a multimodal transport system, India has well-equipped ports in its southern and eastern shores like Jawaharlal Nehru (South Mumbai), Kandla (Gujarat) and Haldia (Kolkata).⁴ Both nations are in a position to utilise their transport capabilities to bolster regional and international trade, showcasing their dedication to economic progress and worldwide integration.

Iran's well-developed multimodal transport system complements India's strategically positioned and well-equipped ports along its southern and eastern shores. Iran has separate multi-link project consortiums with Afghanistan and Central Asia to strengthen their transport corridor. As it is lacking regional connectivity, India can join them to

⁴ J G R Monteiro, "Measuring Productivity and Efficiency of Major Ports of India" *Economic and Political Weekly* 45, no 26/27 (2010): 325–31.

enhance its own projects and pursue high-value investments. India, at an operational level, is dependent upon political stances and approaches of all the partners for its involvements in this transport corridor. The following section discusses the multimodal transportation corridors between India and Iran and its importance in enhancing regional connectivity linkage between them.

International North-South Transport Corridor (INSTC): India and Iran Project

The INSTC project was initiated during the second Eurasian Conference on Transport, bringing together India, Iran, and Russia. In 2000, these three countries signed an ‘Inter-governmental Agreement’ with a specific focus on the development of the INSTC.⁵ The INSTC is an important regional initiative to promote economic relations between the member states and others. It was an extension of North-South Corridor (NSC) which was designed by Indira Gandhi and Reza Shah of Iran in 1974. The INSTC transportation corridor is a complex network, serving as a shortest multimodal route integrating ships, railways, and roads. It was designed to link three significant water bodies: the Indian Ocean, the Persian Gulf and the Caspian Sea.⁶ The INSTC has the potential to enhance the Old Silk Routes between Asia and Europe and it is capable of being one of Asia’s largest regional connectivity systems in the region. The objectives of the INSTC are to enhance the efficiency of transportation connections, facilitate access to global markets, and increase the volume of goods. The primary aim was to significantly reduce transit time and minimise transportation expenses.⁷ It indicated that INSTC aimed to create a more effective and modernised network for the movement of goods, enhancing overall connectivity. The INSTC established a trading infrastructure which is both durable and effective, resulting in benefits for all member nations. On a policy level, the INSTC has the potential to streamline and harmonise transit procedures, guaranteed fair access for service providers and coordinated transportation policies.⁸ It meant that established standardised and efficient protocols for the movement of goods along the corridor reduced bureaucratic hurdles and ensured a smoother transit process.

⁵ See for instance, the Document Archives of INSTC. <http://www.instc-org.ir>. Accessed 12 December 2022.

⁶ See the homepage of INSTC’s official website. <http://www.instc-org.ir>. Accessed 20 June 2018.

⁷ INSTC-inter-governmental Agreement on International North-South Transport Corridor. <http://www.instc-org.ir>. Accessed 14 May 2017.

⁸ See the INSTC’s official website. <http://commerce.nic.in> and <http://www.instc-org.ir>. Accessed 20 June 2018.

The Federation of Freight Forwarders Associations (FFFAI) in India organised a successful dry run with the assistance of Khazar Sea Shipping Lines, an Iranian company and a branch of the Islamic Republic of Iran Shipping Line (IRISL)⁹ in 2014. Subsequently, a route was established from Nhava Sheva in India to Baku in Azerbaijan, alongside the transportation of containers via railway from Bandar Abbas in Iran to the port of Amirabad in Iran, followed by the transfer of these containers from Amirabad to Astrakhan in Russia via sea vessels. These two are the shortest non-INSTC routes between India and Russia and the remaining three sea routes are too lengthy, time-consuming and highly expensive. The dry run analysis highlighted that the suggested INSTC route, which passes through Bandar Abbas in Iran and leads to Russia and Commonwealth of Independent States (CIS) destinations, offered the most advantageous route in terms of efficient transit and cost-effectiveness for Indian exporters and importers.

The INSTC introduced the shortened transport path from Asia to northern Europe through Iran, Afghanistan and Central Asia. The total length of the INSTC route from India to Russia is 4500 miles and the distance would further be reduced in future because of new construction under progress in Iran, CAS and Afghanistan. The potential of the INSTC was to reduce transit time by 40% and decrease expenses by 30% in comparison to the route via the Suez Canal¹⁰ (the conventional route). The initial path of the INSTC commences from Jawaharlal Nehru Port in Mumbai, India, extend to Bandar Abbas in Iran. The sea route covered approximately 1198 nautical miles, followed by a road journey from Bandar Abbas to Bandar-e Anzali, spanning a distance of 1672 km. Afterwards, the journey continues from Bandar-e Anzali, a river port in Iran, to Astrakhan, a river port in Russia, spanning a distance of approximately 1000 nautical miles via sea.¹¹ The INSTC's route is a combination of sea, road, and river segments,

⁹ See the report, Ministry of Commerce & Industry, Government of India held conference on “Exploring opportunities on the INSTC,” in collaboration with Federation of Freight Forwarders’ Association with INSTC in India in 2014.

https://www.mea.gov.South_Transport_Corridor_s_Corridor_from_India_to_Russiaa. Accessed June 18 2018.

¹⁰ See for details, Ministry of Commerce & Industry, Government of India, in collaboration with Federation of Freight Forwarders’ Association in India and International North South Transport Corridor Conference-India 2015 “Exploring Opportunities on the INSTC”. <http://Commerce.gov.in>. Accessed 22 February 2019.

¹¹ The dry run report of INSTC-2014 by FFFA in India. <http://commerce.nic.in>. Accessed 12 February 2019.

strategically linking key ports and facilitating seamless transportation across diverse geographical terrains.

Specifically, INSTC has put forward two routes from Central Asia to India. Firstly, from Ashgabat (Turkmenistan) through Sarakhs (Iran), Bandar Abbas (Iran), and Jebel Ali port (United Arab Emirates) to Mumbai (India). Secondly, from Ashgabat through Sarakhs, Bandar Abbas, Jebel Ali port, Colombo (Sri Lanka), and Dhaka (Bangladesh) to Kolkata. The importance of both the routes of INSTC is to connect the major trade hubs in the South-Western countries of Asia. The primary ports of the INSTC are Bandar Abbas and Chabahar ports, both located in Iran and commenced operations in the year 2020. The complete implementation of INSTC's multi-link corridors has once again decreased the transportation expenses and duration between India and its western neighbouring countries and vice versa.

In Afghanistan, INSTC is connected with Hajigak and Bamiyan, which are the provinces known for their natural resources, through the hinterland transport system. India spearheaded the organisation of the Istanbul Conference on Security and Economic Development, aimed to build a railway line linking Afghanistan's resource-rich areas to an Iranian port. The goal of this initiative was to create an alternative trade route, reducing Afghanistan's dependency on Pakistan.¹² It facilitated the transportation of containers from Afghanistan to the ports of Bandar Abbas or Chabahar, circumventing the delays and formalities associated with road services. Similarly, Indian firms, primarily led by the Steel Authority of India Limited (SAIL), pursued an iron ore agreement in Afghanistan valued at approximately \$10.8 billion in 2015.¹³ India's endeavours in Afghanistan, namely with regard to the INSTC, demonstrated a comprehensive strategy aimed at improving connectivity, diminishing reliance on specific transport routes, and promoting economic cooperation.

¹² See coverage in prominent daily newspaper, Dean Nelson, "India plans 'world's most dangerous railroad' from Afghanistan to Iran," *The Telegraph* (November 02, 2011).
<https://www.telegraph.co.uk/news/worldIndia/88n.html>. Accessed 14 March 2018.

¹³ See coverage in prominent Indian business newspaper, Surya Sarathi Ray, "SAIL-led consortium scraps \$10.8-billion Afghan project," *Financial Express* (May 23, 2015).
<https://www.financialexpress.com/policy-sail-led-consortium-scraps-10-8-billion-afghan-project-74748/>. Accessed 14 June 2019.

Though Afghanistan is a hinterland state, it is also capable of filling the regional connectivity initiatives of India and Iran.¹⁴ This point was echoed by Pranab Mukherjee, the then External Affairs Minister of India when he opined that Afghanistan can reclaim its historical significance as a vital centre for inter-regional trade. India recognised the need to support the establishment of alternative trade, transport and energy routes to build a robust, self-reliant and sustainable Afghan state.¹⁵ This Iran-Afghan passage is the critical transport option for India in the region. Iran played a pivotal part in this multilinked regional connectivity where the importance of Iran and Afghanistan for India was underscored. Harsh V. Pant, a noted strategic affairs scholar, emphasised that India gave high importance to its relationship with Iran, particularly observed Iran as a crucial corridor for India, especially in situations where Pakistan persisted with its policy of blockade.¹⁶ This suggested that India found Iran as an alternative route for its trade and connectivity. The map illustrates the route of the INSTC from India to Russia via Iran.

¹⁴ Afghanistan is landlocked, is bordered by Iran to the west, Turkmenistan, Uzbekistan and Tajikistan to the north and northeast, Pakistan to the east and south, and by China in the extreme northeast by the Wakhan Corridor (Ministry of Mines and Petroleum). <http://mom.gov>. For more details see, Hamidzada, Humayun, and Richard Ponzio, "Central Asia's Growing Role in Building Peace and Regional Connectivity with Afghanistan," (Washington, D.C: US Institute of Peace, 2019):1-28. Accessed 19 March 2018.

¹⁵ Pranab Mukherjee, President of India, Interview to China News Agency, Istanbul, Turkey and also see in the official website of President of India. <http://presidentofindia.nic.in/index.htm>. and India's Foreign Relation Documents- 2013, (New Delhi: Public Diplomacy Division Ministry of External Affairs Geetika), 2134. See for instance, Rajeev Agarwal, "Post Afghanistan 2014: Options for India and Iran," (New Delhi: Institute of Peace and Conflict Studies, 2014),1-9. Accessed 2 July 2017.

¹⁶ Harsh V Pant, "India and Iran an Axis in the Making?," *Asian Survey*, 44, No. 3, (2004): 306.

Map No.02: INSTC's Route



Source: INSTC official website (www.instc.com), Accessed 18 April 2020
Green colour route is INSTC and Red colour denotes the Standard route.

Apart from India and Iran, the members of INSTC included Kyrgyzstan, Kazakhstan and Tajikistan, Azerbaijan, Armenia, Turkey, Ukraine, Belarus, Oman and Syria, with Bulgaria as an observer member. INSTC has two entries; Bandar Abbas and Chabahar which are located in the western and eastern regions of Iran respectively. The peculiarities of the two entries were: the Bandar Abbas route runs through the northern side of Iran's Sistan-Baluchistan province that enters into the Afghan region and then, to the Central Asian countries. Chabahar or eastern side route helps India to connect with the Afghan region and then, link with the eastern side of Central Asian countries. The table below exhibits the difference between India's conventional route via the Suez Canal and the INSTC route.

Table No.02: Comparison between India's Standard Trade Routes (via Suez Canal) and INSTC Routes

Name of the Transit Routes	Estimated Days	Total Cost in Million USD	Distance	Main Operation of Freights
Suez Canal/Cape of Good Hope	31-49	2100-2800	16113km	Maerks, Hamburg Sud MSC and CMA
INSTC	14-19	900-1260	7242km	

Source: Ministry of Commerce and Trade, Government of India, <https://commerce.gov.in/> (Accessed 19 April 2020)

The FFFA analysis indicated that transit costs and time can be minimised significantly through the INSTC route. Table No.02 made a comparison between the Standard and INSTC route expense and time. The INSTC offered the potential to reduce travel time by 38 to 43 percent and transportation costs by about 42 to 45 percent for shipments between India and Russia, and vice versa.¹⁷ Using non-INSTC routes, India's freights covered a distance of 16113 km via Suez Canal (Standard Routes) and around 22196 Km via the Cape of Good Hope to reach the port of St. Petersburg port, Russia. The total cost of transportation was USD 2100 to 2800 and the transit time was 31 to 49 days.¹⁸ These are the most positive elements of the INSTC in comparison to the time and costs connected with the Standard/ Suez Canal route. India benefits from the advantageous cost of exports and imports facilitated by the INSTC. FFFA's analysis anticipated that the goods market for the North-South international transport corridor would reach approximately 25-26 million tonnes annually.¹⁹ Furthermore, FFFA anticipated an increase in the transport of goods through INSTC in the near future.

¹⁷See the document of Ministry of Commerce, Government of India, <https://commerce.gov.in/>. Accessed 20 February 2017.

¹⁸Bipul Chatterjee, and Surendar Singh, "Regional Connectivity in South Asia: Role of the International Road Transports (TIR) Convention," Sarah S. Aneel, Uzma T. Haroon, and Imrana Niazi edit, *Corridors of Knowledge for Peace and Development*, (Islamabad: Sustainable Development Policy Institute, 2020),183-199.

¹⁹See the report, Ministry of Commerce & Industry, Government of India in collaboration with Federation of Freight Forwarders' Association with the INSTC held conference on "Exploring opportunities on the INSTC." <http://commerce.gov.in>. Accessed 25 February 2017.

For instance, the shipment, organised in collaboration with the IIRISL Group and logistics companies in Russia and India, consisted of two 40-foot containers carrying 41 tonnes of wood laminate. The cargo travelled from St. Petersburg to the Iranian port of Bandar Abbas via the Caspian Sea and Anzali Free Zone and from there it was shipped to Nhava Sheva in Navi Mumbai (Jawaharlal Nehru Port).²⁰ The entire voyage lasted for duration of 24 days to arrive at India, shorter than the conventional route through the Suez Canal.

The INSTC has been a driving force behind a remarkable surge in trade and economic collaboration between Russia and India. In the fiscal year 2022-2023, Russian exports to India witnessed a substantial 4.7-fold increase. The heightened activity within the INSTC has been a key factor in this upswing, cutting the overall transportation costs along the Eastern route by half.²¹ Notably, all three segments of the INSTC are now functioning, fostering connectivity across different regions. The INSTC's impact on the surge in trade between Russia and India was evident through the substantial increase in exports and the significant reduction in transportation costs along the Eastern route. For instance, on July 12, 2022, the inaugural rail transit shipment, consisting of 39 containers, travelled from Russia to India and passed via the Sarakhs border crossing in Iran. The successful operation of all three segments highlighted the corridor's role in fostering connectivity and economic collaboration across diverse regions.

India explored markets in these western side countries and promoted exports and imports through attractive and reduced tariffs. INSTC brought significant trade opportunities to India. It helped further collaboration with the CIS states. While concentrating on the Eurasian commercial spaces, it can also provide more trade opportunities to engage with the CIS. India's exports to CIS countries have a net value of \$3.59 billion, accounting for only 0.74% of the region's total imports (2014 to 2022). The Russian Federation is India's

²⁰See the report in South Asia's premier Shipping and Logistic News Portal, "INSTC Begins Operations," *maritime gateway* (June 13, 2022). <https://www.maritimegateway.com/instc-begins-operations/>. Accessed 15 December 2022. For instance, see, the coverage of prominent daily newspaper, Dipanjan Roy Chaudhary, "INSTC operationalized as Russia sends consignments for Indian port," *The Economic Times* (June 14, 2022). <https://economictimes.indiatimes.com/news/economy/foreign-trade/instc-operationalised-as-russia-sends-consignments-for-indian-port/articleshow/92189350.cms>. Accessed 15 December 2022.

²¹ See the coverage of prominent business-focused daily newspaper, "INSTC played a major role in pushing Russia-India trade volume in 2023: RZD Logistics CEO," *The Economics Times*. <https://economictimes.indiatimes.com/news/economy/-2023-rzd-ceo/articleshow/103952544.cms>. Accessed 16 September 2023.

primary export market within the CIS, accounting for 61.70% of exports. Other significant export destinations include Ukraine (11.30%), Kazakhstan (6.62%), Uzbekistan (4.68%), Azerbaijan (3.12%), and Turkmenistan (2.80%).²² Earlier the main impediment was geographical constraints, but the INSTC trade relations have improved with the western side countries. The INSTC served as a potential initiative by addressing connectivity challenges and improving access for more robust trade relations.

The Coordination Council Meeting of the INSTC and the Meeting of Expert Groups in Iran presented comprehensive design of the project. For instance, the routes were revised and updated. INSTC's stakeholders decided to further extend the links to northern Europe either by roads or rail. They decided to establish connections with the Transport Corridor Europe-Caucasus-Asia (TRACECA), originating from China and extending to Europe via the CIS, Iran, and Turkey.²³ Particularly, this intersecting transport system would increase the trade between India with Ukraine, Finland and Germany. India and Iran reaffirmed their commitment to fully realising the potential of the North-South corridor by focusing on infrastructure development, obtaining the required certifications, harmonising customs procedures, conducting expert analyses and regularly assessing its progress to facilitate its advancement. The following section analyses the political implication of the INSTC.

Political Implications of INSTC

The INSTC corridor promoted political engagements between member countries which aided in settling regional issues. The INSTC held significant importance for India on multiple fronts. The corridor not only enhanced the economic aspect of India's ties with Russia and Iran, but it also offered India viable land connectivity with the Central Asian region, as well as the broader Eurasian region. Certainly, the INSTC trade corridor provided a substantial opportunity for India to enhance its ties with Central Asian States

²² See the trade statistics document of Ministry of commerce and Industry of India, Government of India. <http://commerce.gov.in>. Accessed 12 July 2023.

²³ See the official website of TRACECA: In September 1998 at the historic Summit in Baku 12 TRACECA countries signed the "Basic Multilateral Agreement on International Transport for Development of the Europe-the Caucasus-Asia Corridor" with the aim of implementing in full of their geopolitical and economic potentials. In 2009, Iran joined to TRACECA. Today the TRACECA route comprises the transport system of the 13 member-states of the "Basic Multilateral Agreement on International Transport for Development of the Europe-the Caucasus-Asia Corridor" (MLA TRACECA): Azerbaijan, Armenia, Georgia, Iran, Kazakhstan, Kyrgyzstan, Moldova, Romania, Tajikistan, Turkey, Ukraine and Uzbekistan. <http://www.traceca-org>. Accessed 9 July 2013.

and strategically tap into the region's plentiful energy resources, aligning with its enduring goal of fulfilling long-term energy needs.²⁴ Iranian territory is at the strategic crossroad of INSTC which provided the shortest, cheapest and safest route. The port of Bandar Abbas in Iran played role in the multimodal North-South Corridor, functioning as the central hub for all commercial activities and operations along this corridor.²⁵ India is benefited since it has no political conflicts with Eurasian countries. In general, Iran provides its transport facilities for India and Afghanistan to enhance their political ties with each other and with other countries. According to Michael Kugelman, a Senior Associate for South Asia Studies at the Woodrow Wilson International Center for Scholars in Washington, the initiative presented substantial opportunities for Afghanistan too. It has the potential to increase trade volumes, with the chance of experiencing growth in trade from the war-affected nations to markets in Europe and West Asia.²⁶

This multimodal, shortest regional transit system brought new political contours to the region. One of the important points is that Pakistan and China are not members of INSTC. Bruce Riedel, the then CIA officer and Director of Intelligence Projects at Brookings Institution, emphasised that the implementation of the INSTC contributed to Pakistan's apprehensions regarding potential encirclement by India.²⁷ However, Pakistan's and China's political issues with India did not affect the projects. On the part of major powers, the US exerted influence on India to halt the project as part of its efforts to bolster its anti-Iranian stance. This endeavour has a profound political significance. Despite China's initial uneasiness, it has not discouraged Iran from proceeding with the INSTC project, even though India is the primary beneficiary of this corridor.

The INSTC indicated a paradigm shift in the geopolitical landscape of the Asian region. It redefined the strategic relations between India, Russia, and Europe along with India-Iran ties in the post-Cold War period. India exploited the economic advantages in

²⁴India-Iran-Russia Corridor on Fast-Track after INSTC Draft Pact", *India Write* (February 23, 2013). <http://www.indiawrites.org>. Accessed 27 May 2017.

²⁵ See the coverage in prominent daily newspaper, Sandeep Dikshit, "Despite U.S. opposition, Iran to be transport hub for North-South Corridor," *The Hindu* (May 30, 2012). <http://www.thehindu.com>. Accessed 12 November 2018.

²⁶ See for instance, interviewed Michael Kugelman, South Asia expert at the Washington-based Woodrow Wilson Center by Deutsche Welle-DW, German state-owned international broadcaster, "Examining the Implication of the Indo-Iranian Chabahar Port Deal," May 8, 2015. <http://www.dw.de/18439937>. Accessed January 2017.

²⁷ Bruce O. Reidel, "Avoiding Armageddon: America, India and Pakistan to the Brink and Back," (Washington, DC: The Brookings Institution, 2013), 191.

Afghanistan with the support of Iran and invested in Central Asian countries to explore more secure energy sources. The INSTC corridor is geopolitical game-changer in the 21st century. It strengthened India's influence in the area and enabled easier entry into Central Asian markets, aligning with a longstanding objective of its foreign policy. The INSTC has heightened Iran's importance due to its strategic location in the Persian Gulf. Despite international sanctions, Iran effectively managed trade through the INSTC, mitigating negative effects. This has enhanced Iran's geopolitical significance by providing alternative trade routes that bypass conventional maritime bottlenecks.

Among the other regional actors, Russia's participation in the INSTC aligns with its foreign policy of expanding and broadening its network of alliances and partnerships. Russia's strategy was to manage its economic and political objectives in the region, thereby reducing reliance on particular transportation routes. The Central Asian nations involved in the INSTC initiative have improved their geopolitical position and created opportunities for cooperation in several areas, such as trade and security. In short, the INSTC carried significant political consequences as it provided countries with an opportunity for economic collaboration, diminished geographical frailty, and altered regional alignments.

Major challenges of INSTC

The wide-ranging multi-links network created a number of bottlenecks in the development of INSTC projects. A major impediment in bringing out the full potential of transit routes was the self-interest of its various stakeholders. Policy-level decisions remained unchanged and stagnant from 2005 to 2012. The 5th Coordinating Council Meeting of the INSTC in 2015 tried to resolve technical and political challenges associated with the project. Major limitations of INSTC are that it lacked a practical approach to address on-the-ground operational issues, concerns regarding customs procedures and documentation, funding challenges for infrastructure projects and the relatively low level of container trade along the corridor.²⁸ Addressing these challenges required efforts from all member nations and prioritising operational efficiency are

²⁸ Meena Singh Roy, "International North-South Transport Corridor: Re-energising India's Gateway to Eurasia," (New Delhi: Institute for Defence Studies and Analysis-IDSA, August 08, 2015), 1-8. https://www.idsa.in/issuebrief/InternationalNorthSouthTransportCorridor_msroy_180815. Accessed 27 October 2017.

important steps to unlock the full potential of the INSTC and overcome these on-the-ground issues.

The member states failed to reach a consensus on border crossing rules. Furthermore, there were no economical and integrated insurance systems to cover for damages when the containers or freight destroyed or lost at sea. The low pace of data exchange between the member states was another limitation in promoting trade. There was no unanimity regarding tariffs between member states. Higher tariffs were also imposed for transportation of goods. There was a shortage of wagons and fitness certified trucks for transportation. Other impediments included, security issues; complicated customs process and visa formalities; lack of parking facilities; poor road-rail transportation; and fuel price variations in member countries.²⁹

In addition, the INSTC has to confront other difficulties to get fully operational by the target period. The presence of geopolitical instability and security issues, specifically in Afghanistan, was a substantial obstacle to the normal functioning of the INSTC. The political instability in the region led to interruptions in transit routes, compromising the security of commodities and impeding the overall dependability of the corridor. The INSTC passes through regions that have a history of instability and pose a security risk. The existence of conflict and political instability in the region has led to disruptions, making it challenging to ensure the safe and secure delivery of items along the corridor.

Lack of sufficient road and rail infrastructure hindered the smooth transition between different modes of transport along the INSTC. Poor road conditions and limited rail capacity have caused delays and prolonged the overall transportation time for goods. The effectiveness of a multimodal transport corridor depends on the smooth integration of road and rail networks. The shortcomings in this integration have the capacity to undermine the efficiency and competitiveness of the INSTC. Fluctuations in fuel prices influenced the expenses associated with transporting goods. The significant volatility in oil prices poses challenge for businesses in budgeting and forecasting transportation expenses. The lack of sufficient parking infrastructure along the corridor provided difficulties for trucks and logistics firms.

²⁹ For more details, See the official website of INSTC, www.instc.com. Accessed 1 May 2020.

The primary requirement is cooperation between the member states and raising sufficient funds to complete the projects across the region. The member states also faced difficulties in accessing loans and grants from international financial institutions. The complicated procedures involved in customs and visa requirements at border checkpoints raised bureaucratic obstacles, resulting in disruptions to the flow of products. The existence of divergent and complicated legal systems across member countries caused delays in paperwork and posed administrative challenges at border checkpoints. To truly facilitate the growth of the INSTC, member nations implement standardised customs procedures at border stations, thereby avoiding unnecessary repetition of technical formalities. Each country established round-the-clock operational checkpoints with standardised protocols and multimodal terminals to prevent delays in transportation. It is necessary to establish and organise a unified documentation system that allowed access to the land, sea, and rail routes of several states through a single window. In addition to these logistical considerations, it is necessary to establish dedicated integrated technical assistance offices in each country to facilitate trade from other countries. Addressing this issue is significant to ensure the uninterrupted and safe delivery of items along the corridor.

India's Interest in Chabahar Port of Iran

As previously discussed, the Chabahar port is a cargo-transport port under construction located in the Gulf of Oman near the Makran coast, Sistan and Balochistan regions of Iran. It has a role in boosting the water and land-based transport channels in the region. Chabahar is widely seen to serve as the "gateway" to the Indian subcontinent. This indicated the importance of the location as a primary entryway or point of access to the Indian subcontinent and vice versa. Chabahar port was recognised as a major junction for international commerce in the southern corridor. The strategic positioning of this place grants it direct access to oceans and deep waterways, making it a site for possible docking of huge vessels. Chabahar's strategic location made viable opportunity for future global trade.³⁰ The recognition of Chabahar port as a vital hub for world trade in the southern corridor is based on its strategic benefits of its location, access to seas, and its capacity to handle large ships. Chabahar port possesses features that not only establish it as an

³⁰See for instance, Ministry of Commerce & Industry, Government of India in collaboration with Federation of Freight Forwarders' Association in India and International North South Transport Corridor held Conference on "Exploring Opportunities on the INSTC," in 2015. <http://Commerce.gov.in>. Accessed 8 May 2017.

important location for current trade routes, but also as a prospective centre for future global economic activities.

India joined Iran to build Chabahar port in 2004, but during the initial eight years, progress was stalled due to the sanctions imposed on Iran by the US. In the 16th summit of NAM in 2012, India, Iran and Afghanistan formed a Joint Working Group (JWG) and agreed to assist Iran in building the new port complex at Chabahar.³¹ The JWG is marked a significant milestone in the collaborative efforts of India, Iran, and Afghanistan to assist in the development of the Chabahar port complex. This joint initiative emphasised the commitment to regional connectivity, economic development and fostering diplomatic ties through multilateral forums.

The Chabahar Port acted as India's strategic 'port of entry' to the western side countries through Iran. India decided to supply \$400 million worth of rail-steel to Iran to renovate the 500 kilometres Chabahar Linking Rail Network which connected Chabahar and Zahedan, near the borders of Afghanistan and Pakistan. India has two important reasons in engaging with the Chabahar port. Firstly, it shortens the route into the land-locked Afghanistan and secondly it improves India's access through the Bandar Abbas port of Iran. For India, a strategic outcome of this development is improved accessibility and proximity to the Eurasian and Central Asian regions without the hindrance of Pakistan.

³¹ See the Interview of Ranjan Mathai, Foreign Secretary, titled as "Transcript of the media briefing by Foreign Secretary on Prime Minister's visit to Iran to attend the XVI NAM Summit, (New Delhi: Ministry of Foreign Affairs, Government of India, December 25, 2012). <https://www.mea.gov.in/media-briefings.htm?dtl/20379/Transcript+of+the+media+briefing+by+Foreign+Secretary+on+Prime+Ministers+visit+to+Iran+to+attend+the+XVI+NAM+Summit>. Accessed 8 May 2017.

Map. No. 03: Chabahar Port



Source: SAGE publications (<https://journals.sagepub.com/doi/pdf/10.1177/02627280211055981>).
Accessed 9 January 2024

Most importantly, India only needs to go through a part of the Iranian corridor to reach out to the adjacent countries on the west of Pakistan. Chabahar port provided notable cost benefits, including a 40% reduction in Terminal Handling Charges (THC) and a 50% discount on loading and storage costs for container transit and trans-shipment. In addition, non-oil commercial vessels are eligible for transit discounts of up to 75%. These advantages made Chabahar port a financially attractive choice for a wide range of trade activities.³² These incentives enhanced the port's ability to compete, promote economic variety and have a vital impact on the growth of Chabahar as a strategic and flourishing commercial centre in the region.

India has a multifaceted interest in the Chabahar port, including strategic advantages and the potential to reduce distance and costs. For instance, the port to port distance between Mumbai to Bandar Abbas is 1265 nautical miles and from Kandla, located in Gujarat, to Bandar Abbas it is 980 nautical miles. The strategic implication of Chabahar port was

³²For more details, see the report of Ministry of Roads and Urban Development Ports and Maritime of Iran, <http://www.pmo.ir>. Accessed 27 July 2021.

that it reduces the port-to-port distance between Mumbai and Chabahar to 936 nautical miles saving 329 nautical miles. The distance between Kandla and Chabahar is 650 nautical mile and could save 330 nautical miles. Indian Port Authority conceived to enhance the port-to-port transport between Mumbai and Chabahar which can derive better benefits in comparison to any other port in India. Mumbai port is the biggest, handling one-fifth of India's foreign trade where big ships can comfortably anchor.

India has displayed significant commitment to the project by pledging an initial investment of \$500 million, which includes a \$150 million line of credit from Exim Bank to Iran's Maritime and Ports Organisation. The purpose of this financial support is to accelerate the construction of jetties and berths at Chabahar port, thus enhancing its operational capabilities.³³ India's commitment to enhancing the operating capabilities of the port is highlighted by the focus on accelerating the building of crucial infrastructural components. This is aimed at benefiting both nations.

In short, the Chabahar port offered substantial economic and strategic benefits to India, with the ability to compete with China's Gwadar port in Pakistan. In August 2022, Sarbananda Sonowal, Union Minister for Ports, Shipping, and Waterways of India travelled to Iran to sign an MoU regarding the recognition of Certificates of Competency in Unlimited Voyages for sailors from both countries. The visit also emphasised the continued collaboration in regional connectivity, specifically the advancement of the Shahid Behesti Terminal at Chabahar Port, which has successfully managed 255 boats and substantial cargo quantities from diverse nations.³⁴ The Ministerial visit to Iran, the signing of the MoU on seafarer certificates and the emphasis on the development of the Shahid Behesti Terminal at Chabahar highlighted India's willingness to harnessing the economic and geopolitical influence of this significant maritime infrastructure. The port's effective functioning and its capacity to compete with Gwadar port underlined its significance in influencing regional connectivity and trade dynamics.

³³ Charu Sudan Kasturi, "Eye on China, rush to seal Iran port deal", *The Telegraph* (December 25, 2015). <https://www.telegraphindia.com/>, <https://telegraphindia.com/china-eyes-iran-as-important-belt-and-road-hub>. Accessed 17 March 2017

³⁴ Annual report-2022, Ministry of External Affairs, Government of India, 100-103. https://www.mea.gov.in/Uploads/PublicationDocs/36286_MEA_Annual_Report_2022_English_web.pdf. Accessed 20 December 2022.

³⁴ Harsh V Pant and Ketan Mehta, "India in Chabahar: A Regional Imperative," *Asian Survey* 58, no. 4 (2018): 660–78.

Strategic significance of composite structure involving Chabahar Port and INSTC

The integration of Chabahar port with INSTC is strategically and politically significant. It strengthened the potential of INSTC to develop more connectivity within the member states while reducing considerable time and cost. Unlike Bandar Abbas, India has authorised access in Chabahar ports' gateways to the western countries and it has a ten-year port consortium with Iran. India can alternatively use Chabahar and Bandar Abbas ports depending upon the export destinations. Bandar Abbas is essential for facilitating the transportation of products via the North-South Corridor to Europe. On the other hand, Chabahar port is specifically intended to handle trade along the Eastern axis.³⁵ Iran provided two gateways for India to access the Central Asia as well northern countries of Europe.

With its strategic location, the Chabahar port possesses significant potential to establish connections with major business centers in Asia, including Mumbai, Dubai, Turkmenistan, and Milak (Afghanistan) All of these destinations are located in close proximity to the primary shipping routes of the INSTC. The Chabahar port is located 950 km away from the mineral-rich region of Milak in Afghanistan, around 1,827 km from Sarakhs on the Turkmenistan border, and a mere 120 km from the border with Pakistan.³⁶ While connecting Chabahar port and INSTC, both can enhance their strategic importance to each other in the region. The primary purpose of establishing the Chabahar port in Iran was to facilitate the transshipment of a diverse range of goods, including tea, food items, electronics, construction materials, and heavy machinery. India is benefited from this commonality in terms of export commodities to its western side countries, making it advantageous for India.

Iran established Chabahar Free Zone in the vicinity of Chabahar port city. Some areas were allocated for industrial activities and the rest for commercial services, residential,

³⁵ See coverage in prominent business daily newspaper, Sanjay Kapoor, "Chabahar, a geo-political plus for India," *The Hindu Business Line* (November 28, 2016). <https://www.thehindubusinessline.com/opinion/chabahar-a-geopolitical-plus-for-india/article9395192.ece>. Accessed 12 June 2019.

³⁶ See the report, Maj Gen P K Chakravorty, "Chabahar Port: Strategic Necessity for India," Bharat Shakti-Self Reliance in Defence, May 29, 2016. <https://bharatshakti.in/chabahar-port-strategic-necessity-for-india/>. Accessed 12 June 2019.

tourism and green area activities. The Chabahar port is equipped with two primary jetties, namely the 'Shahid Beheshti' jetty and 'Shahid Kalantari jetty'. 'Shahid Beheshti' jetty boasts a spacious sheltered warehouse spanning 18,000 square meters and has the capability to accommodate vessels with a gross tonnage of up to 100,000. The second one, 'Shahid Kalantari jetty', has 42,000 square meter sheltered storage. India has the option of leasing storage facilities in both Iran and Afghanistan to store its goods. In addition, there is a joint initiative between the Jawaharlal Nehru Port Trust and the Kandla port in India, with a substantial investment of \$85 million dedicated to the construction of two container berths. These berths, spanning a total length of 640 meters, are complemented by the development of three multi-cargo berths, all aimed at enhancing and expanding the port's infrastructure.³⁷

By utilising the storage facility in the warehouses of Chabahar port, India exported more goods by making it as a business centre for both imports and exports to deal with the western side countries and avoid delay in trade. India has ensured a long-term consortium with Iran to develop its container berth to anchor and store the exported goods. For instance, in 2016, India and Iran have signed a ten-year agreement which was extendable. The provisions in the contract included the first two years as the grace period. Starting from the third year, India aimed to facilitate the handling of 30,000 TEUs (Twenty Foot Equivalent) of cargo at the Chabahar port. Over time, this capacity is expected to increase significantly, reaching 250,000 TEUs by the tenth year. The collaborative efforts of India, Iran, Afghanistan and other partners can transform Chabahar port into a significant free trade zone in the global market, located at the confluence of the Arabian Sea and the Indian Ocean. For instance, India commenced the first shipment of wheat to Afghanistan on October 29, 2017, via Iran's Chabahar Port. Narendra Modi, current Prime Minister of India conveyed to Afghanistan and Iran, appreciations at the initiation of the Indian wheat transport from Kandla to Afghanistan via Chabahar.³⁸ The significance of Chabahar port

³⁷See the report, "Chabahar port contract signed during PM Modi's Iran visit," *Financial Express* (May 23, 2016).<https://www.financialexpress.com/policy/economy-chabahar-port-contract-signed-during-pm-modis-iran-visit-why-the-port-is-of-strategic-importance-to-india-263266/>. Accessed 15 June 2020.

³⁸Harsh V Pant, Michael J. Green, Zack Cooper, Matthew Funaiole, Jesse Barker Gale, Jonathan Hillman, Gurmeet Kanwal, Gregory B. Poling, and Andrew Shearer, "India-Iran Cooperation at Chabahar Port: Choppy Waters," in *China's Maritime Silk Road: Strategic and Economic Implications for the Indo-Pacific Region*, edit Nicholas Szechenyi (Washington Dc: Center for Strategic and International Studies-CSIS 2018),16-19.

for India lay not only in its strategic position as a gateway for expanding regional infrastructure but also in facilitating trade and aid to Afghanistan.

The 10th virtual meeting of the Joint Working Group on Ports and Maritime Cooperation between India and Iran was held in 2021, in New Delhi, India. The meeting revolved upon regional connectivity matters, with particular emphasis on the INSTC. Since December 2018, the Shahid Beheshti terminal at Chabahar Port, which is operated by the Indian company, i.e.; India Ports Global Limited, has experienced a steady increase in the amount of bulk and general cargo traffic. During this period, the terminal has handled a total of 152 vessels, 14420 TEUs of containers and over 3.11 million metric tonnes of bulk and general cargo. In addition to cargo originating in India, the port has successfully handled a diverse range of shipments and trans-shipments from nations including Russia, Brazil, Thailand, Germany, France, Ukraine, Bangladesh and UAE.

Chabahar port is not only a transport corridor to access the oil-rich western region but it also has political and strategic implications. Its relevance was strengthened when China and Pakistan evinced readiness to invest in Chabahar port. They perceived Chabahar port can enhance their conjoint connectivity projects across the region in addition to influencing India's presence in the region. Further, Iran cannot ignore Chinese interest in joining the Chabahar port project any longer. Iran has no impediments to go-ahead with China on any project in the region. Iran is looking for expanding economic benefits from all regional initiatives in the east and it has to strengthen its weakened economy.³⁹ Iran is making effort to break its isolated economic and political position while engaging with the regional countries. The resolution of the nuclear issue between the US and Iran from 2015 to 2018 had a positive impact on the Chabahar and INSTC projects. This allowed the stakeholders to make progress on both projects (during that period).

At a broader level, these achievements confirm the strategic importance of the Chabahar port and the collaborative endeavours between India and Iran to enhance regional connectivity through projects such as INSTC. The coordinated endeavours not only boosted economic growth but also strengthened diplomatic ties, fostered mutual cooperation and partnership between the two nations across various sectors.

³⁹ Scott Harold, Alireza Nader, "China and Iran Economic, Political, and Military Relations," (California: RAND Corporation, 2012), 1-46. Accessed 23 September 2016.

Road-Rail Collaborations involving India and Iran

India faced difficulties in building and operating transport links through the regions of Iran and Afghanistan. It had a land route to connect Central Asia and Europe through the Old Silk Route. It started from Ladakh and extended to Kashgar, a region in the Xinjiang province of China and then, to Kazakhstan and Tajikistan.⁴⁰ The majority of the Old Silk routes ran through Pakistan-Chinese territories. Ladakh to Kashgar transport corridor was a right option for India.⁴¹ India itself cannot revive the old Silk Route as its major areas are in sovereign parts of Pakistan and China. India depended upon on the road-rail networks of the western side countries, giving greater priority to the INSTC. The Central Asian countries involved in the constructions of transport corridors to connect Asia with Europe. They developed new transport lines to their Southeast countries such as China, Iran, Pakistan and Turkey. The principal railway link of Central Asia with INSTC is Iran-Turkmenistan and Kazakhstan and it helped in the inter-state transaction of goods. Kazakhstan, Turkmenistan and Iran launched train service between Uzen-Bereket-Gorgan which enhanced the link of INSTC.⁴² The Chabahar-Faraj-Bam link is also a railway project in Iran. Bam is, located near the Afghanistan border and is linked with Zaranj-Delaram in Afghanistan through the roadways. Chabahar-Iranshahr-Zahedan-Milak Road and Milak is located on the Afghan-Iran border connected Iran and Afghanistan. The Chabahar-Zahedan-Mashhad railroad connected with Hajigak in Afghanistan through Zaranj.⁴³ The importance of these Iran-Afghan road-rail networks was that it improved the transportation projects of INSTC. The Russian and Azerbaijani railways finalised the tariffs for cargo transportation and they are looking for a Russia-Azerbaijan-Iran-India conjoined rail line as part of the INSTC

Iran began to expand the railroad networks across the country to connect with the transportation system of neighbouring countries. Iran shares borders with eight countries

⁴⁰ Nasir Raza Khan, "India's Connection with the Silk Route," *India Quarterly* 61, no. 1 (2005): 79–117.

⁴¹ V. P. Malik, "India-China Connectivity: Strategic Implications," in *Connectivity Issues in India's Neighbourhood*, (New Delhi: Asian Institute of Transport Development, 2008). <https://www.aitd.net.in/pdf/studies/2.%20Connectivity%20Issues%20%20in%20India's%20Neighbourhood.pdf>. Accessed 14 June 2020.

⁴² See coverage in a prominent news agency, Marat Gurt, "Landlocked Central Asia gets shorter railway link to Persian Gulf," *The Reuters* (December 3, 2014). <https://www.reuters.com/article/turkmenistan-railway/landlocked-central-asia-gets-shorter-railway-link-to-persian-gulf-idUKL6N0TN2BR20141203>. Accessed 4 January 2018.

⁴³ See the report of RailFreight.com. <https://www.railfreight.com/corridors/2022/11/14/iran-inaugurates-critical-instc-railway-section/>. Accessed 6 January 2023.

and it could convert this into a mega transportation system in the region. Mohammad Reza Rahimi, the then Vice President of Iran stated;

“Iran had the plan to revive the railroad potentials of the Old Silk Roads and it intended to establish rail connection with Iraq, Syria and Lebanon from the southern parts of the country.”⁴⁴

He underlined that Iran has also plan to make railroad network to connect the Arab world. The Zaranj-Delaram Highway in Afghanistan spans approximately 218 km and operates as a two-lane road connecting Zaranj in Nimroz province, near the border with Iran, to Delaram in Farah Province. This significant highway serves as a vital link between Afghanistan and Iran, while also intersecting with the Kandahar-Herat Highway at Delaram. Consequently, it plays a role in facilitating transportation access to major cities across Afghanistan. The relevance of Delaram-Zaranj Highway is that it can short the travel time from 14 hours to 2 hours and this attracted India to invest in this project. Border Roads Organisation (BRO) of India spent around Rs 600 crores to design and complete the Delaram-Zaranj road in 2009. The strategic importance of Zaranj-Delaram Highway for India is an easy access to Bamyan and Hajigak⁴⁵, mineral-rich provinces in Afghanistan. In 2011, the Indian Steel Authority made agreement with the Afghan government to undertake mineral exploration in these two regions. The isolated region of Bamyan has iron ore with an estimated value of \$420 billion, copper ore with an estimated value of \$274 billion, and other minerals with an estimated value of \$214.1 billion.⁴⁶ For instance, India can transport the processed minerals through the Delaram-Zaranj Highway to Chabahar port with least cost and time.

The Zaranj-Delaram road helped the Afghani business community exchange their goods at Chabahar port which is closer to Afghanistan than the Karachi harbour. Iran has supported Afghan traders by providing substantial incentives, including a notable 90% reduction in port fees and a 50% discount on warehousing charges. Iran has granted complete transit rights on its roads to vehicles originating from Afghanistan. These

⁴⁴ See coverage of Domestic Economy Desk of Iran in Iran daily newspaper, “Chabahar-Zahedan-Mashhad Railroad Project Starts,” *Iran Daily News* (December 07, 2010). <http://old.iran-daily.com>. Accessed 12 July 2019.

⁴⁵ The Hajigak iron ore deposit is situated in the mountainous Bamyan province, 130 km west of Kabul and it is one of several iron deposits. A study in the 1960s demonstrated the mineral potential of the region, and estimated the Hajigak resource as 1.8 billion tonnes of iron ore with a concentration of approximately 62%. Minerals in Afghanistan. <https://www.bgs.ac.uk/>. Accessed 10 July 2016.

⁴⁶ See the documents of Ministry of Mines of Afghanistan Geological Survey, Government of Afghanistan. <https://www.bgs.ac.uk/AfghanMinerals/mininfo.html>. Accessed 10 July 2016.

measures were intended to facilitate trade processes and promote economic collaboration between the two countries. As part of its efforts, Iranian Railways (IRIR) constructed a 300-km railway connecting Mashhad in Khorasan province, Iran, to Tejen in Turkmenistan. This railway, which commenced operations in 1996, served as a link to the INSTC.⁴⁷ The Khaf-Herat Railway Project connects eastern Iran to western Afghanistan, spanning 225 kilometers along the border between the two countries.⁴⁸ Distance from Khaf to Herat by railway is 191 km connected Iran with Afghanistan and the Central Asian region. It helped the Afghani business people to export and import goods for less cost and time with CAS and Iran. The Iranian transport system played a significant role to expand the potentiality of INSTC. The linkage between the Kazakh-Turkmen-Iran railway and the Chabahar port has the potential to significantly enhance trade routes to Central Asia.

India and Iran mutually invested in the transport infrastructure of Afghanistan and they completed a 123-km road between Herat and the Dogharoun region in Iran. The distance between Dogharoun to the Iranian port of Chabahar port is 1462 km and it also minimised Afghanistan dependency on Karachi port of Pakistan. India has a plan to construct a direct 900km road network from Chabahar port to Hajigak and Bamiyan and this is expected to be the cornerstone of trade ties between India and Afghanistan.⁴⁹ India, Afghanistan and Iran had begun the negotiations for the construction of this route and they launched the work in 2014.

European companies were also interested in utilising the potential connectivity of the INSTC to establish link with Northern Europe. Discussions were held on the participation of European nations, including Estonia, Finland, and Latvia, in the INSTC. For instance, Deutsche Bahn, the German railway firm, was interested in utilising INSTC to enhance Germany's trade with Iran.⁵⁰ The French development agency; Agence Française de Development (AFD) participated in a co-financing agreement with the Asian

⁴⁷ See the report. LC Revolv, "Ministry of Railways (Turkmenistan)," on Revolv.com. <https://topics.revolv.com>. Accessed 12 July 2016.

⁴⁸ See the coverage in premier semi-official news agency of the Iranian government, "Khaf-Herat railway soon to become operational," *Mehr News Agency* (July 11, 2023). <https://en.mehrnews.com/news/203163/Khaf-Herat-Railway-resumes-operation>. Accessed 17 November 2023.

⁴⁹ Zahid Ali Khan, "China's Gwadar and India's Chahbahar: An Analysis of Sino-India Geo-Strategic and Economic Competition," *Strategic Studies* 32, 33 (2012): 79–101.

⁵⁰ Arun S. Nair, "India-EU Connectivity Partnership: Potential & Challenges," (New Delhi: Research and Information System for Developing Countries-RIS, July 2020), 1-102. Accessed 12 September 2021.

Development Bank for the project. An idea was to combine the INSTC with the European Union's Trans-European Network-Transport (TEN-T) Core Network. Member countries interested to link the INSTC with the North Sea-Baltic TEN-T Core Network Corridor, the Scandinavian-Mediterranean TEN-T Core Network Corridor, and the Baltic-Adriatic TEN-T Core Network Corridor. Latvia has made notable endeavours to align its railway system with the INSTC.⁵¹ The incorporation of INSTC into existing European transport networks not only enhances its economic feasibility but also contributes to the larger goal of constructing a well-linked viable transcontinental corridor between Asia and Europe. Against the backdrop of India- Iran multiple connectivity, one has to examine the implications of China-Pakistan Economic Corridor (CPEC) which also involves Iran, In fact, India has a diverging perception on CPEC because of the participation of China and Pakistan in it.

China-Pakistan Economic Corridor (CPEC) and India's position

In parallel to INSTC, China increased its involvement and interaction with nations in the western part of Asia. Pakistan and China were undertaken various efforts to revive the Old Silk Route through the policies of String of Pearls, One Belt and One Road (OBOR) and CPEC. The CPEC had a substantial investment worth billions of dollars and spans approximately 3000 km, aimed to connect Pakistan's Gwadar port with China's Xinjiang province through the construction of a four-lane expressway, railway lines, and a gas pipeline. This development has resulted in increased competition between India and China in both the Indian Ocean and South China Sea regions.⁵² China's endeavours in the western region of Asia, particularly the CPEC, embodied a comprehensive plan to revitalise the historical Silk Road and enhance its economic and geopolitical connections in the area. The ensuing rivalry between India and China included both terrestrial and maritime spheres, exerting influence on strategic deliberations in the Indian Ocean and South China Sea areas.

⁵¹Hriday Sarma and Dwayne R Menezes, The International North-South Transport Corridor (INSTC): India's grand plan for northern connectivity (South Asia Democratic Forum-SADF, 8 June 2018),1-11. <https://www.sadf.eu/the-international-north-south-transport-corridor-instc-indias-grand-plan-for-northern-connectivity/>. Accessed May 21 2020.

⁵²See the Introduction, vision and mission, significance and potential of CPEC, official website of CPEC. <http://cpec.gov>. Accessed 2 May 2022.

The CPEC has decreased the transit route time and cost between China and West Asia. According to the official website of CPEC, the creation of this commercial route provided positive outcomes not just for China and Pakistan, but also for Iran, Afghanistan, India, the Central Asian Republics, and the broader region.⁵³ The influence of this initiative surpassed national boundaries, fostering economic expansion, connection and cooperation among these countries.⁵⁴ The CPEC was positioned as a transformative initiative with the potential to bring about positive changes in regional connectivity, economic growth and collaboration. By reducing transit distances, fostering cross-border cooperation, and promoting shared prosperity, CPEC aimed to transcend national borders and contribute to the overall development of the member nations and the wider region.

India's uneasiness was CPEC's express highway runs through the Pakistan Occupied Kashmir (PoK). The CPEC's road will advantage to the insurgent groups in Pakistan to access Indian territories as it does not have monitoring power in this corridor. S. Jaishankar, current External affairs Minister of India, opined that CPEC is hard-wiring the new world. It strengthened Pakistan to challenge India's interest in the region. India conveyed its apprehension to China. India was not favoured Pakistan's attempt to cede the PoK region, around 5,180 sq. km, to China. China has also made substantial investments on the Karakoram Highway and played a key role in establishing 'development and electricity projects in the Gilgit-Baltistan' provinces of PoK.

China expanded the 'String of Pearls' with the support of Iran and Pakistan. It helped to construct a combined water-land transport connectivity system between West, East and Central Asia. The possibility of such a policy was heightened when first-ever freight train (non-passenger) from China to Iran successfully ran through Kazakhstan and Turkmenistan. The railway spanning over 6,462 miles connects the Chinese region of Yiwu to the capital city of Iran, Tehran, providing a significantly faster transportation route compared to the lengthy maritime voyage from Shanghai's port to Iran's Bandar Abbas. Ahmad Akhoundi, the then Minister of Roads and Urban Development of Iran, emphasised the importance of extending the project to include railway connections with Tajikistan, Kyrgyzstan, and China. This would result in the creation of an extensive

⁵³ Syeda Ailiya Naqvi, "China-Pakistan Economic Corridor Implications for India," *Pakistan Horizon*, 70, no. 3 (2017): 117–27.

⁵⁴ See for instance, Khan, Muhammad Zahid Ullah, and Minhas Majeed Khan, "China-Pakistan Economic Corridor: Opportunities and Challenges," *Strategic Studies* 39, no. 2 (2019): 67–82.

railway network along the Silk Road, spanning from southern Iran to China.⁵⁵ He highlighted the strategic importance of regional integration efforts to enhance the Silk Road railway network. According to Aryaman Bhatnagar, a policy advisor in the Peace & Security Programme, the Yiwu-Tehran train served as proof of China's strategic plan to integrate the region, specifically by establishing Central Asia as the main centre.⁵⁶ The objective was to develop a comprehensive network and position vital Asia as a vital hub in China's goal for economic cooperation and geopolitical influence.

Significantly, unlike India, China was better placed to exploit the regional connectivity spaces in the region with the support of both Iran and Pakistan. China also assessed the possibility of either aligning with or impeding India's endeavours with Iran. China was interested to shift the Iran-Pakistan-India – IPI gas pipeline to an Iran-Pakistan-China – IPC line by connecting Iran to Xinjiang province in China through Pakistan. Moreover, China interested in investing in the Chabahar port and constructing highways connecting China and Iran. This initiative aimed at enhancing regional connectivity between the two countries. India was apprehensive about China's regional initiative with Iran, especially Pakistan in the region. It challenged India's geopolitical position in the region.

Pakistan's Gwadar Port and India's Challenges

Gwadar is a strategic seaport and part of the Chinese 'String of Pearls strategy'.⁵⁷ It has built at the mouth of Persian Gulf by Pakistan with the assistance of China in 2006. Its location is close to the Strait of Hormuz and 72 km, away from the Chabahar port. The port has the capacity to operate as a secure outlet and also act as a storage and transshipment center for oil and gas supplies. This arrangement enabled the efficient

⁵⁵ See coverage in prominent daily Chinese newspaper, "First train from China to Iran stimulates Silk Road revival," *China Daily* (February 16, 2016).

https://www.chinadaily.com.cn/business/2016-02/16/content_23499170.htm. Accessed 17 December 2019.

⁵⁶ See coverage in online international magazine, Sudha Ramachandran, "Iran, China and the Silk Road Train," *The Diplomat* (March 30, 2016). <https://thediplomat.com/2016/03/iran-china-and-the-silk-road-train/#:~:text=The%20Yiwu%2DTehran%20train%20underscores,and%20the%20Central%20Asian%20region>. Accessed 2 July 2019. See for reference, Linyan Huang Lasserre, Éric Mottet, and Elizabeth Guill, "The Emergence of Trans-Asian Rail Freight Traffic as Part of the Belt and Road Initiative: Development and Limits," *China Perspectives*, no. 2, 121 (2020): 43–52. Accessed 19 October 2022.

⁵⁷ The String of pearls is a geopolitical theory on potential Chinese intentions in the Indian Ocean region. It refers to the network of Chinese military and commercial facilities and relationships along its sea lines of communication, which extend from the Chinese mainland to Port Sudan.

transportation of these resources from Pakistan to Iran.⁵⁸ The distance from Kashgar, a province in China, to Gwadar is 1,500 km. Gwadar port has political and military implications with commercial interest and it stretches from Chinese mainland to Port Sudan and Sri Lanka.

The development of Gwadar port raised a serious concern to India's maritime interest in the Arabian Sea and its imports of petroleum and oil via the Gulf of Oman. The establishment of Gwadar port triggered a rivalry between India and China in the area, compelling India to increase its maritime surveillance in the Andaman Sea. Another apprehension of India was that Gwadar transit corridor may potentially facilitate insurgency and terrorism, given its close proximity to Baluchistan and PoK. The lack of transparency in the port project intensified India's concerns. It implied, through this connected stretch China can monitor the Persian Gulf and the Indian Ocean waters and pursue overland oil transportation. The lion's share of Chinese oil freights moving through the Strait of Malacca was not considered a safe passage for China. The Gwadar port route is free from the US naval control and is an exclusive Chinese entry into the Indian Ocean and the Persian Gulf.⁵⁹ Gwadar port transport system is multi-linked, with railroads and oil pipelines installed between Gwadar and Kashi, a region of western China, which is the shortest route. It is a special economic zone and China can enhance trade ties with major West Asian countries through the Persian Gulf. Like Chabahar port, the Gwadar port has potential to transform into an economic hub in the region.⁶⁰ Xi Jinping, the current President of China, expressed confidence in the trade prospects among Silk Road economies, anticipating a significant increase to \$2.5 trillion in the next ten years.⁶¹ Zhang Gaoli, the then Vice Premier of China and leader of the high-level group responsible for supervising the project, stated that its main objective was to promote policy of coordination throughout Asia, promote trade liberalisation, foster

⁵⁸ See coverage in prominent daily newspaper, Syed Fazl-e-Haider, "A great game begins as China takes control of Gwadar port," *The National* (October 06, 2012).

<https://www.thenationalnews.com/opinion/comment/a-great-game-begins-as-china-takes-control-of-gwadar-port-1.381352>. Accessed 12 July 2019.

⁵⁹ Abhinandan Netajee, "Changing Security Environment in Indian Ocean: Decoding the Indian Strategy," *Indian Foreign Affairs Journal*, 14, no. 2 (2019): 137–48.

⁶⁰ Mir Sherbaz Khetran, "The Potential and Prospects of Gwadar Port," *Strategic Studies* 34/35, 2014, 70–89. See for instance, Zahid Ali Khan, "China's Gwadar and India's Chabahar: An Analysis of Sino-India Geo-Strategic and Economic Competition," *Strategic Studies*, 32/33 (2012): 79–101.

⁶¹ See the coverage in prominent daily newspaper, Atul Aneja, "China unveils details of ambitious Silk Road plans," *The Hindu* (March 30, 2015). <https://www.thehindu.com/news/international/China-unveils-details-of-ambitious-Silk-Road-plans/article60492182.ece>. Accessed 15 January 2018.

financial integration, and enhance connectivity and significant people-to-people interactions.⁶² He highlighted China's all-encompassing plan for regional and global expansion. The objective was to establish a highly interconnected and prosperous Silk Road region that fosters mutual advantages and cooperation among member nations. Some of these ideas of China's national leadership is contrary to what India thinks about the real objectives of BRI.

China's geopolitical influence in the region was enhanced by its takeover of the Gwadar port. This port played a vital role as a key connection point for major trans-regional pipelines originating from the West Asia, Iran, and Central Asia. The Gwadar port provided China substantial influence and influence in the region.⁶³ On the other end, the Chabahar port served as India's alternative to China's extensive transit network in the region. India has found regional connectivity linkages as a means to undermine China's strategic dominance in trade transit lanes within the region.

The Gwadar port has intensified energy competition and strategic challenges between India and China. The Chinese presence and strategic activities in the Indian Ocean, Persian Gulf, and South China Sea posed a threat to both India and the US. Both countries perceived that China has the ability to become a dominant power, both on land and at sea. The US apprehension emanated from China's perspective on hegemony in the waters of region, which posed a menace to its naval interests in the Arabian Peninsula and Diego Garcia. In response to this threat, India aimed to establish a strategic balance with China in the region by leveraging the Chabahar port. The geopolitical confrontation between India and China, arising from their competition for control over transit routes and vital marine areas in the region, had influenced the post-Cold War relations between India and Iran.

The other peculiarity of Gwadar port was China not need to cross the Strait of Malacca to connect to the African continent and West Asian region. It enhanced the Chinese CPEC and OBOR initiatives, calls as an "opening-outwards". It indicated that China can build wide land and water based multi-regional economic connectivity through the OBOR in

⁶² Geethanjali Nataraj and Richa Sekhani, "China's One Belt One Road: An Indian Perspective," *Economic and Political Weekly* 50, no. 49 (2015): 67–71.

⁶³ Inayat Kalim and Areeja Syed, "Maritime Economy and Gwadar Port: A Growth Catalyst," *Policy Perspectives* 17, no. 1 (2020): 73–82. <https://doi.org/10.13169/polipers.17.1.0073>. Accessed 23 February 2023.

the region.⁶⁴ The OBOR initiative held the promise of connecting the two ends of the Eurasian continent, encompassing both land (the Belt) and sea (the Road) routes. Spanning across 65 countries and various regions, this initiative covered a significant population of 4.4 billion people, which accounts for 63% of the global population, and boasts a combined GDP of over \$21 trillion, representing 29% of the world's GDP.⁶⁵ China's regional connectivity policy has revived the historical Silk Route, increased economic integration and cooperation among member nations and redefined the strategic power in the region. China's regional initiatives in the region, in collaboration with Iran, have posed a certain degree of challenge to India's relations with Iran, despite the fact that India and Iran have developed the Chabahar port, INSTC, and railroad connectivity in the region.

Prospects of India's 'Focus Africa Programme'

In addition to West Asia, Central Asia and Europe, the strategic significance of the ports in Iran also lies in its ability to provide India with access to the oil-rich countries in Africa. Notably, Africa has emerged as a crucial source of hydrocarbons for India. With numerous newly discovered oil reserves, particularly in the Gulf of Guinea located in the Western part of the continent, Africa has become a region of considerable importance in the global oil market.⁶⁶ The distance between Sudan, sixth largest oil producer in Africa and Bandar Abbas port of Iran is 2106 nautical miles. Nigeria is one of the largest oil producing countries in Africa and the distance from one of its ports, Lagos to Bandar Abbas is 7578 nautical miles. India can utilise the railroad and port transport system in Africa where Algeria, Angola and Libya are also energy loaded countries. India can get a strategic entry into African continent through the Iranian ports where India obtained warehouse facilities also.

India's approach towards Africa extends beyond viewing it merely as a market; rather, India sees Africa as a region where it can contribute to economic activities through

⁶⁴ Yike Fu, and Ovigwe Eguegu, "Mapping the Future of China—Africa Relations: How the Continent Can Benefit," (Johannesburg: South African Institute of International Affairs, Occasional paper-333, October 2021), 1-34. Accessed 14 October 2023.

⁶⁵ See the report of Chinese ministry of external affairs. <http://www.fmprc.gov.cn>. See for instance, Hali, Shafei Moiz, Tan Shukui, and Sumera Iqbal, "One Belt and One Road: Impact on China-Pakistan Economic Corridor," *Strategic Studies* 34/35 (2014): 147–64. Accessed 10 January 2018.

⁶⁶ Freedom C. Onuoha, "The Geo-strategy of Oil in the Gulf of Guinea: Implications for Regional Stability Freedom," *Asian Journal of African Studies*, 45-3 (September 18, 2016): 369-384. DOI:10.1177/0021909610364779, <http://citeseerx.ist.psu.edu>. Accessed 12 January 2018.

various means such as industrialisation and capacity-building initiatives. This vision formed the core of India's "Focus Africa" programme, which was launched in 2002, reflecting India's commitment to fostering mutually beneficial partnerships with African nations and driving sustainable development across diverse sectors. Murasoli Maran, the then Minister for Commerce of India, said;

*"Focus Africa programme was geared towards tapping the tremendous potential for trade with sub-Saharan African region, which had remained negligible despite the growth recorded in India's trade with Africa in the recent years."*⁶⁷

The Focus Africa programme emphasised a comprehensive and strategic approach by India to strengthen its ties with sub-Saharan African countries. By focusing on economic collaboration, infrastructure developments, capacity building, cultural exchanges, and sector-specific initiatives, India seeks to build enduring and mutually beneficial partnerships with nations in the region, contributing to shared prosperity and sustainable development. India and China have economic, energy and agricultural interests in Africa. They have already invested in different fields in Africa such agriculture and allied sectors, minerals and mining sectors and transportations. India ranked among the leading five investors in Africa, contributing approximately USD 74 billion in investments.⁶⁸ India and China can exploit the geopolitical developments in Africa and also expand invest in building the transport networks in African on the continent to connect with Iran's ports Chabahar and Bandar Abbas ports.

Concluding Remarks

The chapter analysed the multilinked regional connectivity initiatives between India and Iran in the post-Cold War period. The geopolitical issues between India and Pakistan were the main reason for India's decision to move expensive and strategic projects with Iran. India found Iran as the right partner for building a multilink transport corridor to reach its neighbouring countries on the western side, despite there is no direct land route

⁶⁷ Niranjana Desai, "India and Africa: A New Engagement," *India Quarterly* 65, no. 4 (2009): 413–29. For more details, Address by External Affairs Minister, Dr S. Jaishankar at the Launch of Book: India-Africa Relations: Changing Horizons, (New Delhi: Ministry of External Affairs, Government of India, 17 May 2022). <https://www.mea.gov.in/Speeches-Statements.htm?dtl/35322/>. Accessed 12 January 2023.

⁶⁸ See the report, "Remarks by External Affairs Minister, S. Jaishankar at the Business Community Interaction" Ministry of External Affairs, July 08, 2023 <https://www.mea.gov.in/SpeechesStatements.htm?dtl/20to%20both>. Accessed 6 October 2023.

to connecting the two countries. The regional connectivity had a profound impact on the redefinition of India and Iran strategic ties in the post-Cold War period. The regional connectivity projects of India and Iran, such as the INSTC and the Chabahar port, improved trade between them as well as with Russia, Afghanistan, CAS and northern Europe. Both the INSTC and Chabahar port enhanced India's 'Connect Central Asia' policy. The most attractive part of their regional initiative was more effective in terms of both cost and time.

From Indian strategic perspective, INSTC and Chabahar port are considered as countermeasures to China-Pakistan's CPEC and Gwadar initiatives. The INSTC and Chabahar port are the strategic instruments for India to mitigate the geopolitical overwhelming of China and Pakistan in the region. All these projects including those of China and Pakistan brought about a complex dynamic orientation into the relations between India and Iran in the post-Cold War period. The multilinked regional connectivity not only met economic requirement but also strategically placed India in the region. The chapter further argued by citing strategic position of Iran to act as an entry point for India to access Africa and it can enhance India's focus Africa programme. It is evident from the analysis that the INSTC and the Chabahar port have the potential to shift the focus of the Indian Ocean and Persian Gulf towards India and Iran. In short, these initiatives not only have the potential to strengthen the bilateral ties between the two nations but also enhance India's geopolitical position in the region. In short, it projects India as a significant regional actor in the changing geopolitical environment in the post-Cold War period. Discussion on the multi-linked connectivity is broadly linked to the economic and energy collaborations between India and Iran. This point is further elaborated in the next chapter.

Chapter: VII

India and Iran Economic Relations and India's Energy Security: Areas of Complementarities

Introduction

Trade, especially of oil, constitute the core of India's economic relations with Iran in the contemporary times. This chapter aims to analyse the trade relations between India and Iran, as well as India's engagement with Iranian oil and gas sectors in the post-Cold War period. In 1991, India adopted economic reforms through a new economic policy, signifying a transition towards a more market-driven approach in its domestic economy. It began to promote free trade and facilitated India's involvement in regional organisations like Association of South East Asian Organisation (ASEAN,) South Asian Association for Regional Cooperation (SAARC), and Shanghai Cooperation Organisation (SCO), which prioritised economic linkages with a national orientation rather than being influenced by ideological considerations. On the other end, Iran displayed a strong intention to improve trade links with both global and regional markets. The moderate-reformist regimes in Iran aimed to achieve economic reconciliation with Western countries and Arab neighbours. Iran aimed to achieve economic stability in response to the Western-imposed sanctions that had undermined the country's economy.

As discussed earlier, India and Iran have had long-standing trade ties since ancient times, which has persisted and developed across the mediaeval and modern periods. India and Iran worked mutually to enhance their bilateral ties. India's energy security has become a subject of discussion between India and Iran, especially considering India's growing efforts to investments in several overseas energy sectors. The bilateral relations between India and Iran have facilitated economic collaboration, driven by Iran's abundant energy resources and India's enormous energy requirements (in tune with India's growing economy). India and Iran have established many agreements and platforms to strengthen their economic relations, both during and after the Cold War. Ministerial-level Joint Commission, Joint Business Council, Economic and Commercial Agreements, Bilateral Investment Promotion and Protection Agreement, Joint Commission and Memorandums of Understanding (MoUs) were some of the initiatives in this direction.

The first part of the chapter focuses on the economic policies of India and Iran, as well as their non-oil trade export and import ties with each other since 1991. The final section of the chapter examines India's energy collaboration with Iran. In addition, the chapter aims to analyse whether India and Iran trade ties can determine their economic ties and are complementary to each other. The following section of the chapter analyses the economic policy of India and Iran in the post-Cold War period.

Economic Policy of India and Iran since 1990s

India and Iran have unique domestic and foreign economic policies that have evolved over time, and their viewpoints diverge from the growing trends in the global and regional economies. India's economic structure is characterised by a combination of private and public sectors. Due to the implementation of the NEP, influenced by neoliberal orientations, India's economy has significantly reduced trade restrictions, especially when it started its journey on a market-oriented direction. India's new political and economic plans prioritise the effective management of the economy, expansion of infrastructure, and maximum exploitation of natural resources to drive economic growth. These policies were designed to facilitate the country's ability to attract investments, especially those from international firms, with the goal of maximising its economic development in the post-Cold War era.¹

In 1991, the government of India under the Prime Minister P V Narasimha Rao, amended the competition law of India; 'Monopolies and Restrictive Trade Practices Act' of 1969 (MRTP), which motivated the private entrepreneurs to pursue more investments in the country. In addition, the BJP-led NDA under the Prime Minister AB Vajpayee government introduced a new law in 2003; 'Competition Act of 2002'², since then, both United Progressive Alliance (UPA), (2004-14) and National Democratic Alliance (NDA), (2014-present) governments of India changed the domestic and external economic policies and promoted foreign investments. Subsequently, Indian governments

¹See document of Rajya Sabha, debates on "India's Economic strategies for Nineties," May 21, 1990; 143-144.

²The Industries (Development and Regulation) Act, 1951 may no longer be necessary except for location (avoidance of urban-centric location), for environmental protection and for monuments and national heritage protection considerations, etc. The Industrial Disputes Act, 1947 and the connected statutes need to be amended to provide for an easy exit to the non-viable, ill-managed and inefficient units subject to their legal obligations in respect of their liabilities. The Board for Industrial Finance & Restructuring (BIFR) formulated under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 should be abolished.

encouraged its private industries to join with external sources for energy exploration and production, especially in West Asian region.

On the other end, the Islamic Republic of Iran had rejected and revised the imperial mode of production and distribution in the country. The Iranian economy was under a transition phase since the Islamic Revolution of 1979, which was carried out by the conservative and reformist schools of thought in Iran. Iran's economy is classified mainly as three sectors: public, cooperative and private. Public sector constitutes the lion's share of the industry whereas private sector is weaker. Major industries such as minerals, oil and gas are under public sector. Unlike India, hydrocarbon is the backbone of Iran's economy and 80% of its total revenue is procured from the energy sector. Iran is recognised as a prominent energy power, as it possesses 10% of the global proven oil reserves and 15% of the proven gas reserves in the region. Furthermore, Iran was ranked 18th worldwide in terms of Purchasing Power Parity (PPP) and it has retained the 27th position based on nominal Gross Domestic Product (GDP).³

Iran adopted a comprehensive approach that included market-oriented reforms and it was the central part of the 20-year Vision document.⁴ Iran remained a significant economic player in the region, exerting substantial influence through its ownership of major public and quasi-public enterprises that exercised considerable control over the manufacturing and commercial realms. According to the World Economic Forum's 2019 Global Competitiveness Report, Iran is ranked 99th out of 140 nations and India is 68th.⁵ The analysis found that India and Iran have distinct economic structures, and their fiscal and monetary frameworks are shaped by internal and foreign economic factors. Nevertheless, they share a common interest in both economic and non-economic domains, which has motivated them to interact with one another. The following section of the chapter

³See the report US Energy Information Administration: Country Analysis Excerptive Summary: Iran, https://www.eia.gov/international/content/analysis/countries_long/Iran/pdf/. Accessed 8 January 2024

⁴Iran's 20-Year Economic Perspective, outlines a roadmap for the country's economic, political, social and cultural developments during the next two decades. The Perspective's preamble promised that by 2025, i.e., after the completion of four five-year development plans, Iran will be a fully advanced country, rising to the number-one rank in economic, scientific and technological progress among 28 nations in the Middle East and Southeast Asia(<http://irandataportal.syr.edu/20-year-national-vision>)

⁵See the report of World Economic Forum. <https://tradingeconomics.com/iran/competitiveness-rank#:~:text=Iran%20is%20the%2099%20most,low%20of%2062.00%20in%202012>. Accessed 12 January 2016.

examines economic ties between India and Iran in non-oil sector in the post- Cold War period.

India's Import and Export with Iran

The trade links between the India and Iran were influenced by the different compositions of commodities that were exchanged between them. The subsequent table presents a statistical overview of India's imports from Iran.

Table No. 03 Trends in India's imports from Iran (US \$ Million)

Year	India's Imports from Iran	India's Imports from The World in US\$ Million	Percentage share of world Import	Annual growth rate of India's Import from Iran	Total annual growth rate of Indian import
1991	584.989	19509.42	2.99	4.33	-18.02
1992	444.411	24452.41	1.81	-24.03	25.33
1993	378.729	23304.07	1.62	-14.78	-4.69
1994	534.416	28654.74	1.86	41.11	22.69
1995	582.073	36592.06	1.59	8.92	27.69
1996	859.993	39112.81	2.19	47.75	6.88
1997	632.165	41429.43	1.52	-26.49	5.92
1998	474.165	42424.95	1.11	-24.99	2.4
1999	1258.224	50010.9	2.51	165.36	17.88
2000	702.361	52940.25	1.32	-44.18	5.85
2001	266.942	50671.11	0.52	-61.99	-4.28
2002	254.158	57453.47	0.44	-4.79	13.38
2003	267.689	72430.52	0.36	5.32	26.06
2004	355.925	98981.13	0.35	32.96	36.65
2005	644.172	140861.7	0.45	80.99	42.311
2006	5918.056	178212.4	3.32	818.71	26.51
2007	9165.577	218645.3	4.19	54.87	22.688

2008	13791.49	315712.1	4.36	50.47	44.39
2009	10591.67	266401.6	3.97	-23.2	-15.61
2010	11078.29	350029.4	3.16	4.59	31.39
2011	11488.13	462402.8	2.48	3.7	32.1
2012	13349.28	488976.4	2.73	16.2	5.74
2013	10031.6	466045.6	2.15	-24.85	-4.68
2014	11246.35	459369.5	2.44	12.11	-1.43
2015	6225.321	390744.7	1.59	-44.64	-14.93
2016	8253.715	356704.8	2.31	32.58	-8.71
2017	11089.43	444052.4	2.49	34.35	24.48
2018	14730.87	507615.7	2.9	32.83	14.31
2019	3375.42	4788837	0.07	-77.0	843.39
2020	1188.48	367980.4	0.32	-64.79	-92.31
2021	408.67	570402	0.07	-65.61	55.0

Source: UN Comtrade, www.comtrade.un.org (Accessed 22 June 2022)

Table No. 03 shows the import data of India from Iran, highlighting the annual growth rate trends in India's imports from Iran, and the percentage share of India's imports from Iran in comparison to its overall imports from both the global market and Iran specifically from 1991 to 2021. Over this time frame, India's total imports from Iran amounted to \$150,172.777 million, while its total imports from the world was \$11,410,961.07 million. Since 1991, India's imports from Iran showed both upward and downward growth and in 1999 it was registered an unprecedented increase of more than 50% to the previous year. The year 2002 showed the lowest level of trade between India and Iran at \$254.158 million. This dawdling situation in India's imports from Iran continued till 2005.

Since 2006 India's imports from Iran began to increase constantly; the years 2008, 2012 and 2018 registered the highest values at \$13791.494, \$13349.275 and \$14730.87 million respectively. The percentage of growth in the last 12 years, since 2006, was greater than the previous years. During this period, the average value of India's imports from Iran was \$8870.77 million and from the world was \$664508.25 million. Considering the entire period from 1991 to 2021, the average annual growth rate of India's imports from Iran stood at 30.51%, while the average growth rate of India's total imports stood at 37.68%.

To find out the trend in the growth rate of India's imports from Iran, the import period was divided into six segments: 1991-1995, 1996-2000, 2001-2005, 2006-2010, 2011-2015 and 2016-2021. Over the specified periods, the annual average growth rate of India's imports from Iran was recorded as 3.11%, 23.4%, 10.49%, 181.08%, -7.2%, and -17.94%, while the annual average growth rate of India's total imports was noted as 10.6%, 7.78%, 22.8%, 21.87%, 3.36%, and 139% respectively.

The analysis shows that both the average growth rate of India's imports from Iran and the overall growth rate of its total imports exhibited fluctuations over the given period. India's imports growth rate in almost all the periods were positive and it showed an increasing rate. The years from 2006 to 2010 and 2016 to 2018 marked the highest trend in India's imports from Iran. Thus, the growth rate of India's imports from Iran was comparatively not following the trend of India's total imports during the period 1991-2021.

Graph 04 presents the annual growth of India's imports from Iran and the growth of India's overall trade in a graphical format.

Line Graph No.04

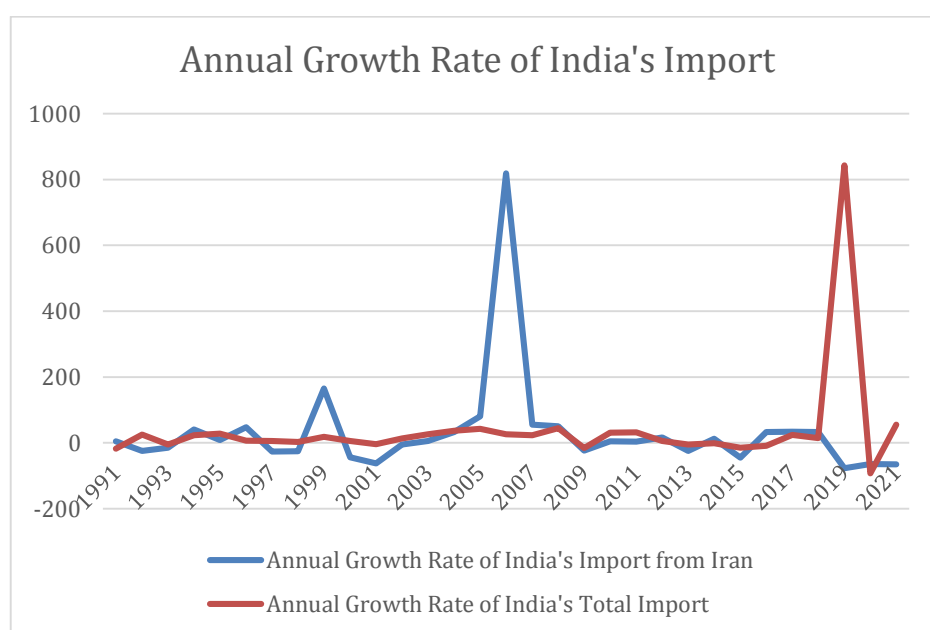


Table No. 04 Commodity Composition of India's Imports from Iran

HS Code	Commodity	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
8	Fruit and dry seeds	-25.26	-40.47	42.83	15.27	-0.29	53.74	14.84	29.04	-4.74	38.93	-27.08
25	Natural products	2579.65	-85.12	170.99	83.07	12.12	-85.75	-19.7	55.94	41.01	62.24	-10.35
26	Ores, slag and ash	60.64	-23.61	105.79	-81.49	-99.15	-20.93	139.08	-88.9	8489.7 ₃	-17.85	-33.83
27	Mineral fuels	50.89	-24.09	-0.56	0.94	18.04	-28.67	19.19	-54.93	55.83	38.83	41.2
28	Inorganic chemicals	545.53	-53.93	55.74	127.9	-17.06	-13.58	55.3	-11.07	-44.52	28.95	-2.18
29	Organic chemicals	43.06	26.93	2.96	-9.48	43.27	0.64	16.67	-4.72	-11.15	-8.32	14.35
31	Fertilisers	1034.24	4801.99	134.76	285	1.618	4.84	-71.4	147.732	-36.01	17.94	-6.54
38	Tanning or Dyeing Extracts and etc	59.68	7.57	9.71	120.19	-58.3	137.39	-31.98	26.24	-11.03	-9.44	-59.54
39	Plastic and Articles	28.35	400.16	156.21	-42.46	63.74	5.05	-15.82	55.55	-36.57	88.53	-67.17
41	Raw hides and skins	36.04	-34.99	-30.27	-11.12	38.55	35.44	51.88	-21.67	-20.1	8.98	-42.34
72	Iron and steel	-89.76	50.39	-24.57	-92.29	2632.44	-4.65	-53.5	-99.28	8862.9 ₄	-17.7	-93.42

Source: Ministry of Commerce and Industry, Government of India, <http://commerce.gov.in> Accessed on May 15 2021

Table No. 04 analysed the composition of India's imports from Iran at a 2-digit HS Code (Harmonized Standard) level. The table provided insights into the percentage share of key commodities in India's imports from Iran, spanning the years 2010 to 2020. India's principal commodities import from Iran was not steady and percentage share of majority principal products was in negative margin in most of the years. Iron and steel (HS Code: 72) were high value commodities in India's imports from Iran and its total value was \$ 11070.6 million between 2010 and 2020 and its highest share was registered in 2018. However, its share was negative in most of the years since 2010. The next important item of India's import from Iran was Ores, slag and ash (HS Code: 26) and its total value was \$8429.48 million and its average share was \$ 766.31million and its highest percentage share was \$8489.73 in 2018. The natural products (HS code 25) share was 2579.65 in 2010, but its share was -85.12 % in next year. Share of Fertiliser (HS code 31) was 1034.24 in 2010 and 4801.99 in 2011. Since 2013, share of this same product declined and its lowest growth rate was registered -36.01 % in 2018. The following table shows trends in India's export to Iran.

Table No.5 Trends in India's Exports to Iran

Year	Export to Iran in US\$ Million	Export to World in US\$ Million	Percentage share of world exports	Annual growth rate of India's export to Iran	Total annual growth rate of Indian export
1991	122.761	17899.89	0.685	58.197	-0.224
1992	127.851	20711.29	0.617	4.146	15.706
1993	159.704	22236.92	0.7181	24.914	7.366
1994	156.746	26330.01	0.595	-1.852	18.406
1995	154.577	31698.57	0.487	-1.383	20.389
1996	194.965	33468.59	0.582	26.128	5.583
1997	171.694	34793.75	0.493	-11.936	3.959
1998	159.056	33207.33	0.478	-7.360	-4.559
1999	152.956	36919.98	0.414	-3.835	11.180
2000	187.336	42358.1	0.442	22.477	14.729
2001	253.275	43878.49	0.577	35.198	3.589
2002	492.185	50097.96	0.982	94.328	14.174
2003	892.99	59360.66	1.504	81.433	18.489
2004	1184.997	75904.2	1.561	32.699	27.869
2005	1072.988	100352.6	1.069	-9.452	32.209
2006	1617.342	121200.6	1.334	50.732	20.774
2007	1845.268	145898.1	1.264	14.092	20.377
2008	2335.908	181860.9	1.284	26.589	24.649
2009	1949.088	176765.7	1.102	-16.559	-2.801
2010	2509.258	220408.5	1.138	28.740	24.689
2011	2462.295	301483.3	0.816	-1.871	36.783
2012	2572.134	289564.8	0.888	4.460	-3.953
2013	5433.901	336611.4	1.614	111.260	16.247
2014	4404.314	317544.6	1.386	-18.947	-5.664
2015	3126.868	264381.5	1.182	-29.004	-16.741
2016	2412.534	260326.9	0.926	-22.845	-1.533
2017	2596.78	294364.5	0.882	7.637	13.0749

2018	2845.297	322492.1	0.882	9.570	9.555
2019	3855.008	323250.7	1.192	35.487	0.235
2020	2243.733	275488.7	0.814	-41.796	-14.775
2021	1284.001	394813.7	0.325	-42.773	43.313

Source: (UN Comtrade Database, <https://comtrade.un.org>. Accessed 28 March 2022)

Table No. 05 presents the yearly growth rate of India's exports to Iran, as well as the overall annual growth rate. The table additionally showed the proportion of India's exports to Iran in relation to its overall exports to the global market. It revealed that growth of India's export to Iran was not consistent since 1991 and fluctuations were observed over the years. The total export of India to Iran during 1991-2021 was \$48977.81 million and its average rate was \$1579.929 million. In the ten years since 2011, India exported goods worth of \$30774.57 million to Iran and \$3380322.15 million worth of total export to the world. This underlined the huge difference in the value of India's export to Iran as well as the world. India's exports to Iran increased in 2013 and 2014 to \$5433.901 and \$4404.314 million respectively. In 2020 and 2021 sluggishness was evident in India's exports to Iran.

In the period spanning from 1991 to 2021 India's exports to Iran had an annual average growth rate of 14.78%, whereas India's overall yearly exports had grown at an average rate of 11.39%. In order to analyse the pattern of India's yearly export growth to Iran and the rest of the globe, the entire period was divided into six intervals: 1991-1995, 1996-2000, 2001-2005, 2006-2010, 2011-2015, and 2016-2021. The annual average growth rates of India's exports to Iran among these segments were 16.80%, 5.09%, 46.84%, 20.71%, 13.17%, and -9.12% correspondingly. In comparison, the average yearly growth rates of India's total exports were 12.33%, 6.17%, 19.26%, 19.26%, 17.53%, 5.33%, and 8.31%. The data given above shows that the average growth rate of India's exports to Iran and its overall exports fluctuates over the years, displaying both negative and positive patterns.

Line graph No. 05 represents the total annual growth rate of India's exports to Iran and the world. In sum, it can be observed that the growth rate of India's exports to Iran displays asymmetry when compared to the trends in India's overall exports during the period spanning from 1991 to 2021.

Line Graph No.05

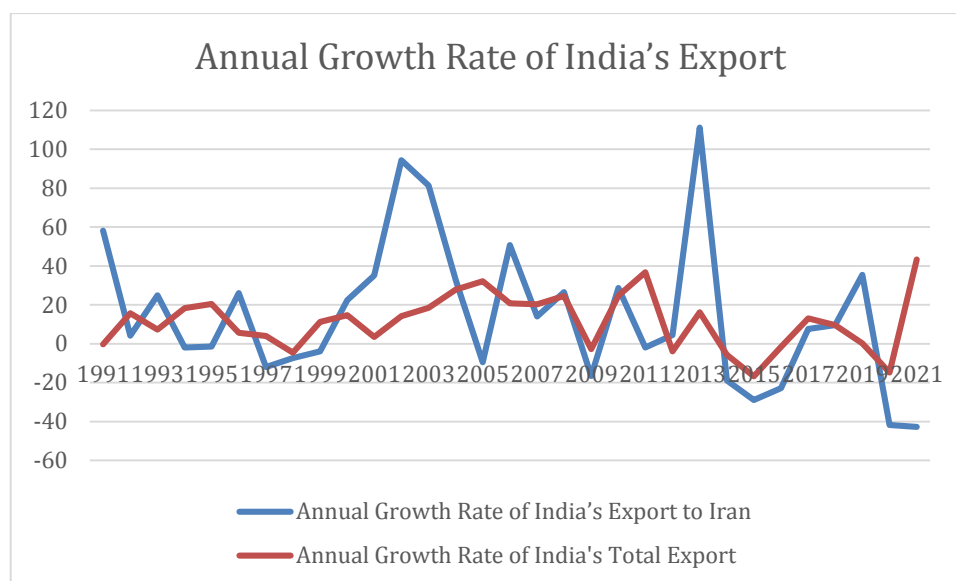


Table No. 06 Commodity Composition of India's Exports to Iran (at 2-digit HS Level)

Source: (UN Comtrade Database, <https://comtrade.un.org>. Accessed on 28 March 2022)

HS Code	Commodity	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
2	Meat items	27.15	-57.50	296.30	76.34	70.43	0.58	-65.52	-	72.74	-69.70	46.52
9	Coffee and tea	38.35	-21.35	70.59	-2.70	-3.34	87.65	-24.02	32.61	-1.11	16.13	-4.01
10	Cereals	2482.88	430.93	-26.98	58.48	55.543	154.77	-41.33	-	-31.93	73.39	36.34
26	Ores, slag and ash	338.01	-76.14	260.42	9.50	100.59	1012.15	86.72	0.96	-98.12	551.14	-95.24
27	Mineral fuels	12.92	-70.72	-88.98	34.88	-45.43	107.13	10.76	-	-30.65	-34.66	6.25
28	Inorganic chemicals	161.19	-55.35	1102.90	-63.89	-26.65	-39.24	22.85	-	158.07	-25.16	23.91
29	Organic chemicals	0.87	-4.99	4.01	6.76	5.26	94.78	12.89	4.12	-23.09	-16.4	5.34
30	Pharmaceutical products	67.70	28.19	12.14	-30.94	51.88	35.51	-14.82	-	17.79	-22.79	16.53
38	Miscellaneous chemical products	33.57	-27.11	3.93	34.85	-13.34	107.96	6.60	15.15	14.80	-10.49	-7.03
39	Plastics and articles thereof	52.68	-67.17	76.89	34.36	-26.69	171.08	-13.41	37.62	-10.55	-39.01	-13.08
40	Rubber and articles thereof	5.94	-17.97	13.36	10.60	89.19	-59.73	16.06	20.50	3.038	-58.92	54.43

48	Paper products	23.93	-17.09	51.89	24.03	22.26	160.10	1.81	-5.24	-39.54	-32.07	123.65
54	Filaments	109.82	-25.32	73.87	193.47	-76.77	49.14	-27.14	-67.84	6.22	131.78	16.93
55	staple fibres	-6.21	102.04	76.40	53.70	-43.67	65.13	23.04	-2.21	13.13	-4.75	-34.73
72	Iron and steel	0.12	10.57	-3.69	8.63	-40.07	96.14	126.93	-14.13	-79.13	23.51	-26.13
73	Articles of iron	29.95	42.32	148.74	-68.21	-88.28	226.38	110.58	-83.34	179.15	91.93	-93.59
76	Aluminium and articles thereof	-63.69	0.389	-22.68	82.41	-52.27	83.23	46.07	91.87	-76.77	21.62	-40.78
84	Nuclear reactors, boilers, machinery,	83.95	-17.68	18.47	-0.54	-9.51	20.88	30.95	-16.98	-3.86	-14.17	-23.57
85	Electrical, equipment	2.13	-5.30	30.07	-4.82	35.44	127.05	-31.95	-34.56	-45.48	5.08	120.10
87	Vehicles other than railway, tramway	16.79	-29.47	121.91	-20.44	-65.51	133.75	236.97	-28.12	-2.78	-36.61	-12.66

Table No. 06 studies the proportion of key commodities in India's exports to Iran from 2010 to 2021. The analysis is based on the classification of these goods using a 2-digit HS level. During this period, India's export share to Iran exhibited variations and recorded a negative margin. Annual percentage share of Cereals (HS code 10) and “Ores, slag and ash” (“HS code 26”) was highest - the principal commodities in India’s exports to Iran. Annual percentage share of HS code 10 was 2482.88 in 2010. However, its share was negative in 2012, 2016, 2017 and 2018. Nuclear reactors, boilers, machinery and mechanical appliances: thereof (HS code 84) percentage share was lowest and continued negative margin for four consecutive years since 2016 due to the Iranian sanctions. India's exports of various products, including inorganic chemicals, precious metal compounds, isotopes (HS Code: 28), organic chemicals (HS Code: 29), pharmaceutical products (HS Code: 30), miscellaneous chemical products (HS Code: 38), rubber and related articles (HS Code: 40), manmade staple fibres (HS Code: 55), and nuclear reactors, boilers, and machinery (HS Code: 84), exhibited a slow growth rate with fluctuating performance over the years. India’s export of principal commodities to Iran was not steady and its annual percentage share was positive only in some years. The table below displays India's market share for goods in Iran.

Table No. 07 Share of India’s Products in Iranian Market

HS Code	Year	2008-10	2010-12	2012-14	2014-16	2016-18	2018-20
84	"Machinery, nuclear reactors, boilers", etc	1.02	0.94	1.26	1.98	2.20	1.47
10	Cereals	8.65	16.08	31.79	33.45	16.24	24.55
85	Electrical, electronic equipment	2.31	2.12	5.42	2.31	1.60	1.22
72	Iron and steel	2.06	1.04	6.63	14.79	9.73	6.59
39	"Plastics and articles thereof"	0.50	0.52	2.43	2.73	3.03	1.77
15	"Animal,vegetable fats and oils, cleavage product"s, etc	0.06	0.056	0.93	1.49	0.64	0.38
71	"Pearls, precious stones, metals, coins", etc	0.12	16.08	7.72	27.68	5.18	3.30
23	"Residues, wastes of food industry, animal fodder"	3.74	2.58	38.65	17.51	0.13	1.01
73	Articles of iron or steel	10.46	5.37	1.13	1.55	6.56	6.83
87	"Vehicles other than railway, tramway"	0.48	0.39	0.37	0.72	1.04	0.46
90	"Optical, photo, technical, medical, etc apparatus"	0.74	0.56	2.58	1.06	1.58	1.04
30	"Pharmaceutical products"	3.89	3.00	4.10	3.92	4.95	2.85
48	"Paper and paperboard, articles of pulp, paper and board"	0.72	0.55	4.95	6.82	2.92	
29	Organic chemicals	8.13	6.92	13.80	16.61	12.79	10.35

94	“Furniture, lighting, signs, prefabricated buildings”	0.16	0.25	0.081	0.13	0.22	0.23
40	“Rubber and articles thereof”	1.17	1.12	2.85	4.39	3.05	2.80
55	Manmade staple fibres	4.70	6.12	15.08	21.12	16.26	13.56
38	“Miscellaneous chemical products”	3.65	0.52	10.37	9.96	11.03	9.70
02	“Meat and edible meat offal”	0.69	2.23	11.89	5.2	1.44	0.44
69	Ceramic products	4.48	10.17	34.45	27.54		6.25

Source: Indian Trade portal, Ministry of Trade and Commerce, Government of India (<http://www.indiantradeportal.in>), Accessed on 14 December 2022

The table No.07 was a commodity-based comparative analysis of Iran’s imports from India and the world. It was a parameter to understand the demand for Indian goods in Iran. The table provided an analysis of the 20 main products that Iran imports from both India and the rest of the world. Indian commodities had a negligible presence in the Iranian market, and the quantity of exports varied. A few Indian products had achieved a market share of only 20% in Iran. The market share of Indian items in Iran was not consistently stable in all years. For instance, Cereals (HS Code 10) were the largest Indian products in terms of share in Iran’s market and its highest share was registered 31.79% in 2012-14 and its lowest share was 8.65 in 2008-10. “Furniture, lighting, signs, prefabricated buildings” (“HS Code 94”) were the lowest share Indian commodity in Iranian market. Its highest share was registered 0.81% in 2008-10 and its lowest share was 0.13% in 2014-16. The analysis revealed a positive outlook for India's future exports to Iran, as it was conducted during the period of Iranian sanctions. In short, the objective of this analysis was to comprehend the potential of India's export goods in Iran's market in the future. The table presented below examines the trade balance in the economic relationship between India and Iran.

**Table No. 08 Balance of Trade-Balance of Trade (BOT)
of India with Iran, 1991-2021**

Year	India's exports to Iran	India's Imports from Iran	Balance of Trade	Total Trade
1991	122.761	584.989	-462.228	707.75
1992	127.851	444.411	-316.56	572.262
1993	159.704	378.729	-219.025	538.433
1994	156.746	534.416	-377.67	691.162
1995	154.577	582.073	-427.496	736.65
1996	194.965	859.993	-665.028	1054.958
1997	171.694	632.165	-460.471	803.859
1998	159.056	474.165	-315.109	633.221
1999	152.956	1258.224	-1105.268	1411.18
2000	187.336	702.361	-515.025	889.697
2001	253.275	266.942	-13.667	520.217
2002	492.185	254.158	238.027	746.343
2003	892.99	267.689	625.301	1160.679
2004	1184.997	355.925	829.072	1540.922
2005	1072.988	644.172	428.816	1717.16
2006	1617.342	5918.056	-4300.714	7535.398
2007	1845.268	9165.577	-7320.309	11010.845
2008	2335.908	13791.494	-11455.59	16127.402
2009	1949.088	10591.667	-8642.579	12540.755
2010	2509.258	11078.292	-8569.034	13587.55
2011	2462.295	11488.128	-9025.833	13950.423
2012	2572.134	13349.275	-10777.14	15921.409
2013	5433.901	10031.595	-4597.694	15465.496
2014	4404.314	11246.347	-6842.033	15650.661
2015	3126.868	6225.321	-3098.453	9352.189
2016	2412.534	8253.715	-5841.181	10666.249

2017	2596.78	11089.43	-8492.65	13686.21
2018	2845.297	14730.87	-11885.57	17576.167
2019	3855.008	3375.419	479.588	7230.4278
2020	2243.733	1188.486	1055.246	3432.2199
2021	1284.001	408.679	875.321	1692.6802

Source: UN Comtrade Database, <https://comtrade.un.org>,
(Accessed on 23 December 2022)

Table No.08 presented a summary of India's trade balance with Iran. The total trade between India and Iran during the period from 1991 to 2021 amounted to \$199,150.574 million. The total trade of India with Iran also experienced fluctuations in this time period. The data pertaining to India's overall trade exports to Iran was categorised into three distinct time periods (1991 to 2000, 2001 to 2010, and 2011 to 2021) in order to analyse the volume of total trade. Each of the three periods had an upward trend in total trade, along with consistent stability.

To understand India's balance of trade (BOT) with Iran, the period of export and import was classified into four phases: 1991-2001, 2002-2005, 2006-2018 and 2019-2021. In the first and third phases, the BOT of India was in the negative and there was trade deficit. India's export to Iran was lesser than its import whereas in the second and fourth period, the BOT of India was marked as positive. The average growth rate of India's BOT with Iran in the first period was \$-443.313 million and the second period was \$530.304 million. Notably, in the later period, India's imports from Iran increased to \$479.587 from \$ 875.3218 million. India's trade deficit with Iran raised from \$-13.667 million in 2001 to \$-11885.57 million in 2018. Since 2019, India's export to Iran began to increase from \$479.588 to \$ 1055.246 million. In short, the India's trade balance with Iran was deficit in majority years.

The main determinant of the significant trade deficit between India and Iran was the absence of a balanced export relationship between the two nations. From 1991 to the early 2000s, India effectively achieved trade equilibrium with Iran. However, India was unable to maintain this arrangement with Iran subsequently. The main reasons were the imposition of sanctions on Iran and India's insufficient export of high-value products to Iran to balance the imports from Iran. By the end of 2021, Iran had become the 24th largest market for Indian exports, accounting for only 1.4% of India's total global exports. In

contrast, Iran ranked as the 15th largest contributor to India's imports, accounting for 2.4% of India's total imports.

Payment Mechanism in India and Iran Trade

India and Iran experienced difficulties in their trades when the Reserve Bank of India (RBI), influenced by the US, halted financial transactions via the Asian Clearing Union (ACU) in December 2010. The imposition of financial constraints adversely affected India's exports to Iran. Despite a remarkable growth rate of 48% in the previous fiscal year, the growth rate decreased to 20% during the period of April-September 2011. India and Iran implemented other measures to reinstate their trade payment processes. The State Bank of India (SBI) had a representative office in Tehran, the capital of Iran, and held accounts for 11 Iranian institutions, including the Central Bank of Iran. This played a crucial role in facilitating financial transactions between the two countries. SBI functioned as an intermediary for facilitating payment transactions between enterprises in both countries involved in the export and import of goods. Furthermore, India and Iran have established cooperative business partnerships with several firms, such as the Irano-Hind Shipping Company, Madras Fertiliser Company, and Chennai Refinery. India and Iran are in the process of drafting a final agreement for a Bilateral Investment Promotion and Protection Agreement (BIPPA). This bilateral agreement was formulated with the aim of fostering and safeguarding investments inside the respective territories of each nation. The agreement expanded its protective measures to encompass individuals and businesses in both nations, offering legal safeguards and assurances for foreign investments as specified in its terms.⁶ India has entered into BIPPA with a total of 83 countries. However, India and Iran have not yet reached a definitive agreement on the BIPPA.

India and Iran made efforts to conclude a Double Taxation Avoidance Agreement (DTAA)⁷ which facilitated trade transactions both at the governmental and individual levels. India and Iran developed bilateral mechanisms for payments and settlement. UCO

⁶ See the report, Bilateral Investment Promotion and Protection Agreements (BIPAs), Ministry of Finance, Government of India. <https://dea.gov.in/pressrelease/bilateral-investment-promotion-and-protection-agreement-bipa-between-government>. Accessed 14 March 2018

⁷ DTAA is a tax treaty signed between two or more countries. Its key objective is that tax-payers in these countries can avoid being taxed twice for the same income. A DTAA applies in cases where a tax-payer resides in one country and earns income in another.

Bank, based in Kolkata, assisted this procedure by allowing India and Iran to establish Special Non-Resident Rupee Vostro Accounts in the names of Iranian banks such as Persian Bank, Bank Pasargad, EN Bank, and Saman Bank.⁸ UCO Bank indicated that trade payments relied on permitted transactions including credits and debits. The funds were sourced via foreign currency transfers made to Iranian institutions and were utilised to fulfil payment obligations for the export of goods, including project shipments to Iran. The acceptable debit methods include the allocation of payments for the realisation of export proceeds, repayment of the Line of Credit provided by Exim Bank to Iran, fulfilment of statutory obligations, levies, cess, and bank charges, as well as any additional credits or debits explicitly authorised by the RBI.⁹

India and Iran developed the 'Rupee Payment Mechanism' (RPM) with Riyal as a new means of conducting financial transactions. This was done in response to the deactivation of the existing payment system and the ineffectiveness of other alternative payment methods. When participating in trade transactions utilising the Indian rupee as the currency, it was necessary to seek authorisation from the importer's bank in order to secure payment guarantees for exporters. On the other hand, in the context of dollar trade, the exporter's home bank provides the guarantee when the exporter submits 'Letters of Credit' to the bank. Indian business people were permitted to obtain their export-payment from Iran in Indian rupees through the RPM. Indian exporters had additional alternatives under the RPM framework to receive their payments as an advance payment in Indian rupees, subject to specific requirements and procedures. This initiative was aimed to increase India's exports to Iran from \$2 billion to \$5 billion.¹⁰ However, the imposition of economic sanctions has heightened the level of risk connected with these transactions. The "Setting-off" mechanism, an alternate payment method, allowed for the balancing of export earnings against import liabilities. This arrangement provided a means for global

⁸ See the report in a prominent daily newspaper, "UCO Bank sees 50% drop in deposits from Iran oil importers," *The Economics Times of India* (May 03, 2016). <https://economictimes.indiatimes.com/industry/ucobank-sees-50-drop-in-deposits-from-iran-oil-importers/articleshow/52093114.cms>. Accessed 27 May 2017.

⁹ See for instance; see the report, "Bernanke's Tapering Hits Indo- Iran Rupee Trade Agreement," Ministry of Commerce and Industry Department of Commerce, 2013. <http://commerce.gov.in>. Accessed 15 June 2018.

¹⁰ See the report in a prominent business daily, "Allow advance payments from Iran: Exporters," *Business Standard* (January 20, 2013). <https://economictimes.indiatimes.com/news/economy/foreign-trade/allow-advance-payment-for-trade-with-iran-exporters/articleshow/12386477.cms>. Accessed 14 June 2016

customers and suppliers to align their export earnings with the payment or receipt arrangements for import-related charges.

India and Iran also utilised a system of payment based on bartering, involving the use of rupees or the trade of goods. Within this framework, Iranian businessmen procured Indian agricultural goods, medications, and other commodities in return for India's payment. This payment technique, together with RPM and item exchanges, to some extent, led to the overall trade growth between India and Iran. Iran was obligated to buy substandard items from India to meet its financial commitments. The main problem in this situation was that India does not have high-value export commodities to compensate for the imbalance in the Iranian account. On the other end, Iran expressed discontent with the exclusive use of the Indian rupee as the exclusive method of payment. Iran stated that 45% of the payment might be resolved in rupees, while the remaining 55% must be done in Euros.¹¹ The implementation of the rupee-riyal system in India effectively curbed the outflow of dollars. Subsequently, Iran prohibited the use of the entire rupee payment for the sale of oil due to the devaluation of the Indian currency. Late on, India utilised Turkey's Halkbank to make payments for its oil imports from Iran. Alternatively, India and Iran depended on re-exportation, which was made possible by over 8,000 Iranian registered dealers operating in Dubai. They partially participated in re-export activities with the support of Dubai banks.

India and Iran found different payment mechanism to settle their payment each other. However, Indian exporters were not free from payment uncertainty with Iran. It was highlighted by Vijay Setia, the then President of All India Rice Exporters Association. He mentioned that India's exports to Iran were conducted through intermediary offices established by Iranian firms in places like Dubai, Jordan, and Turkey. Due to the absence banks and the non-utilisation of Letters of Credit, making us completely dependent on our buyers for punctual payments.¹² India felt that Turkey would be compelled to abandon the agreement due to the recent implementation of new sanctions by the United States. As a result of international pressure, banks in the United Arab Emirates (UAE)

¹¹ See the report in a prominent daily newspaper, "Iran, India to settle outstanding crude oil dues in rupees," *Indian Express* (January 5, 2016). <https://economictimes.indiatimes.com/news/economy/foreign-trade/india-ready-to-clear-6-5-billion-of-irans-oil-dues/articleshow/52063639.cms>. Accessed 19 August 2018.

¹² See the report in a prominent daily newspaper, "Rupee turns stumbling block in trade with Iran," *Times of India* (December 22, 2011). <https://economictimes.indiatimes.com/news/economy/foreign-trade/rupee-turns-stumbling-block-in-trade-with-iran/articleshow/11200944.cms>. Accessed on 19 August 2018

and Dubai ceased their collaboration with Iranian banks starting in 2011. An issue arose on the Indian side due to the absence of export insurance coverage provided by the Export Credit Guarantee Corporation of India Ltd (ECGC).

India has made the decision to export a wide range of products to Iran, including pharmaceuticals, automotive parts, iron and steel, rice, soybeans, soybean oil, medical equipment, surgical tools, flat-rolled iron, flat-rolled stainless steel, tractor parts, polymers, and frozen meat. In 2022, India set a goal of increasing bilateral trade with Iran, with the aim of attaining a value of \$35 billion. This presented a significant rise from the previous target of \$15 billion. Rafeeqe Ahmed, the then President of the Federation of Indian Export Organisations (FIEO), expressed that they were actively seeking to capitalise on the high demand for Indian products in that region and enhance their sales in those countries. Their presence was driven by factors beyond the mere existence of sanctions; their objective was to establish a durable and mutually beneficial trading partnership with the region.¹³ In order to address the difficulties faced by exporters due to the new payment mechanism, the Federation of Indian Export Organisations (FIEO) established a dedicated Iran cell with the objective of offering assistance and resolving issues.

Energy Security of India

The concept of energy security holds significant importance within the field of international affairs. The scarcity of energy has the potential to generate adverse effects on both the economic and social aspects of individuals' lives. As a result, every country has a well-defined policy to protect its energy security. The International Energy Agency (IEA) defined “energy security as the reliable and uninterrupted availability of energy resources at a reasonable cost. Energy security encompasses the necessity for making strategic investments to meet long-term energy requirements, while short-term energy security relies on the energy system's capacity to quickly adjust to sudden fluctuations in supply and demand.”¹⁴ Energy security, a complex and comprehensive topic, is crucial for maintaining consistent economic growth and promoting environmental sustainability.

¹³ See the report in prominent business daily, “Allow advance payments from Iran: Exporters,” *Business Standard* (January 20, 2013). <https://economictimes.indiatimes.com/news/economy/foreign-trade/allow-advance-payment-for-trade-with-iran-exporters/articleshow/12386477.cms>. Accessed 18 August 2018.

¹⁴ See the report of International Energy Agency, “What is energy security?,” International Energy Agency. <https://www.iea.org/topics/energy-security>. Accessed 22 February 2018.

It underscored the need for a balanced approach that considered both long-term investments to meet future energy demands and short-term strategy to address immediate challenges in order to maintain a reliable energy supply.

India has implemented a unique energy policy aimed at safeguarding its energy requirement, which entailed making both long-term and short-term investments within and beyond its borders. India was ranked seventh globally in terms of its nominal GDP and retained the position of the third-largest economy when considering Purchasing Power Parity (PPP).¹⁵ India's primary objective is to effectively manage and operate its own enterprises and industries, while also ensuring the consistent availability of energy resources. India strives to establish itself as a prominent economic powerhouse at both the regional and global levels. The UPA (2004-2014) and NDA (2014-2023) administrations of India shared a nearly identical political and economic perspectives in their national energy policy. The former Planning Commission of India expressed the nation's perspective on energy security in the following manner: Energy security is achieved when a country can guarantee the supply of essential energy to all individuals, regardless of their financial means.¹⁶

Oil and gas hold a unique position in the global and local markets, exerting significant impact on political events worldwide, particularly in West Asia. The fluctuation in the global oil market has a significant influence on the domestic market. Developing and poor countries lack the financial capacity to get the necessary quantity of crude oil and offer it at an affordable rate in their home markets. The fluctuations in the global energy market, regardless of being favourable or unfavourable, would have a direct impact on the daily lives of ordinary individuals. The energy security of a nation is influenced by several aspects, such as its level of economic progress, domestic resource abundance, technological progress, environmental concerns, and the expansion of energy resource commerce. Within this framework, the subsequent part of the chapter examines India's energy status and the disparity between energy production and consumption.

¹⁵ See the report, the World Bank Data Catalog on GDP Ranking, PPP Based. <https://datacatalog.worldbank.org>. Accessed 22 February 2018.

¹⁶ See the report of Planning Commission of India, "on India's Energy Security. <https://www.planningcommission.gov.in/index.php/verticals/energy>. Accessed 26 March 2018.

Energy Status of India

India holds 0.4% share of the global oil reserves, with a Reserve to Production (R/P) ratio of 21:1. In terms of production, India contributes 35.4 million tonnes, accounting for 0.9% of the global oil production. However, as a significant oil consumer, India consumes 3.8% or 148.5 million tonnes of oil, positioning itself as the fourth-largest consumer of oil worldwide.¹⁷ India depends on imported energy for up to 70% of its rising demand. This dependence on an external source of energy is expected to rise up to 90% by 2025. The Table No.09 is a statistical analysis of crude oil consumption of India between 2013-14 and 2019-20. It analyses the total consumption of energy of India and the world.

Table No.09 India' Production and Consumption of Energy (Crude Oil and Gas)

Year	2013-14		2014-15		2015-16		2016-17		2017-18		2018-19		2019-20	
Items	Crude Oil	Gas	Crude Oil	Gas	Crude Oil	Gas	Crude Oil	Gas	Crude Oil	Gas	Crude Oil	Gas	Crude Oil	Gas
Production	37.68	52.22	38.09	47.56	37.09	40.68	37.79	35.41	37.46	33.66	36.94	32.25	36.01	31.9
Consumption	196.9	52.02	204.1	60.68	219.2	53.91	222.5	48.99	223.24	46.95	232.86	47.85	245.36	50.78

Gas in BCM= (Billion cubic meter),

Crude Oil in MT= (Million Tonnes)

Source: "The Central Statistics Office, which operates under the Ministry of Statistics and Programme Implementation of the Government of India, sourced the information from BP and the Statistical Review of World Energy 2014", <https://www.bp.com>. Accessed on 05, December 2021

India is estimated to have a total of roughly 1.12 trillion cubic metres of natural gas reserves, which accounts for approximately 0.6% of the global proven reserves. The natural gas production in India amounts to 39.3 billion cubic metres, representing almost 75% of its whole consumption of 51.9 billion cubic metres (2016-17). However, India's gas demand surged to 280 Million Metric Standard Cubic Metres per day (MMSCMD),

¹⁷ See the report of Indian Petroleum & Natural Gas Statistics 2011-12 Government of India Ministry of Petroleum & Natural Gas Economic Division, <http://www.indiaenvironmentportal.org.in>. Accessed 14 June 2017

and it is anticipated to account for 14% of India's total energy composition. Table 9 presents comprehensive statistical data pertaining to the production and consumption of natural gas in India, as well as the proportion of India's consumption relative to the global aggregate. India's gas consumption surpasses its supply, necessitating the country to either increase gas imports or enhance domestic gas production. Concisely, the data displayed in the table reveals that India's consumption of oil and gas is threefold greater than its production, with a notable discrepancy between the two. The following table shows the energy sources in India.

Table No. 10 Energy Sources in India

Year	Coal (Million Tonnes)	Crude Oil (Million Tonnes)	Natural Gas (Billion Cubic Metres)*
2010-11	550.64	166.28	40.91
2011-12	620.39	192.95	56.64
2012-13	604.53	201.28	62.15
2013-14	642.64	209.82	60.77
2014-15	680.14	222.66	53.81
2015-16	724.19	227.03	48.4
2016-17	824.26	226.9	47.75
2017-18	847.58	239.79	48.39
2018-19	858.58	249.94	50.53
2019-20	866.27	256.12	52.52

Source: National Institute Transforming India (NITI),
government of India. <http://niti.gov.in> or report of IEA
(Accessed on 2 January 2021)

Table 10 presented an overview of the state of India's diverse domestic energy sources from 2010-11 to 2019-20. Coal has emerged as the predominant energy source in India, boasting a substantial reserve of 7219.22 million tonnes throughout the period spanning from 2010 to 2020. India ranks as the third most significant global consumer of coal. The production volumes of crude oil and natural gas were documented as 1936.65 million tonnes and 469.35 billion cubic metres, respectively, throughout the period from 2010 to 2020. Regarding the situation of India's crude oil and natural gas production, it

necessitated the implementation of either a stable import or production policy in order to fulfil its energy demands.

India Hydrocarbon Vision-2025

In the year 2000, India declared the Hydrocarbon Vision-2025 with the primary aim of addressing the energy security issue. It is a comprehensive plan to bolster indigenous energy sources. It encompassed a range of activities at all levels, with a particular focus on the storage of hydrocarbon resources. The Hydrocarbon Vision-2025 aims to achieve complete exploration of 25% of the potential area by 2005, 50% by 2010, 75% by 2015, and 100% by 2025. The main objective of the Hydrocarbon Vision-2025 is to safeguard energy security through the enhancement of domestic exploration and production activities.¹⁸ Its provisions outlined to incentivise both public and private energy businesses to increase their investments within the nation. The Hydrocarbon Vision-2025 focused to explore new energy locations both onshore and offshore in order to enhance domestic output and also find affordable outside or foreign sources to India's energy requirements. The final target is particularly pertinent to the Hydrocarbon Vision-2025 because of the scarcity of energy resources in India. The following table displays the domestic output of petroleum products and natural gas.

**Table No.11 Domestic production of Petroleum Products
and Natural Gas (value in Metric Tonnes)**

year	Crude Oil Production (MMT)	% Growth in Crude Oil Production	Natural Gas Production (BCM)	% Growth in Natural Gas production
2013-14	38.09	1.08	47.56	-8.92
2014-15	37.86	-0.6	40.68	-14.46
2015-16	37.79	-0.19	35.41	-12.96
2016-17	37.46	-0.87	33.66	-4.94
2017-18	36.94	-1.39	32.25	-4.18
2018-19	36.01	-2.53	31.9	-1.09

¹⁸ India Hydrocarbon Vision -2025, Ministry of Petroleum of Natural Gas, Government of India. <http://petroleum.nic.in>. Accessed 21 October 2019.

2019-20	35.68	-0.9	32.65	2.36

Source: “Petroleum and Planning Analysis Cell, Ministry of Petroleum and Natural Gas, Government of India”, (<http://ppac.org.in>) Accessed on 01 January 2021

The data suggest that India's stocks of crude oil and gas were insufficient to meet its domestic consumption, thereby necessitating a reliance on foreign sources. The global energy markets significantly influenced India's domestic energy requirements. Subsequently, the Hydrocarbon Vision-2025 advocated for the import of energy from outside sources at a fair and affordable cost. The objective was to develop a framework that could effectively utilise India's “Buyer Power” in order to acquire high-quality Exploration & Production projects in other regions. In order to establish mutually beneficial agreements with other parties regarding Exploration and Production projects, it was imperative to cultivate robust partnerships with countries that possess significant energy, such as Russia, Iraq, Iran, and nations in North Africa.¹⁹ The Hydrocarbon Vision-2025 emphasised on the use of natural gas as a primary fuel option in the country. This preference was attributed to its relatively cleaner characteristics and its capacity to ensure an adequate supply through a combination of domestic gas production, pipeline imports and LNG imports.²⁰ India's strategic focus aligned with its goal of reducing greenhouse gas emissions and promoting energy security in a sustainable manner, so fostering a more environmentally friendly and secure energy future.

India’s Dependence on Iran’s Oil

Iran was endowed with substantial amounts of both tapped and untapped energy resources, placing it in the fourth position worldwide in terms of confirmed oil reserves and second in confirmed natural gas reserves. According to the Oil & Gas Journal, Iran has around 158 billion barrels of confirmed crude oil reserves and 13% of the reserves held by the Organisation of the Petroleum Exporting Countries (OPEC). Furthermore, according to the Journal, Iran possesses proven natural gas reserves estimated to be approximately 1,201 trillion cubic feet (TCF), positioning it as the second-largest resource holder globally, after only Russia. Iran holds around 17% of the global natural gas reserves, making it a significant contributor to the worldwide total. Furthermore, it

¹⁹See the report, “India Hydrocarbon Vision -2025,” Ministry of Petroleum and Gas, government of India, New Delhi. <http://petroleum.nic.in>. Accessed 14 march 2017.

²⁰ See the provisions of Hydrocarbon Vision of 2025, Ministry of Petroleum and Natural Gas, Government of India, New Delhi. <http://petroleum.nic.in>. Accessed 14 March 2017.

holds more than one-third of the reserves inside the OPEC. Iran had remarkable success in its natural gas exploration endeavours, with an estimated success rate of 79%, far surpassing the global average success rate of 30 to 35%.²¹ Iran had a daily average production of 3.4 million barrels per day (b/d) in the sector of petroleum and other liquid resources. Foreign direct investments in Iran primarily flow into the oil and gas sectors. The hydrocarbon sectors of Iran mostly attract non-Western investment from Chinese, Indian, Turkish, and West Asian oil corporations. Following the imposition of sanctions on Iran, East Asian businessmen used the opportunity to participate in the Iranian energy sector, while Western companies had halted their projects.

The energy status and consumption of India provided in Tables 10 and 11, respectively. Based on data provided by the International Energy Agency (IEA), India possessed the place of third largest global oil consumer, occasionally overtaking Japan in terms of oil consumption. India was ranked as the second largest oil importer among Asian countries, with China occupying the leading position. India maintained the second position in terms of oil imports from Iran for a considerable duration, ranking only below China. In the year 2001, India and Iran entered into MoUs with the aim of promoting collaboration in the domain of energy.²² This agreement made Iran serve as India's main source for its energy requirements.

Table 12 displayed a statistical snapshot pertaining to India's oil imports, specifically distinguishing between imports from Iran and those from other countries across the globe. Additionally, this analysis encompassed the yearly expansion rate of India's imports, with a specific focus on those originating from Iran. Furthermore, it examined the comprehensive yearly growth rate of India's aggregate oil imports from the global market.

²¹ See the report of U.S Energy Information Association, "Iranian Energy Wealth," <https://www.eia.gov>. Accessed 15 March 2017.

²² Ashok k. Behuria, "India and Iran: In Search of a New Rhythm," in *India and Iran An Assessment of Contemporary Relations*, ed. Anwar Alam (New Delhi, New Century Publications 2011), 52-71.

Table No. 12 India's Oil Imports from Iran and World

Year	Imports from Iran in US\$ Million	Imports from World in US\$ Million	Percentage share of world Import	Annual growth rate of India's Import from Iran	Total annual growth rate of Indian import
1991	554.866	5837.406	9.51	3.03	-10.13
1992	398.407	7217.28	5.52	-28.2	23.64
1993	294.409	6325.223	4.65	-26.1	-12.36
1994	380.315	6818.773	5.58	29.18	7.8
1995	420.215	8661.233	4.85	10.49	27.02
1996	662.234	11458.867	5.78	57.59	32.3
1997	431.641	10054.393	4.29	-34.82	-12.26
1998	264.548	8050.553	3.29	-38.71	-19.93
1999	1069.02	14429.623	7.41	304.09	79.24
2000	511.798	19341.994	2.65	-52.12	34.04
2001	34.196	15772.369	0.22	-93.32	-18.46
2002	23.625	17915.591	0.13	-30.91	13.59
2003	4.125	21790.343	0.02	-82.54	21.63
2004	17.923	31163.899	0.06	334.54	43.02
2005	7.098	46322.206	0.02	-60.4	48.64
2006	5076.957	61431.974	8.26	714.27	32.62
2007	8368.163	73249.469	11.42	64.83	19.24
2008	12627.084	115880	10.9	50.89	58.2
2009	9584.413	82661.824	11.59	-24.1	-28.67
2010	9530.315	110841	8.6	-0.56	34.09
2011	9620.809	157356	6.11	0.95	41.97
2012	11357.343	185696	6.12	18.05	18.01
2013	8101.188	184194	4.4	-28.67	-0.81
2014	9655.887	176949	5.46	19.19	-3.93
2015	4351.003	104645.64	0.04	-54.93	-40.86

2016	6780.455	89308.77	0.075	55.83	-14.65
2017	9413.47	123108.16	0.07	38.83	37.84
2018	13292.517	168786.29	0.07	41.2	37.1
2019	2860.349	152672.23	1.87	-78.48	-9.54
2020	18.60209	104358.497	0.017	-99.34	-31.64
2021	42.67438	170398.554	0.025	129.40	63.28

Source: UN Comtrade Database, <https://comtrade.un.org> (Accessed on 15 December 2022)

India's import of oil from Iran underwent changes between 1991 and 2021. India's aggregate oil import from Iran stood at \$125,755.64 million, with an average rate of \$4,056.63 million (1991-2021). In contrast, India's import from the rest of the world was valued at \$22,926,997.161 million, with an average rate of \$73,957.972 million. India's oil import was categorised into two distinct periods: 1991-2004 and 2005-2021. This helps one in comprehending the evolution of India's energy relations with Iran. The import of oil from Iran by India exhibited significant changes over the periods spanning from 1991 to 2004. During this specific time frame, the entire value of India's oil imports was recorded as \$5067.322 million, with an average rate of \$361.951 million. The second era demonstrated a rather consistent increase in India's oil imports from Iran, despite fluctuations occurring in specific years. The cumulative import value for this period amounts to \$117,766.7 million, with an average import rate of \$8,411.908 million.

During the initial phase, there was a consistent decrease in Iran's oil allocation to India, particularly between 1992 and 1998. The share experienced a fall from 9.51% in 1991 to 3.29% in 1998, representing a decrease of over 50%. The time span from 2001 to 2005 witnessed a period of sluggishness in India's imports from Iran, with a marginal growth rate of 0.45%. The average percentage of India's oil import from the world was 129.009%, while the average percentage of India's oil import from Iran was 4.16%. The annual increase in Iran's oil export was observed as follows: in 2006, the growth rate was 8.26%; in 2007, it increased to 11.042%; in 2008, it reached 10.90%; and in 2009, it further rose to 11.59%. From 2010 to 2021, there was a notable upward trajectory in Iran's oil share.

From 1991 to 2021, India's oil imports from Iran had an average annual growth rate of 36.74%, whereas the average growth rate of India's overall annual oil imports stood at 15.16%. This implied that the import growth rate of India from Iran was approximately

2.5 times greater than its overall import growth rate. In order to conduct a more detailed analysis of the trend, the time period was divided into six distinct segments: 1991-1995, 1996-2000, 2001-2005, 2006-2010, 2011-2015, and 2016-2021. During the specified time periods, India's oil imports from Iran saw fluctuating average annual growth rates, which were recorded as -2.32%, 47.206%, 13.47%, 161.06%, -9.082%, and 14.57%, respectively. In contrast, India's total oil imports from the global market had average annual growth rates of 7.194%, 22.678%, 21.684%, 23.096%, 2.87%, and 13.73% during the corresponding periods. This data suggested that there were no substantial swings in the growth rate of India's oil imports from Iran, as well as its total import rate. The rate of growth of India's oil imports from Iran experienced a negative trend just during the initial phase, but exhibited a consistent upward trajectory in following periods. Hence, the rate of expansion in India's oil imports from Iran exhibited a comparable trend and not demonstrated a substantial decrease in comparison to the overall rate of growth in India's imports from 1991 to 2021.

India's import portfolio primarily depended on oil supplies specifically from Iran. Iran represents a significant portion of India's total imports, specifically around 85.9%. Iran was India's sixth largest provider of crude oil from 2009 to 2013. India experienced a substantial increase in its oil imports from Iran between 2016 and 2017 as a result of the lifting of economic sanctions. Consequently, India once again became the second-largest purchaser of oil from Iran. The substantial volume of oil imports from Iran highlights the importance of Iran as a vital energy ally for India. The oil supply from Iran played a significant role in fulfilling India's energy security requirements, albeit experiencing volatilities in some years. Energy trade fluctuations suggested that India did not cease its importation of oil from Iran. This was clear from the consistent import demand observed between 2005 and 2018, which noted a rise from \$7.098 million in 2005. Pranab Mukherjee, the then External Minister of India, recognised the existence of a mutually advantageous cooperation between India and Iran in the energy industry. He underlined Iran's vast energy reserves and India's energy-deprived economy, highlighting the fact that India's expanding economy necessitated ample energy supply. India's increasing significance as an oil consumer and Iran's status as an oil producer have made them well-suited strategic allies in the energy industry.

India's Investments in Iran's Energy Sector

India faced two major difficulties regarding energy security: increasing domestic output and investing in overseas energy sources. The Energy Analysis Institute (EAI) emphasised that India obtained 70% of its oil from foreign sources, and projected that this reliance is anticipated to rise to 90% by 2025. Therefore, India prioritised investments in the international oil and gas sectors, with Iran playing a crucial role in this context.

India possesses a comprehensive perspective on investments in outsourced energy. India sought to form a cooperative alliance with Iran to actively engage as a shareholder in the exploration and production operations of both onshore and offshore energy industries. The objective was to bolster financial and technological advancements throughout many areas of Iran's energy economy, encompassing downstream and upstream operations, refineries, and petrochemical energy initiatives. Furthermore, efforts were made to identify potential for mutually beneficial investments. India actively sought a long-lasting and reliable arrangement for the import of liquefied natural gas (LNG) from Iran.

India and Iran were engaged in efforts to actualise transnational gas pipelines, whether via terrestrial or deep-sea routes, since the year 2005. They were also engaged in creating an “Intra-Asian Dialogue” as part of their endeavours to enhance energy collaboration. The purpose of this discussion is to promote efficient communication between energy producers and consumers, improve the facilitation of investments in Asia, and encourage the development of regional capabilities, resources, and infrastructure.²³ The parties exhibited a comprehensive perspective aimed at satisfying the energy demands of all nations within the region and they reached a consensus on expanding their energy collaboration through substantial investments.

India and Iran have established a comprehensive cooperation framework in the energy sector to investigate and advance Iran's oil sectors, both in terms of exploration and production as well as refining and distribution.²⁴ The cooperative energy consortium

²³See the Iran Petroleum Contract (IPC), *Iran Business News*. <https://www.linkedin.com/pulse/iran-petroleum-contract-ipc-ehsan-rasoulinezhad>. Accessed 14 October 2019

²⁴The New Delhi Declaration (1st January 2003), signed during President Muhammad Khatami's visit to India, Ministry of External Affairs. <http://www.mea.gov.in>.

between India's four main state-run oil corporations, namely ONGC, Videsh Limited (OVL), Indian Oil Corporation (IOC), and Oil India Ltd (OIL), and Iran's National Iranian Oil Company (NIOC) was finalised in 2005. India had collective and individual energy consortiums with the NIOC to explore Iran's energy resources. The ONGC's overseas company of India sought 'tie-up' with NIOC for 60 Million Metric Tons Per Annum (MMPTA) or 1.2 million barrel per day oil and gas production by 2025.²⁵ The OVL obtained an equity partnership to explore and produce oil and gas resources in Iran. The OVL and IOC possessed a 40% stake, and Oil India Ltd possessed a 20% stake in Iran's Farsi offshore block, known as Farzad-B. This offshore energy sector is located in the Persian Gulf of Iran.²⁶ The Farzad-B gas field was initially discovered by an Indian consortium led by ONGC Videsh Ltd. Consequently, India was eager to secure a substantial stake in the Farzad-B energy sector. The NIOC granted permission for Indian private and public companies to explore a 3,500 sq. km area in Farzad-B when they entered into a consortium agreement in 2006. Subsequently, in 2008, the NIOC once again endorsed India's commercial consortium for the Farzad-B energy field. Ministry of External Affairs of India informed that India could play significant role in both the upstream and downstream sectors of the Iranian oil industry. India's oil companies submitted the Master Development Plan²⁷ (MDP) for exploration in Farzad-B oil field to the Ministry of Petroleum of Iran in 2009. In 2012, Indian oil companies initiated their initial investment of \$36.32 million in the Farzad-B project. Subsequently, in 2013 and 2014, the investment amount was raised to \$1,495.84 million and \$1,502.56 million, respectively.²⁸ The Indian companies OVL, IOC, and OIL commenced oil exploration operations in specific oil sector of Farzad-B. According to NK Verma, the then Chairman of OVL, estimated output from the Farzad-B field could range between 1 to 1.6 billion cubic feet of natural gas per day.²⁹ The IOC made an initial investment of \$3 billion in Iranian oil sector in 2014 and next year, it increased investment to \$5.5 billion to explore

²⁵ See the report of IBEF, "Oil & Gas Market & Opportunities." <https://www.ibef.org/industry/indian-oil-and-gas-industry-analysis-presentation>. Accessed 14 October 2019

²⁶ See report in a prominent daily newspaper, "OVL, IOC, OIL to invest \$5billion in Iran gas field, *Times of India* (Jun 25, 2009). <https://economictimes.indiatimes.com/industry/energy/oil-gas/ovl-ioc-oil-to-invest-5-bn-in-iran-gas-field/articleshow/4701154.cms>. Accessed 14 May 2017.

²⁷ In 2010, India submitted a revised Master Development Plan for producing 60 per cent of the 21.68 trillion cubic feet of in-place gas reserves.

²⁸ See the Annual Report of ONGC (Oil and Natural Gas Corporation Ltd) of 2011-2012. <http://www.ongcvidesh.com>. Accessed 14 May 2017.

²⁹ See the report of prominent daily newspaper, "the OVL, IOC, OIL to invest \$5billion in Iran gas field," *Times of India* (Jun 25, 2009). <https://economictimes.indiatimes.com/industry/energy/oil-gas/ovl-ioc-oil-to-invest-5-bn-in-iran-gas-field/articleshow/4701154.cms>. Accessed 16 May 2017

maximum of 300,000 barrels per day.³⁰ It indicated that Indian oil corporations exhibited a keen desire to increase their investments in Iran's energy industry.

Iran's Investment Policy in Energy Sector and its Implications for India

Iran has a stringent policy regarding foreign investments in its energy sectors, aimed to prevent foreign or private ownership of its natural resources. Iran's energy laws restricted all production-sharing agreements (PSAs) and it permitted 'Buyback contracts' in its energy fields. In 1995, the NIOC implemented a Buy-back production sharing mechanism and it allowed foreign oil companies to take part in Iran's energy industry.³¹ The Buy-back arrangement enabled Indian oil companies to set oil exploration and development contracts with NIOC. Under this provision, the client was obligated to invest in upstream and downstream sectors of Iran's oil and natural gas fields. Important feature of the contract was that once the production commenced, the operatorship, materials, and technology of the project automatically would come under the control of NIOC.³² Unlike the other countries, the Indian oil companies did not get equity rights in the oil and gas fields of Iran. The annual reimbursement to Indian oil companies depended up on a pre-established percentage of the field's production and its rate of return.³³

Foreign direct investment (FDI) in Iranian oil and natural gas reserves was complex, unlike in other oil producing countries in West Asia. For instance, after the contract period ends, investors are obligated to select one of two options: either extend the contract or withdraw from it. The key characteristic of the final choice was that the investors were required to transfer the infrastructures, technologies, and other amenities to Iran. Foreign corporations encountered hesitation in making substantial investments in the Iranian oil and gas sectors. Furthermore, the sanctions placed by the West on Iran have presented both technical and financial obstacles in the pursuit of investments. Indian companies faced both external as well as internal difficulties to invest in Iranian energy fields.³⁴ On the other end, Iran faced scarcity of outside investment in its oil fields due to the stringent

³⁰Zainab Calcuttawala, "India's 5.5 Billion Investment in Iran Will Raise Refinery Capacity," *Oilprice.com*. (November 23, 2016) <https://oilprice.com/Latest-Energy-News/World-News/Indias-55-Billion-Investment-In-Iran-Will-Raise-Refinery-Capacity.html>. Accessed 16 May 2017.

³¹ See the Iran Petroleum Contract on NIOC official website or <http://ipc.nioc.ir>. Accessed 27 May 2017.

³² See the official website of Iranian National Oil Co, <http://en.nioc.ir>. Accessed 27 May 2017

³³ See the official website of NIOC. <http://en.nioc.ir>. Accessed 30 May 2017.

³⁴ Jean François Seznec, and Ramesh Pallakonda, "India-Iran Relations India's Energy Needs and The Arab/Persian Gulf," *Atlantic Council, Global Energy Center* (2017):1-29.

energy policy of NIOC and also economic sanctions over Iran. As result, all major western oil companies suspended their energy investment agreement with Iran. Some eastern countries like China, India, Russia and North Korea were the only active parties in exploration and production in Iran. In August 2016, Iran introduced a new structure for oil contracts called the Iranian Petroleum Contract (IPC) in order to attract foreign investors. In contrast to the earlier Buy-back system, this structure provided investors with an additional motivation to improve production and maximise their financial gains. In addition, the IPC has increased the investment duration for Buy-back contracts from five years to 20 years.

Iran sought international investments through the IPC to boost its energy sector and raise daily oil exports by 1.2 billion barrels. According to Hossein Zamaninia, the then Iranian Deputy Oil Minister, Iran also wanted to access most advanced technology holding by the majors, to convert reserves in the South Pars field into liquefied natural gas-LNG.³⁵ In addition, Iran aimed to revive its crippled economy by utilising proceeds from the energy sector. No major differences were identified between the policy and terms of the IPC and the PSA. Nevertheless, the IPC possessed a degree of adaptability and its primary aim was to attract significant investors from around the globe. A total of thirty-three countries, including India and China, expressed their interest in restructuring their oil consortium in order to acquire the IPC joint.

Indian oil corporations formed a collaboration with the NIOC) under the IPC. It facilitated India and Iran in the management and enhancement of oil and natural gas exploration and production activities in Iran. Although Indian oil corporations have substantial access to Iran's oil and gas reserves, they do not possess entire powers under the IPC. According to the Middle East Economic Survey, oil companies from outside the region might make periodic payments for their portion of the profits generated from oil exploration once production started. Indian oil companies were not exempted from such deals of IPC and it was a major source of problem, especially for the private companies of India. The IPC has the ability to prolong the oil recovery (EOR) stages and compels external corporations to donate materials and technology to NIOC. As per the terms of IPC, Indian oil companies were obligated to fulfil Iran's local content requirement, which accounted for approximately 51% of the deal. There were certain technical

³⁵ François Seznec, *India-Iran Relations*, 07.

constrains (mentioned above) in Iran's energy policy, even though India was interested in pursuing Iranian oil. In the context, the following section of the chapter analyses India's keen interest in Iranian oil.

India's Keeness on Energy Partnership with Iran

India interested in joining the oil consortium with Iran. Unlike other West Asian oil producing countries, Iran does not hold rigid terms and conditions in its energy consortium. For instance, Iran granted a 90-day grace period to Indian Oil Corp (IOC) and Mangalore Refinery and Petrochemicals Ltd (MRPL), the primary purchasers of Iranian oil, to resolve their outstanding payments for oil and gas. India's other oil partners in West Asia provided a credit period of only fifteen days. Furthermore, the NIOC provided a generous 80% credit for the standard ocean freight price, although other suppliers from West Asia did not extend comparable offers for freight services. India is obligated to make additional payments for goods and services to other countries without receiving any discounts, which places a financial burden on the Indian oil industry. Moreover, India's geographical proximity to Iran, in addition to its oil exporting counterparts in West Asia such as Saudi Arabia and Iraq, provides Indian oil companies with an additional incentive to engage in oil deals with Iran. The distance is 2580 km from Mumbai to Ju'aymah Crude and LPG Terminal of Saudi Arabia and 2939 from Al Basrah port of Iraq.³⁶ The distance between Mumbai and the Iranian Farzad B oil field is 2200 km. In addition, Iran's physical location gives an outstanding opening and entry to track oil and gas from the Caspian Sea, Central Asia through the Persian Gulf and the Gulf of Oman to India. India lacks the same geographical advantage with other West Asian oil partners. India regards Iran as a beneficial global energy partner, with the ability to act as a link between India and other nations abundant in energy resources. Moreover, from an Indian strategic point of view, Iran is the only nation with the capability to offer India an energy corridor or pathway in the region that is devoid of Pakistan's influence. The next section discusses the key Energy Pipeline projects involving India and Iran.

³⁶ See the prot.com website. <http://ports.com/sea-route/port-of-mumbai,india/port-of-basrah,iraq>. Accessed 2 June 2016.

Transnational Energy pipeline Projects Involving India and Iran

India, despite its position as the fourth largest energy consumers and its acquisition of 4.5% or 195.5 million tonnes of oil from the global market, lacks any oil-gas pipeline collaborations, whether on land or in deep-water. The presence of political discord with surrounding nations and the absence of a direct pathway to external resources pose significant challenges in constructing energy pipelines. The long-term feasibility of relying on external goods transportation for oil and gas, given the high energy demand and volatile international oil prices, was not considered reasonable. India, several decades after achieving independence, believed its indigenous energy resources to be sufficient and extended invites to companies from the United States, Germany, and Vietnam to investigate local energy alternatives. India relied on the Soviet Union for energy imports and conducted investigation of local energy sources within India for an extended period of time.

Both government and private oil enterprises were not interested in domestic energy production as a result of insufficient modern technology and the necessity for substantial capital investments. India has 23 oil refineries in various states in the country and two among them under the private ownership of Reliance Industries and Essar Oil Pvt Ltd. India imports 70% of its energy from outside to meet its energy demands. Hence, India needed an enduring and tangible energy strategy involving international collaborators and appropriate infrastructure to transport energy to Indian markets. The Confederation of Indian Industry (CII) conducted a study titled *India's Energy Security and Transnational Gas Pipelines*.³⁷ The report recommended that policymakers and key stakeholders explore the utilisation of transnational gas pipelines as a means to ensure a consistent and dependable supply of natural gas to India.

Iran-Pakistan-India (IPI) Gas Pipeline

In 1989, Iran and Pakistan made the decision to build a gas pipeline called the IP (Iran-Pakistan) pipeline. The purpose of this pipeline was to provide a connection between the South Pars energy field located in the Persian Gulf and the province of Multan in

³⁷ See the report of Confederation of Indian Industry, "India's Energy Security and Transnational Gas Pipelines." <https://www.cii.in/PublicationDetail.aspx?enc=0njELD0t0507h6lPu09I2raaB/L6quvE8t4lqINoTZSJlSt6yCZWf75OM2QwMr9WV7yIl0qIYBrnu4oH5Wlx6nqT66iBW9VuHMNI3McfSmWggwZA/qMXhZROc5eZegKCS8B9>. Accessed 12 June 2017.

Pakistan. To facilitate the implementation of the project, the Iran-Pakistan Working Group was established in 2003. India became a member of the group in 2005, and as a result, the project was referred to as the Iran-Pakistan-India (IPI) Gas Pipeline Project. This pipeline project traverses many regions of Pakistan.³⁸ The pact was a trilateral arrangement aimed at fulfilling the energy requirement of India and Pakistan, with Iran serving as the supplier or provider of natural gas. The IPI appeared to be more financially rewarding compared to alternative energy pipeline projects through land. Pakistan, similar to Iran, would be entitled to an annual transit fee ranging from \$200-500 million from India, leading to financial benefits. The development of this pipeline was expected to yield substantial advantages for both India and Pakistan. India was projected to achieve savings of around US\$300 million per year in energy transportation costs, while Pakistan is anticipated to receive approximately US\$700 million in transit fees on an annual basis.³⁹ These three parties signed the primary phases of IPI Gas Project in 2005. As per the Standing Committee on Petroleum and Natural Gas of the Indian Parliament, the total length of the pipeline stretching to the Indian border, near Barmer, is around 2,135 km. Out of this, 1,100 km lies within the territory of Iran, while the remaining section is situated within Pakistan. The Ministry of Petroleum and Natural Gas in India has estimated that the investments necessary for the construction of this pipeline exceeded \$7 billion. The pipeline was originally intended to transport 150 Million standard cubic feet per day (MMSCMD) of natural gas, with an equal distribution between India and Pakistan. Iran, as the host country, offered to bear 60% of the construction cost and provide technical assistance for the project. The South Asia Gas Enterprise' (SAGE) finding was that the project expected to benefit India and Pakistan greatly.⁴⁰ It was considered that the IPI project has the capability to fulfil India's long-lasting energy requirements.

The Asian Development Bank (ADB) provided significant finance for the IPI project and verified its feasibility. According to Dan Millison, was a senior energy specialist of ADB, the assessment conducted by the bank focused exclusively on economic factors and the

³⁸The total length of 2700 km project would run 1100 km in Iran and 1000 km to Pakistan and in case of agreement with India it will continue 600 km in Indian Territory. This project is expected to greatly benefit India and Pakistan, which do not have sufficient natural gas to meet their rapidly increasing domestic demand for energy. <http://www.gulfoilandgas.com>.

³⁹ Shiv Kumar Verma, "Energy geopolitics and Iran-Pakistan-India gas pipeline," *Energy Policy*, 35, 3283 (2007):1-12.

⁴⁰ See the report of SAGE, "TAPI Gas Pipeline Project." <http://www.sage-india.com>. Accessed 12 March 2016.

increasing energy demands witnessed in both India and Pakistan.⁴¹ The IPI project was a significant undertaking involving the member countries, particularly India and Pakistan. Disagreements and problems arose between the parties involved in the pipeline project, such as India's dissatisfaction with Iran over the subject of price fixation. Both parties engaged in seven rounds of negotiations to determine the price of petrol, with the last negotiation taking place in 2007. The negotiated price for Iran up to the Pakistani border at JCC (Japanese custom cleared crude) was \$4.93 per million BTU. Iran provided gas to Turkey at a rate of around \$8 per million BTU during the price fixation period. India's LNG contract with Qatar incorporates a pricing mechanism that involves a price escalator. This escalator would result in a price increase of \$7.50 per million BTU once the JCC (Japan Customs-cleared Crude) reaches \$60. "In 2007, India purchased 44 shipments of liquefied natural gas (LNG) at an average cost of \$9 per million British thermal units (BTU)". The price of petrol in Iran was relatively more cost-effective compared to other trading partners of India.

Iran aimed to renegotiate the price of petrol sold to India every five years, with the intention of increasing it from \$4 to \$8 per million BTU. However, India expressed its objection to this proposal. In 2009, Iran established a set price of \$7.2 per million BTU for petrol. Furthermore, the IPI Gas Project had a disagreement on the transit fees between India and Pakistan. India felt the gas price and transit fees as not affordable and was reluctant to continue with the project. These two issues posed obstacles and compelled India to reverse its course on the project. SM Krishna, the then Minister of External Affairs, provided a concise overview to the Parliament of the primary obstacles related to the IPI Gas Project. The issues he emphasised were related to agreements for price, transit expenses, and transportation fees. Moreover, they were accountable for ascertaining the delivery site, establishing an appropriate project framework, and guaranteeing the security of the pipeline.⁴² Krishna's speech emphasised the challenges confronting the IPI Gas Project, which went beyond mere pricing issues and encompassed a range of technical and security-related factors.

⁴¹ Abbas Maleki, "Iran-Pakistan-India Pipeline: Is it a Peace Pipeline?," International Institute for Caspian Studies (Tehran), September 2007.

<https://www.files.ethz.ch/is802/Iran%20Pakistan%20India%20Pipeline.pdf> <https://cis.mit.edu>.

⁴² See the document, Lok Sabha debate, "IPI Gas Pipeline", Ministry of External Affairs, government of India, August 11, 2010: 114-115.

Nevertheless, India did not suspend the project and expressed its interest in resuming it during the final meeting in 2009. During the visit of Iran's then Foreign Minister, Mottaki, to India in 2009, India and Iran engaged in a discussion over the IPI initiative. Both parties underlined the significance of the initiative. India's position was to adopt a wait-and-see approach in order to resolve the political and economic disagreement on the IPI project with Pakistan, as well as to address the conflict between Iran and the US. From a political standpoint, the US expressed its lack of support for the IPI Gas project, as evidenced by the statements made by Steven Mann, a high-ranking official in the State Department. He affirmed that the US firmly opposed the pact, clearly voicing disapproval of pipelines including Iran, while yet supporting multiple pipelines originating from the Caspian region.⁴³ The US had apprehensions that the IPI project would hinder efforts to isolate Iran. Moreover, India raised concern over the security of the pipeline that is installed in Pakistan.

Apart from the challenges related to price fixing, Iran also expressed concerns about the future of its natural resources. Hadi Nejad Hosseini, the then Iranian deputy oil minister, raised concerns about the deal, stating that it offered India a substantial discount, approximately 30% below the price of gas sold to Turkey.⁴⁴ Akbar Mohtashamipour, the leader of the reformist politicians, questioned the wisdom of exporting gas at a time when the cold regions of Iran are experiencing a gas shortage. In the initial stage, IPI Gas project was found profitable to India, but later on, Iran and Pakistan increased the gas price and transit fees respectively.⁴⁵ Subsequently, the project appeared to lack economic viability for India. The entity expressed its viewpoint regarding the project, emphasising that the responsibility for its operation and security lies with the seller and the transit country. It emphasised the importance of not utilising the project as a means of political manipulation. SM Krishna, the then Minister of External Affairs, stressed the significance of doing a thorough investigation and deliberate evaluation of all elements to ensure the satisfaction of the countries involved.⁴⁶ Thoroughly examining these elements was

⁴³Maleki, "Iran-Pakistan-India Pipeline," 04.

⁴⁴Maleki, "Iran-Pakistan-India Pipeline," 07.

⁴⁵Aleena Khan, "IPI Pipeline and Its Implications on Pakistan," *Strategic Studies* 32, no. 2/3 (2012): 102–13.

⁴⁶ See the document of Lok Sabha debate, "IPI Gas Pipeline," Ministry of External Affairs, government of India, August 11, 2010: 273-274.

essential to protect the interests of each country and mitigate potential problems during the project's future implementation.

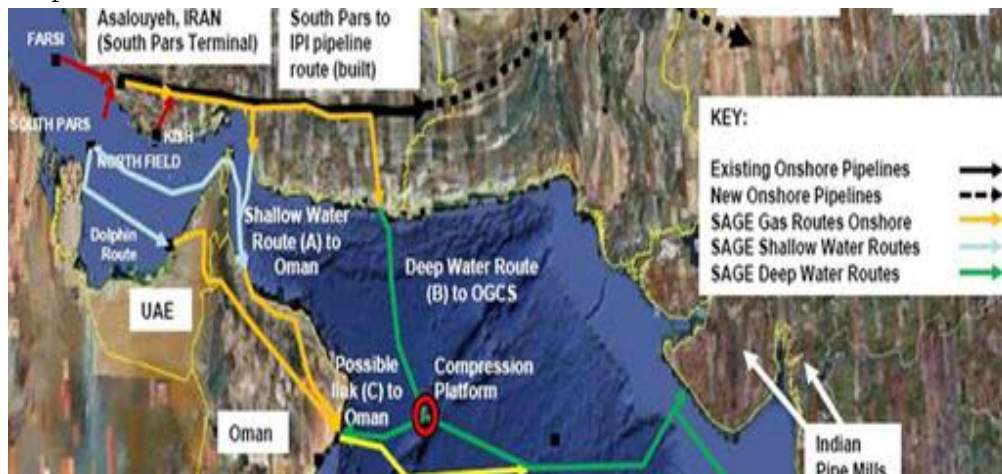
Iran and Pakistan have resumed the IPI Gas Project and they were the first participants, unlike India. Iran has completed its stake. Most importantly, China declared its plan to spend \$2.5 billion towards the project in 2010. Iran has also invited Bangladesh to take part in the project. By including additional partners, the programme has the capacity to develop into a substantial undertaking focused on meeting the energy requirements of East Asian nations. Iran and Pakistan have been engaged in continuous dialogue and have made significant progress in their respective contributions to the project. Nevertheless, they continue to encounter challenges, namely in obtaining funds and manoeuvring under the international sanctions imposed on Iran.

The Middle East to India Deep-water Pipeline-MEIDP

India was seeking another viable initiative to acquire energy from West Asia. Starting in 2012, India began formal negotiations with Iran and the Sultanate of Oman to establish a deep-sea gas pipeline known as MEIDP. This project aimed to create a multi-billion dollar energy corridor connecting India and Iran via Oman. Siddho Mal Group, a business group headquartered in New Delhi, has put forward the proposal for the Middle East-India Deepwater Pipeline (MEIDP) to facilitate the transportation of natural gas to the Indian market via a subsea pipeline originating from West Asia. The subaquatic pipeline covers a distance of 1400 km and goes to a depth of 3400 metres. The route begins at Iran's Chabahar Port, crosses the Gulf Region in the Oman Sea, and ends at the Indian Coast in Gujarat.⁴⁷

⁴⁷See the project document of South Asia Gas Enterprise (SAGE). <http://www.sage-india.com>. Accessed 04 July 2018.

Map No.04 **MEIDP**



Source: Official website of SAGE Pvt Ltd. (<http://www.sage-india.com>).

Assessed on 20 march 2018.

The SAGE was assigned with constructing undersea natural gas pipes from the Gulf through a Global Consortium of firms during the next 10-15 years. A decade ago, Oman made a \$90 million investment in the project. The political significance of this project was that India does not need to rely on the Pakistan region; it is different from the IPI and TAPI projects. It can be considered a project free from Pakistan involvement. Furthermore, the parties involved need not be concerned about the security during both the construction and operation stages of the pipeline. Another aspect of this initiative involves the potential for India to engage in electricity imports from other nations. Experts involved in the SAGE project have determined that it can provide India with 8 trillion cubic feet (TCF) of natural gas over a period of 20 years. The estimated cost of the project is approximately 4 to 5 billion dollars, and the construction phase is expected to last around four to five years. The pipeline will have a capacity to transport 31.5 million standard cubic metres of gas per day (MSCM). The technical studies conducted by Peritus International Ltd, the Project Management and Design Consultant, verified the project's economic viability. Additionally, the MEIDP has chosen to utilise advanced Piping Repair Technology for the pipeline⁴⁸ to build a pipeline under deep-water. According to N.R. Rao, the then Oil Secretary and Chairman of the Advisory Board of SAGE Pvt Ltd, the cost of landed gas through an undersea pipeline will be at least \$2 cheaper than

⁴⁸Piping Repair Technologies-PRT, offers economical engineered composite repair solutions for piping and infrastructure repair, reinforcement and remediation. <http://pipingrepairtechnologies.com>. Accessed 14 June 2018.

importing LNG, saving about \$1 billion annually.⁴⁹ The unique aspect of the project is that other energy-exporting partners can also join the MEIDP. Turkmenistan and Qatar have already expressed interest to export their share of LNG through the MEIDP to India.

In 2014, the SAGE carried out an extensive Geophysical Survey in the Arabian Sea and Oman Sea using the German vessel FUGRO GAUSS as part of the project. The project is expected to begin its operations around the year 2030. This project will be both politically and economically feasible, and in contrast to the IPI, India will have a prominent role in the initiative. Contrary to the land-based project, the extension of the MEIDP may not encounter obstacles as the underwater pipeline lining is feasible and does not necessitate physical protection. It was suggested that the Chabahar port would also serve as an additional area of operation for the project.

Constraints on India and Iran Energy Deals: Sanctions on Iran

The sanctions had a significant impact on both the Iranian energy sector and its oil investors and partners. The imposition of sanctions on Iran acted as the main political instrument employed to reduce India's oil imports from Iran. India curtailed the volume of oil imports from Iran in order to protect the US interest. The effectiveness of sanctions and India's demand for oil had a consistent increase throughout the 2000s. Nevertheless, Iran and its energy allies, particularly those outside of the Western world, collaborated well in managing the oil industry. India's oil imports from Iran reached their lowest level between 2001 and 2005, as indicated in table No.11. The average growth rate of oil imports during this time was 17.39%. India's reliance on petroleum imports from Saudi Arabia and Iraq increased due to the strict financial restrictions imposed on Iran.⁵⁰ The imposition of sanctions on Iran has intensified since 2006 and reached its peak in 2018.

The sanctions had a substantial effect on Iran's oil operations in both the extraction and refining sectors, greatly limiting foreign investments in the energy sector. As a result,

⁴⁹ See the report in a prominent daily newspaper, "Undersea Iran-India gas pipeline can bring cheaper LNG to India," *Economic Times of India* (October 09, 2015) <https://economictimes.indiatimes.com/industry/energy/oil-gas/undersea-pipeline-from-iran-can-bring-cheaper-gas-to-india/articleshow/60378372.cms>. Accessed 14 May 2018.

⁵⁰ Luengo-Cabrera, José, and Erica Moret. "Sanctions against Iran: The Role of Pivotal Rising Powers," European Union Institute for Security Studies (EUISS): Paris, (2015):1-4. For reference see, Sason Hadad, and Tomer Fadlon, "The Second Round of Sanctions against Iran: The Impact on Iran and the Global Oil Market," Institute for National Security Studies. <https://www.inss.org.il/publication/second-round-sanctions-iran-impact-iran-global-oil-market/%202018> Accessed 12 July 2019.

Iran lacked the ability to acquire the contemporary technology and expertise required to improve oil refining procedures. The imposition of sanctions by Western countries not only impacted external investments but also had a considerable negative effect on the domestic oil refinery sectors in Iran. The assessment from the Department of Energy (DOE) emphasised that Iran does not possess the requisite capacity to effectively refine fuel in order to fulfil its domestic needs. Iran is acquiring some 130,000 barrels of unprocessed petroleum per day, as well as other processed fuels such as diesel, in order to fulfil its domestic requirements.⁵¹ US corporations ceased their operations in Iran's energy sector and retrieved their state-of-the-art materials and technologies. Russia and China have significantly increased their refinery operations and started producing in energy areas that were abandoned by Western countries. However, they were unsuccessful in achieving a balance between the amount of oil and gas exploited by Western countries in Iran. Nonetheless, their production partially assisted Iran in alleviating its financial difficulties.⁵²

The Iran-Libya Sanctions Act of 1996 (ILSA) imposed penalties on foreign firms that invested over \$40 million annually in the energy industries of Iran and Libya.⁵³ The ILSA imposed restrictions on Iran's procurement of spare parts for oil drilling machinery, which were previously provided by US-based companies. The U.S. government unilaterally implemented the Iran Sanctions Act (ISA) of 2006, which mainly focused on discouraging investment in Iran's oil and gas industries. As a result, prominent US companies terminated their agreements related to oil exploration and trade with Iran.⁵⁴ The circular issued by the ISA said that both companies and individuals were prohibited from investing more than \$20 million in the Iranian oil and gas sectors. This circular served as an update to the terms of the ILSA of 1996. Indeed, the investments made by non-western and indigenous companies were unable to compete with Iran's daily oil and

⁵¹ See the document of United States Government Accountability Office on "Iran Sanctions Firms Reported to have Commercial Activity in The Iranian Energy Sector and U.S. Government Contracts," United States Government Accountability Office, May 12, 2010. <https://apps.dtic.mil/sti/trecms/pdf/AD1178922.pdf>. Accessed 12 February 2016.

⁵² Holly Dagres, and Barbara Slavin, "How Iran Will Cope with US Sanctions," Atlantic Council, 2018. <https://www.atlanticcouncil.org/in-depth-research-reports/issue-brief/how-iran-will-cope-with-us-sanctions/>. Accessed 20 June 2019.

⁵³ Kenneth Katzman, "The Iran-Libya Sanctions Act," *U.S.-Libyan Relations: An Analytic Compendium of U.S. Policies, Laws & Regulations*. Atlantic Council, 2003. https://www.atlanticcouncil.org/wp-content/uploads/2003/08/2003-08-US-Libyan_Relations.pdf. Accessed 20 June 2019

⁵⁴ (Iran Oil Production, Investment Policy, International Sanctions and P5 + 1 Deal with Iran, 2006–2015, Mohammad Hassani1-MH).

gas production. The main focus of the ISA was on foreign enterprises, as U.S. companies were already forbidden from operating in Iran according to the Trade and Investment Ban Act of 1995.⁵⁵ Since 2018, the US and the UNSC have enforced rules on the Iranian financial system and have immobilised the global banking accounts of persons and organisations linked to Iran via US banking channels. Iran's energy partners, notably India and China, endeavoured to explore alternative approaches, such as engaging in transactions using their own domestic currencies instead of relying on the dollar or euro, and facilitating the exchange of products. Nevertheless, all of these efforts proved to be ineffective. The negotiations between Iran and its energy partners failed to achieve a consensus over the exchange of goods to address the trade balance issues, mostly due to a shortage of valuable or superior quality products for trade. Iran promoted the use of currency as a means of payment with trade partners in order to support the significant investments required for the country's social welfare projects.

The "Comprehensive Iran Sanctions, Accountability and Divestment Act" (CISADA), generally referred to as CISADA, expanded on the terms of previous statutes such as the ILSA and the ISA. Under the provisions of the CISADA, the President of the US has the authority to enforce sanctions on persons or organisations that are involved in supplying Iran with refined petroleum products or assisting Iran in its ability to import such products.⁵⁶ Aside from the US, the UNSC, has also enforced sanctions on Iranian oil resources. The fourth-round resolution, known as Resolution 1929, was specifically designed to subject the Iranian banking and financial system, including its central bank, to international sanctions. The restrictions impeded Iran's ability to refine and trade its oil, resulting in a decline in its daily crude oil production of 1 million barrels and consequently affecting its export activities. According to data from the International Monetary Fund (IMF), "Iran experienced a significant decline in revenue from oil and natural gas exports." For instance, in the fiscal year 2011-2012, the revenue amounted to \$118 billion. There was a considerable decrease of 47% in the following year, with revenue dropping to \$63 billion in 2012-2013. Furthermore, in 2013-2014, there was

⁵⁵ Kenneth Katzman, "Iran Sanctions Specialist in Middle Eastern Affairs" -Congressional Research Service, December 2, 2011. <https://www.congress.gov/115/meeting/house/105800/witnesses/HHRG-115-FA13-Bio-KatzmanK-20170329.pdf>. Accessed 14 September 2016.

⁵⁶ See report of Public Law 111–195, "Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010," July 1, 2010. <https://www.Treasury.gov.in>, <https://www.congress.gov/111/plaws/publ195/PLAW-111publ195.pdf>. Accessed 21 June 2019.

another 10% decrease, resulting in revenue of \$56 billion.⁵⁷ The decrease in income can be related to a significant drop in the amount of crude oil cargo. The sanctions posed a substantial obstacle to the implementation of the proposed oil agreement between the countries. India has become Saudi Arabia's main oil importing partner, engaging in a crude oil trade of 42 million tonnes during the height of economic tensions with Iran in 2017-18. In the fiscal year 2017-18, India acquired 9.5 million tonnes of liquefied natural gas (LNG) from Qatar, solidifying Qatar's position as India's main source of LNG. Furthermore, Sudan has established itself as a prominent oil exporter to India.⁵⁸

India's investments in Iran's oil and gas sector have been reduced as a result of the sanctions, which have hindered India's capacity to improve its exploration and production capabilities due to the lack of access to technology and resources. India, despite being an early player, had external economic constraints that hindered its ability to carry out refinery operations in the Iranian hydrocarbon industry. In 2014, the US Government Accountability Office (USGAO) identified five Indian companies, namely Oil and Natural Gas Corp. Ltd, Indian Oil Corp. Ltd, and Oil India Ltd, together with China's CNPC, for their involvement in Iran's energy sector. According to the USGAO's findings, none of these Indian companies had any contracts with the US government related to Iran's oil production.⁵⁹

The OVL, IOC, and OIL have initiated exploring activities in certain blocks of the Farsi energy field and have reached an agreement to invest a total of \$5.5 billion in the Iranian oil and gas sectors. Private oil enterprises in India faced greater obstacles than public corporations during the period of restrictions. This occurred because there was no longer a dependable method to communicate with NIOC regarding the exploration and pricing of crude oil and gas. Petronet and Hinduja Group have entered into agreements with Iran to construct Phase-28 of the extensive South Pars gas project. The objective was to

⁵⁷See the International Monetary Fund Selected Issues Paper on Islamic Republic of Iran, IMF Country Report No. 15/350 <https://www.imf.org>, <https://www.imf.org/external/pubs/ft/scr/2015/cr15350.pdf>. Accessed 21 June 2019.

⁵⁸ See the report in prominent news agency, "India's energy muscle helps Petronet get better Qatar gas deal," *Reuters* (December 31, 2015). <https://in.reuters.com>, <https://www.reuters.com/article/india-petronet-qatar/indias-energy-muscle-helps-petronet-get-better-qatar-gas-deal-idUSKBN0UE0JE20151231/> Accessed 22 June 2019

⁵⁹ See the document of U.S Government Accountability Office on "Iranian Commercial Activities Update: Foreign Firms Reported to have Engaged in Iran's Energy or Communications Sectors," U.S Government Accountability Office (January 13, 2015). <https://www.gao.gov>, <https://www.gao.gov/assets/gao-16-247r.pdf>. Accessed 17 march 2018.

convert the retrieved gasoline into liquefied natural gas (LNG) with the intention of exporting it, including a financial commitment exceeding \$10 billion. However, despite the initial objectives, the project did not progress as planned and failed to attain its intended result.⁶⁰ Unlike the government companies, the private refineries left Iran when the situation became worse than earlier period. Reliance Industries, the largest private company of India left Iran soon after the first round of sanctions were declared by the West. Indian private companies were concerned about the loss of capital and further technical complexities in the energy sector. Essar Oil and the state-run MRPL (Mangalore Refinery and Petrochemicals Limited) continued to procure substantial quantities of Iranian crude oil. India's energy relations with Iran were greatly impacted by the combination of West's sanctions on Iran and Iran's strict terms and conditions in energy agreements.

Concluding Remarks

This chapter examined the non-oil and oil trade ties between India and Iran as well as potential outcomes and challenges in their economic relationship in the post-Cold War period. The analysis included the interpretation of India's non-oil imports and exports, combination of key import-export commodities, yearly growth rate and overall annual growth in trade with Iran and the global market. The chapter argued that significant volatility existed in the volume of exports and imports as well as the market share of key commodities, across the whole duration (1991-2020) in India and Iran economic ties. India's trade with Iran exhibited a positive balance (in favour of India) only during the initial decade following 1991. The technical factors behind the decline of positive balance of trade were the economic sanctions on Iran and the absence of alternatives to conduct trade with an isolated Iran. However, the value of exports-imports between India and Iran increased year by year, despite huge fluctuations. Trend in non-oil trade between India and Iran indicated that they upheld a mutually advantageous economic partnership.

The chapter further analysed energy ties between India and Iran. The Iranian oil had significant role in meeting India's energy needs. However, their energy trade had an

⁶⁰See the report of United against Nuclear Iran-UANI, "Oil and Natural Gas Corp (ONGC)." <https://www.unitedagainstinucleariran.com/company/oil-and-natural-gas-corp-ongc>. Accessed 12 January 2021

unusual pattern in most of the years in the post-Cold War period. Several key factors significantly impacted India's energy relations with Iran. These factors included the rise of new political conditions in Iran, economic sanctions on Iran, Iran's unique energy policy, challenges in the newly established payment system, dispute regarding price determination, and security issues surrounding oil and gas pipeline projects. In addition, major global powers, particularly the US, lobbied with India to reduce its oil trade with Iran.

However, India did not substantially decrease its oil imports from Iran. The oil import data from India indicated significant volatility. However, Iran's energy resources had potential to meet India's energy security. From 1991 to 2021, the collaboration in energy areas between India and Iran significantly enhanced the total economic values of their trading relationship. Iran was the ideal energy partner for India in terms of both cost and logistics. For instance, India's stake in the Farzad-B project has strengthened its partnership in Iran's energy sector. The main impediment in the energy ties of India and Iran was the lack of a direct transportation route, either through an overland or maritime pipeline. In short, there was complementarity in economic relations between India and Iran. However, India and Iran were unable to follow balanced (Balance of Trade) economic ties as a result of the domestic (contrast in energy policies of India and Iran), regional and systemic constraints in the post-Cold War Period.

Conclusion

Since the end of the Cold War, relations with Iran have played a critical role in India's international engagements in the region. This thesis examined the dynamics in the relations between India and Iran in the post-Cold War period. The study analysed the political, economic, strategic, security and regional factors and the role of major powers in India and Iran relations through the prism of neorealism. Domestic, global/regional (systemic) and leadership-level analysis through the lens of neorealism covered the nuances of India and Iran relations in the post-Cold War period. The study argued that these factors significantly shaped India and Iran relations and brought about complex dynamics. The new geopolitical shift positioned India and Iran to maintain their bilateral ties. The role played by key regional actors such as Afghanistan, Pakistan, Israel, Central Asian States (CAS) and significant powers, like the US and China, have significantly influenced India and Iran relations.

Against this backdrop, the current study was driven by the main objective of examining the dynamic relationship between India and Iran. The study adopted a neorealist framework, drawing essence from the theoretical concept developed by Kenneth Waltz to achieve this objective. Specifically, the analysis was rooted in Waltzian ideas, particularly influencing the 'Idea of three images of world politics,' which covered the systemic, regional, and domestic/ leadership levels. Waltzian neorealism, a prominent school of thought in international relations, posits that the global system's structure largely influences states' behaviour. By employing this framework, the study explored the complex and multifaceted interactions between India and Iran in the post-Cold War period. The 'idea of three images of world politics' provided a structured approach, enabling a nuanced exploration of how domestic/leadership and systemic factors interplayed in shaping the relations between the two nations. On the systemic level, the study examined the impact of broader global dynamics, such as major powers' rivalries and interventions in the respective regions of India and Iran. At the regional level, the focus shifted to the dynamics within West Asia and South Asia, exploring how regional power balances and their conflicts influenced India's and Iran's relations. Finally, on the domestic level, the study investigated how internal factors, such as political ideologies, individual influence and economic considerations, shaped the bilateral ties between India and Iran in the post-Cold War period.

The study posed specific questions at the outset: How does one perceive the critical developments in India and Iran relations in the post-Cold War period through the prism of neorealism by contextualising them against the backdrop of key developments in the ties in the past? How have the global/regional developments in the post-Cold War era influenced India-Iran relations? What are the major domestic and individual level factors that contributed to the shaping of India and Iran relations in this period? What are the common security and economic concerns and divergence, along with areas of convergence, embedded in their relations?

These questions are examined and discussed in seven core chapters of the thesis. Accordingly, the methodology employed for this study involves a comprehensive examination, combining both historical and empirical analysis. This includes a review of secondary literature, drawing from existing publications on India-Iran relations. In addition, primary data has been gathered from government documents and annual reports issued by various ministries and departments of both nations. Additionally, interviews of academicians and officials in the Iranian Consulates (in India) also form the sources for the study.

The first chapter of the thesis is a theoretical and conceptual one. This study argued that neorealism, the modified version of realism, was a feasible theory to explain the behaviour and interactions of India and Iran in anarchically structured global and regional politics. Neorealism implies that the international system is anarchic, along with the existence of certain structures, with states possessing different capabilities. Consequently, they try to disrupt or maintain the balance as per their interests. If one goes by the neorealist perspective, India and Iran are two significant actors maintaining the anarchic structure of the world through their power distribution. In addition, this chapter followed Waltz's idea of the 'three images,' or representing three perspectives on the world or three classifying layers of systemic, regional, and domestic/leadership level factors. The framework is consistently applied throughout the study to enhance understanding of the interactions between India and Iran across various levels. Emphasis is placed on key systemic, regional, and domestic factors along with individual-level factors and the complex linkages between these elements to explain the factors that shaped the trajectory of their relationship.

The importance of power in international politics is evident, and as two states with an emphasis on higher-level status transformation, India and Iran are striving to increase their national power. The means (*modus operandi*), particularly the end (objectives) of power, are defined differently in realism and neorealism. Both perspectives are power-oriented, encouraging actors to enhance their national power. This study argued that the power orientation and the endeavour for power maximisation by India and Iran align with defensive realism. It means that the maximisation of power is pursued primarily for survival rather than building global or regional hegemony. In this context, the study argues India and Iran have sought to increase their power with the aim of survival. Their power pursuits have been characterised by a defensive (*status quoists*) orientation rather than an offensive one (*revisionists*). It further argues that neorealism provided an apt theoretical framework for the study. The study examined all developments in India and Iran relations through the lens of Waltz's three images of the world. Indian leaders like P V Narasimha Rao, A B Vajpayee, Manmohan Singh and Narendra Modi and reformist-pragmatists like Mohammed Khatami and Rafsanjani from Iran significantly prioritised India and Iran relations in the post-Cold War period. During the Vajpayee-Khatami, Manmohan Singh-Ahmadinejad eras, these contemporary leaders, in their individual capacities, encouraged India and Iran ties. These leaders concluded significant treaties/agreements like Tehran (2001) and New Delhi (2003) declarations. Despite the difference in their domestic political structure, India's and Iran's leaders remained flexible in dealing with their national affairs. Like reformists, Iranian hardliners also did not have discomfort with Indian leaders. For instance, Iranian hardline leader Mohamoud Ahmadinejad was, in fact, in a comfortable position with India and during his time, both countries signed the agreement on Chabahar port in 2006.

The second chapter analysed the historical relations between India and Iran. They had a long history of cultural relations and exchange with Persian immigrants, making significant contributions to India's art, architecture, administration and military affairs. The study argued that the historical bonds between India and Iran enhanced their contemporary relations. The study further posits that the development of political and economic relations between India and Iran during the Cold War period was a response to systemic, regional, and individual contexts. For instance, Nehru's idea of non-alignment and Reza Shah's pro-West stances influenced the complex and dynamic nature of India and Iran relations in the early years of the Cold War.

In addition, the study drew inferences that changes in domestic and global politics since the 1970s improved India's and Iran's relations. The British withdrawal from West Asia, the US shift towards Far East Asia and the Iranian-Soviet rapprochement alleviated political friction between India and Iran. It is argued that India favoured Iran's anti-West stance and its pro-NAM alignment following the Islamic Revolution of 1979. Contrary to the West, India did not express dissatisfaction with Iran's Islamic-based political system. Since the 1980s, India and Iran have significantly engaged in political, economic, and security fields and declared the Indian Ocean and the Persian Gulf as India and Iran-centric.

The relationship stabilised and strengthened after moderate-reformist factions took power in Iran in 1989. As far as India's economic ties with Iran were concerned, the study further argued that the trade ties between India and Iran from 1961 to 1991 had not significantly improved. In this period, trade imbalances, particularly in the energy sector, resulted in negative margins for India's trade with Iran. However, both nations significantly shifted focus to non-oil sectors. They collaborated in significant business establishments such as oil refineries, iron, and fertiliser plants.

Chapter three analysed the role of key regional players in India-Iran Relations in the post-Cold War period. Engagement with regional actors such as Afghanistan, Pakistan, Israel, Saudi Arabia and Central Asian states presented both opportunities and challenges for the ties between India and Iran. The study argued that Afghanistan, given its political context, had a significant role in fostering cooperation between India and Iran, despite divergent opinions on matters such as the withdrawal of Western forces from Afghanistan and the recognition (on the part of Iran) of the Taliban into 'bad or good' categories. Afghanistan remained a central connecting factor throughout the period, providing both nations with political, economic and strategic opportunities.

In general, Iran's religious connections with Pakistan brought them close. The cooperation and conflict (their divergent stance on terrorism and the Afghan Taliban) between Iran and Pakistan generated a certain degree of constraints on India's relations with Iran. India cautiously navigated Iran's pro-Pakistan approach to prevent deterioration in their relations. The study argues that Pakistan was a fetter factor in India and Iran relations throughout the period. Israel and Saudi Arabia's hostile relations with Iran and their alliances with India have created a complex balancing act between India

and Iran. Iran's nuclear programme and the P5+1 (the US, the UK, Russia, China, France, plus Germany) nuclear deal heightened apprehensions between Israel and Iran. The study argues that India maintained a balanced approach between Iran and Israel, and it supported the Palestinian cause while recognising the Jewish right to live. Iran supported India's "Connect Central Asia" policy. Iran emerged as a potential partner for India to achieve its interest in Central Asian regions. India's focus on Central Asia was evident in its inclusion in the 2018 Ashgabat Agreement for transportation and transit. To a large extent, India supported Iran's reach out to Central Asia and contributed to building trustworthy relations between Iran and Central Asian states. As India's regional partner, Iran played a significant role in fostering a favourable political and economic atmosphere in Central Asia. The study inferred that unlike Central Asian States and Afghanistan, states such as Pakistan, Israel, and Saudi Arabia had varying degrees of ties with India and Iran. Both countries (India and Iran) realised their regional constraints and navigated a delicate balancing act between these regional players to enhance their post-Cold War relations. Pakistan also has played a major constraining role during the post-Afghan-Taliban rule (2001 to 2021) and the new Taliban rule (2021 to present).

Chapter four analysed the common security threats faced by India and Iran. The study argues that India and Iran's traditional threat sources were different. However, there was similarity in their non-conventional threats, such as the resurgence of the Afghan-Taliban (2001-2021), the influence of the Islamic State of Iraq and Syria (ISIS) in Southwest Asia, the spread of narcotic drugs, maritime threats, piracy and Pakistan's links with Afghan-based militants. The chapter argued that India and Iran were the major terrorism-affected states, as evidenced by the data (GTD and GTI). Terrorism from Pakistan's territory was found to be a significant security threat to Iran and India. They faced security threats from the Afghan Taliban (2001-2021), and its return to power in 2021 also added a geopolitical threat to India and Iran in the region. They were apprehensive about the new manoeuvre of Pakistan and Afghan Taliban in the regions. Unlike India, Iran was under the threat of Baloch insurgency, especially from Iranian Baloch insurgent groups, such as Jundullah Jaish al-Adland Jaishul Nasr. India and Iran were also not immune from the threat of ISIS, and its presence was found in the region since 2013.

In addition, India and Iran faced maritime threats in the form of piracy in the Indian Ocean and Persian Gulf. Their maritime threats included a wide array of challenges, such as maritime terrorism, piracy and drug trafficking. Both the states also faced narcotic drug

threats. For instance, according to the report of UNODC (United Nations Office on Drugs and Crimes), Iran's annual heroin consumption stood at 17 tonnes, which represented 5 percent of global consumption. Piracy and armed robbery emanated from the sea, off Somalia's coast, into the Straits of Hormuz, Malacca and the Gulf of Aden. India and Iran were under the threat of Somali pirates. The maritime terrorism of the Mumbai attack on 26 November 2008 (26/11), which was carried out by using the Sea route, is a case in point. The United Liberation Front of Assam (ULFA), the National Socialist Council of Nagaland (NSCN), and the National Democratic Front of Bodoland (NDFB) received weapons originating from Pakistan and Southeast Asian countries through these routes.

Furthermore, the study put forth the view that India and Iran perceive the common security threats as strategic compulsions to cooperate with each other to a large extent. From India's perspective, Iran is considered to be a vital actor in building a new security architecture in the region. In tune with this perception, India participated in the Tehran International Conference on Disarmament and Nonproliferation and World Security without Weapons of Mass Destruction (2010), which Iran organised. India promoted Iran's World Against Violence and Extremism (WAVE) concept in 2013. For maritime security, India and Iran joined the Indian Ocean Naval Symposium (IONS) to facilitate Humanitarian Assistance and Disaster Relief (HADR) in the Indian Ocean region. The Indian Navy provided training and technical assistance, and joint naval exercises were conducted at the Arabian Sea (2003 and 2006). The Iranian Navy joined with the Indian Navy in joint naval exercises such as MILAN-22 and IMEX-22. The study argued that global and regional constraints, along with sanctions on Iran, hindered the full implementation of their security ties. However, both countries decided to strengthen their defence cooperation during the celebration of Iran Army Day in India in 2023.

Chapter five examined the role of major powers, the US and China, and drew the inference that both states had played different roles in shaping India's and Iran's relations in the post-Cold War period. It further argued that the US as a systemic factor significantly influenced India and Iran relations, especially since the US and India have become strategic partners since the early 2000s. The US and Iran confrontations exacerbated tensions in the region, leading to pressure on India to reduce strategic ties with Iran. For instance, the US influence was found to impede the progress of strategic projects like Chabahar port and the INSTC, and in addition, India lowered its oil imports

from Iran. On the other end, Iran never accepted Pakistan's persuasion to negate India's interest in the region.

On the other end, Iran expected India to step out of the US-Israeli orbit and revert to independent foreign policies towards Iran. The study points out that Iranian perception was centring around the idea that India observed Iranian concerns through the US lens despite India's being in a divergent position from the US's perceptions. In fact, India sought Iran as a risk-free player, emphasising a nuclear-free and non-threatening role in the region. In this context, India's objectives aligned with those of the US, but their approaches to achieving these goals were differently placed. India was looking for negotiations to settle the issues between Iran and the US, and it had never promoted hard power options to change Iran's behaviour. India perceives the US-Iran rift as a potential driver of militarisation in the Indian Ocean and the Persian Gulf, hindering energy transactions. The study argues that the US withdrawal from the P5+1, the Iranian nuclear deal, in 2015 and the subsequent re-imposition of sanctions on Iran impacted India and Iran relations.

The study argues that, unlike the US, China's involvement as a major power in India and Iran relations differed in various ways. China was an "all-weather ally" to Iran, and with China's support, Iran met the West-imposed sanctions. Iran, China, and Pakistan succeeded with their combined involvement in the region. China takes hold of emerging opportunities in the region and has capitalised on geoeconomic investments, leveraging Iran's disengagements with the US, Israel and Arab countries to its advantage. This has elevated China to a critical partner for Iran, with both nations sharing common interests in countering interference from extra-regional powers in strategic areas of the region. India has scaled back engagements with Iran, reducing oil imports and adopting a more low-key approach since 2015. This approach by India has inadvertently created space for the deepening China and Iran ties. In general, Iran has maintained a balanced relationship between India and China, not influencing one against the other. The study argues that the US and China had contradictory relations with Iran. India was placed in a position to navigate the divergent roles of regional players in its relations with Iran, with the Pakistan factor not making a significant discernible impact. In contrast, China, particularly the US factor, had a more substantial impact on India and Iran relations in the post-Cold War period.

Chapter Six analysed the multi-linked regional corridor initiatives between India and Iran, emphasising their strategic implications. Iran acted as India's gateway to its western side countries. Pakistan's anti-India geopolitical policy has led to the development of the India and Iran multimodal corridor. These corridors, such as the International North-South Transport Corridor (INSTC) and Chabahar Port, integrate roads, rail, and ports to connect Asia, Europe, and Africa. The study argues that these projects are significant for India's geopolitical aspirations, providing a geopolitical alternative to China's Belt and Road Initiative (BRI). The Chabahar port, in particular, has become a dominant trade centre, facilitating cost-effective and time-efficient transportation of goods. The Chabahar port and the INSTC significantly influenced India's strategic and economic goals in the Eurasian region.

The INSTC, extending from the Indian Ocean to the Caspian Sea, holds immense potential for profitable trade between India, Russia, and Europe. The India-Myanmar-Thailand Highway Project and the East-West Economic Corridor offered opportunities for future INSTC expansion into Southeast Asia. Overall, these projects are game-changers with the potential to transform transportation networks and enhance regional connectivity. All these projects were major attractions in terms of less cost and time for transporting goods. Iran proposed linking the Chabahar and Gwadar ports in 2018. A connected economic corridor between Iran, India, Afghanistan, Pakistan and China could enhance regional trade networks. Despite India's reluctance to involve Pakistan and China in INSTC and Chabahar projects, Iran found them as viable options. The regional connectivity option significantly shifted India and Iran's ties into a strategic partnership. Iran played a key role in all of India's regional connectivity projects. INSTC and Chabahar port collaboration addressed India's geographical frailty and improved economic relations. INSTC was a chief component of India's 'Connect Central Asia' policy, strategically placing India in the region.

The study argued that India and Iran's regional initiatives aimed not only to protect their economic interests but also their geopolitical interests. For instance, projects like Chabahar and INSTC have been strategically positioned to counterbalance China's CPEC and Gwadar port, reflecting a broader regional geopolitical alignment. These initiatives serve as significant components in both countries' efforts to assert influence and maintain strategic equilibrium in the face of evolving geopolitical dynamics.

Chapter Seven analysed India and Iran's economic ties and India's energy security. As reflected in their trade statistics, the trade dynamics between India and Iran exhibited an abnormal trend in export-import combinations. Both nations had signed agreements, launched operations at the Chabahar port and began transactions through the INSTC to improve their trade. Despite the US sanctions, India and Iran established joint ventures, signed the Bilateral Investment Promotion and Protection Agreement (BIPPA) and facilitated payments through the 'Rupee Payment Mechanism' (RPM). India stood as Iran's fourth-largest trading partner globally, and Iran is India's seventh export destination. The study argues that the trade ties between India and Iran experienced frequent fluctuations, primarily due to economic sanctions and the US freezing of all payment mechanisms between India and Iran. Trade fluctuations indicated that India and Iran maintained dynamic economic ties. India's balance of trade (BOT) with Iran was negative for most of the period, as India does not have significant high-value goods to export to Iran. Therefore, a favourable BOT is not practical in the case of India and Iran trade ties; the negative BOT from the Indian perspective is often rationalised by highlighting India's concern about maintaining domestic energy security. It is to be noted that Iranian oil is much cheaper in pricing compared to other states.

Energy was an essential factor in India and Iran's trade, with India's oil imports from Iran showing steady growth. Indian companies like Oil and Natural Gas Corporation (ONGC) and Indian Oil Cooperation Ltd (IOC) participated in Iran's energy sector. The major limitation in the India and Iran energy ties is that no significant pipeline exists between them. In addition, India has a limited stake in the Farzad-B energy sector, and Iran has restrictions on equity rights. Gas Authority of India Limited (GAIL) initiated a project for liquefied natural gas (LNG) pipelines in India, along with Qatar, highlighting the potential for Iranian gas to meet India's energy needs. Iran possesses the world's largest untapped gas reserves, ranking second globally with 34 trillion cubic meters. South Asia Gas Enterprises (SAGE) proposed the Middle East India Deep Water (MEIP) project to import LNG from Qatar as well as other West Asian and Central Asian exporters. This project served as an alternative to the Iran-Pakistan-India Gas Pipeline.

To conclude, from the standpoint of neorealism in the post-Cold War period, India and Iran relations were shaped by multiple factors, such as systemic (global) domestic factors, along with individual-level (leader-specific) aspects. In fact, power distribution, based on

the capabilities of each significant state (such as the US, China, Saudi Arabia, Israel, Pakistan, and Taliban-Afghanistan) constituted the systemic level factors, while domestic factors comprised cultural linkages (Persian and Shia cultural contacts and cultural legacies), domestic energy and trade co-operations. Individual level factors included the leadership of various Indian Prime Ministers (most notably, Narasimha Rao, AB Vajpayee Manmohan Singh and Narendra Modi) and Iranian Presidents (specifically, Hashemi Rafsanjani and Mohamed Khatami), which have significantly influenced India and Iran relations in the Post-Cold War period.

In sum, India and Iran fashioned their ties with each other in a nuanced way in terms of engaging in the security realm with caution as the role of major powers diverged on India and Iran, along with more or less same trajectory as far as regional actors are concerned, while economic complementarities promoted to stay on course. However, the diverging perception of global and regional actors influenced its pace in contemporary times.

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PERCEPTIONS ON IRANIAN NUCLEAR ISSUE AND IMPLICATIONS OF INDO-US NUCLEAR DEAL

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Abstract

Iranian nuclear programme had become a political issue when an anti-West government came to power in Iran. Importantly, the U.S was the chief sponsor of Iran to access the nuclear technology and its purpose was to promote the 'Atom for Peace'. Initially, Iranian nuclear issue was only the concern of the U.S and Israel since the mid of 1990, it had support when Arab regional countries and later, European Union countries found nuclear Iran might be a danger. In 2002, IAEA interfered on Iranian nuclear issue as an investigator and then, it became the security matter of all concerned countries. After that, West began to impose multi-pronged economic sanctions on Iran. India and U.S concluded the civil nuclear agreement in 2008 since their implicit interest was on Iranian nuclear issue. The present article tries to analyse the link of Iranian nuclear issue and Indo-U.S civil nuclear deal and testify whether the nuclear deal is quid pro quo. It also discusses the divergent perception of U.S, Israel, India and Arab regional countries on Iranian nuclear issue. However, they had a similar interest that was to suspend the uranium process of Iran.

KEYWORDS: Economic Sanctions, IAEA, Indo-U.S Civil Nuclear Agreement, Iranian Nuclear Joint Comprehensive Plan of Action, Nuclear Proliferation Safeguards, Shanghai Cooperation Organization.

INTRODUCTION

Iranian nuclear programme and the ensued issue linked with U.S and the latter encouraged Tehran to be the part of the peaceful use of nuclear energy

to promote President Eisenhower's 'Atom for Peace Programme' in 1953. Germany, France, and Sweden made the consortium with Iran exchange the nuclear technology. U.S. was a principal sponsor of nuclear-enabled equipment to Iran among them and it stopped support when an anti-Western government came to power in Tehran in 1979. The rest of the nations continued their collaboration when revolutionary government of Iran decided to resume the nuclear enrichment programme in 1981. Since then Iranian nuclear programme became the conflicting subject between Iran, U.S. and Israel. However, after the demise of Ayatollah Khomeini, Iran found reconciliation with U.S. initiated by the non-conservative leaders in Iranian politics; admittedly they tried to convince the obstructing people the necessity to recommence the bilateral relation with America.

Infact, since the Islamic revolution, the regime change in Iran was underlying with U.S. policy thereby it had been looking for possible ways to accomplish its target. Obviously, Iran had bid to become a nuclear power in the region since the imperial regime but later the Reformist and Pragmatist governments had an instinct to rapprochement with U.S. therefore, Tehran retracted from the nuclear enrichment programme. It was reflected in the words of Mohammed Khatami, former president of Iran while speaking at CNN Television in New York in 1998, said, "we are not a nuclear power and do not intend to become one. We have accepted IAEA safeguards and our facilities are routinely inspected by that agency"ⁱ.

However, the tension of U.S. particularly Israel on Iranian nuclear programme did not disappear despite Khatami government assured no plan to make an atomic bomb. Their argument was that Iran had secret nuclear plants and later, it found in the Satellite images and also Mujahadeen-e- Khalq (MEK), an Iranian political-militant organisation, revealed the hidden nuclear power stations in Natanz and Arak. However, European countries were not agreed to pursue the Sanctions Act of 1996 in the complete sense because they had considerable investments in Iranian oil fields. Therefore, EU-3 (Germany, France and U.K.) promoted 'critical dialogue' to resolve the issues between U.S. and Iran and the latter was ready to cooperate with the international community.

The reconciliation process between Iran and U.S. found productive moreover other factors such as Afghan-Taliban, the 9/11 attacks and Iranian participation in Bonn Conference also reinvigorated their relation and it seemed a paradigm shift in their bilateral tie-up. However, a short grace period ended between Iran and U.S. in 2002, when U.S. President George W. Bush labelled Iran as part of 'axis of evil' along with North Korea in his state of the Union address. In return, Iranian leaders chanted the derogatory phrase of Khomeini, U.S. as the 'Great Satan' and Israel as 'Little Satan'. U.S. was insistent that the Iranian nuclear programme must be halted otherwise, it would lead the production of weapons-grade uranium. Iran reacted the purpose of uranium process was only for the civilian needs and it also substantiated partnership with European countries in the nuclear field would pose the question of non-transparency.

PERCEPTIONS ON IRANIAN NUCLEAR ISSUE

In 2005, Ahmadinejad, President of Iran, opened the secrecy of uranium enrichment programme. He declared would continue the development

of uranium certainly, Iran had its justifications. Then, Iranian nuclear issue was not only the primary concern of US and Israel but the regional Arab countries and also the international community. Since 2002 International Atomic Energy Agency (IAEA), the watchdog of UNO, involved to bring out the fact of Iranian nuclear issue and focused whether the processed uranium was sufficient to build the weapons of mass destruction. U.S compelled UN direct IAEA to investigate the purpose of uranium procurement because it required the legitimate evidence to pursue punitive action against Iran and also vital for the diplomatic support of countries across the world.

After the inspections in various nuclear centrifuges, IAEA reported that “Iran has not provided the necessary cooperation to permit the agency to confirm that all nuclear material is in peaceful activities”ⁱⁱ. It added that Iran elevated the nuclear enrichment activities and no obligation to the ‘Nuclear Proliferation Safeguards Agreement’. On the other hand, Iran raised questions about the reliability of IAEA reports and its argument was IAEA could not find out the processed uranium for nuclear warheads in plants. U.S and Israel had not been conscious about the contradictory in the IAEA reports and its board governors highlighted the “uncertainties related to the scope and nature of Iran’s nuclear programme”ⁱⁱⁱ. However, U.S and Israel considered it was a legal provision to move against Iran and their target was to make Iran as a free nuclear and non-sophisticated weapon state in the region.

Instead of the military option, U.S decided to impose the multi-pronged economic sanctions on Iran with the support of UNO, EU and allied countries and they seemed that it was the right option to bring Iran into their line-up. For the support of others, U.S sporadically declared “a nuclear-armed Iran would pose a threat to the region, to the world and the future of the global nuclear proliferation regime”^{iv}. President Bush had also changed his posture to choose a military strike on Iran to terminate the nuclear activity and he exhausted diplomacy to get the support of others. U.S was conscious about the consequence of military intervention than Israeli because it had a failed history in Afghanistan and Iraq therefore, it propagated the isolation policy against Iran. Moreover, U.S perceived that military strike would not be an easy solution to destroy all nuclear facilities installed under the earth (rock-shell nuclear plant).

President Barack Obama also came to power with the intention to resolve the Iranian nuclear issue through the negotiations. In the second term of the presidential debate, Obama alerted Iran “all the options are on the table and we will do anything to make sure Iran does not get a nuclear weapon”^v. In fact, he also wanted to avoid yet another war in the Middle East and White House also promoted diplomacy was the finest approach to prevent Iran acquire the bomb-grade uranium. Josh Earnest, Secretary of White House Press, told, “it is not just that the President wants to try to avoid another war in the Middle East, he does, it is that diplomacy is the best way for us to prevent Iran from obtaining nuclear weapon”^{vi}. On the other hand, Israel attitude was different, Benjamin Netanyahu, Prime Minister of Israel, told “Iranian regime believes that the international community does not have the will to stop its nuclear programme” and “must change quickly because the time to resolve this issue peacefully is running out”^{vii}. Israeli department was as the part of gunboat diplomacy and it perturbed about the retaliation from Iran and also

the consequence of war. Reports say that Iranian authority already assigned Hamas and Hezbollah to counter attack when Israel launch a military strike. Israel had concerned about the multi-level attack from enemies definitely, it would bring great loss to properties and lives.

U.S and western media propagated the danger of a nuclear Iran encouraged Arab countries to prevent Tehran being a nuclear arms capable power in the region. The linking factor between regional Arab countries and West was the convergent interest on Iranian nuclear issue. Those countries had justifications as a signatory to NPT in 1968 and recognised member to IAEA's Safeguards Agreement in 1974, Iran should have followed the guidelines. Beyond it, their undercurrent apprehension was a Shia country that would become a regional power with nuclear bomb admittedly it would make the security threat as well as the balance of power in the region. Arab regional countries supported West and they avowed that nuclear programme of Iran must be frozen and asserted impose effective severe sanctions on Tehran even without UN approval.

The anti-Iranian perceptions of prominent Arab countries revealed by the WikiLeaks cables. Abdullah bin Abdulaziz Al-Saud, King of Saudi Arabia, repetitively pressured U.S to "cut off the head of the snake" by launching military strikes to destroy Iran's nuclear programme^{viii}. Hamad bin Isa bin Salman Al-Khalifa, King of Bahrain, asserted that to take a forceful action against the nuclear programme of Iran and he said, "that programme must be stopped"^{ix} UAE alerted U.S if Iran has the nuclear weapon it would be more dangerous than the Al-Qaeda in the region. The perception of Arab countries reveals that U.S had considerable pressure from them along with Israel to take a retributive action against Iran. Admittedly, overt and covert approach from the Arab world encouraged the West put forward the isolation policy against Iran. When West determine other option on Iran no doubt it would get the backup from those countries because they were looking for to give a blow Iran.

Iran and Israel reacted in different ways when WikiLeaks's reports came out; Ahmadinejad responded as "we do not give any value for these documents" and he added that "Iran and regional states are friends and it is an "organised effort by the U.S" to bring conflict between Iran and regional Arab countries. On the other hand, Israeli Prime Minister Netanyahu reacted as "the world with his country's assessment that Iran is chief danger", and he added that "Israel is not alone"^x.

U.S, Israel and anti-Iranian Arab states projected Iran as a dangerous nation to the world and they succeeded to convince others to follow the isolation policy. By the harsh isolation policy, U.S has targeted either standstill of uranium process or topple the Iranian regime without a military expense. For this purpose, UNO and EU stood as frontline partners with U.S and UN Security Council put forwarded various Resolutions 696 (2006), 1737 (2006), 1747 (2007), 1803 (2008), 1835 (2008), and 1929 (2010) against Iran to tough the sanctions.

On the other side, Russia and China not completely cooperated with the West on Iranian isolation policy. Iran inclined to Russia and China, two veto powers in UNSC, when its relation deteriorated with U.S and EU. Russia and China had defiance against the production of uranium for nuclear

warheads, but those nations were not against the right of Iran to produce nuclear energy for the civilian purpose. They were against the imposing of draconian unilateral sanctions on Iran and also ineffective UNSC Resolutions. Even though, Russia and China could not effectively counter the combined belt of international sanctions on Iran. By the pressure from U.S, Russia and China suspended weapon accords with Iran. Russia had lost a total of \$13 billion in arms sales and it suspended delivery of S-300. In return, Iran demanded \$4 billion as compensation from Moscow^{xi}.

In the case of UNSC Resolution 1929, Russia and China firstly baulked to protect the interest of Iran and then, they supported the new resolution against Tehran in 2010. Vitaly Churkin, the Russian Ambassador to the UN, stated that "the resolution did not authorise the use of force, but the sanctions sent a strong message to Iran about the need to comply with the IAEA"^{xii}. Russia and China continued bilateral relations with Iran, however, U.S was concerned about of their clandestine tie-ups with Tehran chiefly in the strategic and nuclear assistance. North Korea and Syria had a different position openly supported Iran's right to acquire nuclear armaments, and they questioned the uneven approach of West on Iranian nuclear issue. Some other nations' gestures appeared to be supportive to the nuclear-powered Iran however, they secretly conjoined with West to stop the nuclear acquisition of Iran.

Since 2010, Obama administrations focused on launch the joint US-Israeli cyberattack on the computer system of Iranian nuclear centrifuges. Iran admitted the "Stuxnet virus" attacks on its nuclear-controlled computer system. In addition, Obama demanded to stop all countries who had comprehensive bilateral relations with Iran, notably India and he seemed that complete freeze of economic transactions would bring financial criticality to Iran. Pre-Ahmadinejad governments succeeded to pose difficulty of economic sanctions but he failed even though, Iran had sufficient fiscal policy. In fact, it happened not only the lack of economic plan but the countries even Russia and China were also, in the last phase, followed the multilateral sanctions on Iran.

Anti-Iranian countries cooperated with West and UNO for the effective implementation of economic sanctions on Iran in the best and possible speed. By the sanctions, they targeted "to destroy the domestic economy of Iran, cut down imports and exports, less the par value of Iranian Riyal and to lessen the supply of life-saving drugs and medicines in domestic markets"^{xiii}. West thought that the strict isolation policy was a better choice than a military strike and they perceived that it would cut the economic lifeline of Iran. Subsequently, it would "punish the common people, who then turn their anger outward" definitely, it would raise the question of regime change or suspension of uranium process.

JUNCTURE OF INDO-U.S INTEREST ON IRANIAN NUCLEAR ISSUE

Besides the support of Arab regional countries, U.S looked for the backup of India, Russia and China for the expansion of Iranian isolation policy. Iran had no significant relation with most of the Arab countries and on the other hand, it had strategic tie-ups with Asian countries especially India admittedly it made much concern to US and Israel. They thought that substantial relation between Iran and those countries was enough Tehran to survive over the West imposed sanctions. Therefore, U.S exhorted India,

Russia and China for the expansion and efficacy of Iranian isolation policy. India and Iran signed 'Tehran and New Delhi Declarations' in 2001 and 2003, promoted abroad range of strategic collaboration between them which alarmed U.S. Its perceptions: Iran could update its defence system, access Indian military and naval bases through the Joint exercise ventures. In addition, India's relation with Iran would encourage other countries to recognise Iran as diplomatically well-deserved and respected nation in the region. U.S thought that Indo-Iranian ties would give Iran potentiality to resist the economic threat. It was urgent for the West, particularly U.S. to prevent the significant partnership between India and Iran therefore, Washington pressed on New Delhi to cut the substantial relation with Tehran majorly in the military and defence fields.

U.S problem was it had no influential relation with India and both failed to establish a significant tie-up during the Cold War years. Failure of India and US to establish timely strategic partnership might be a diplomatic loss in their bilateral relation. In post-Cold War, instead of making strategic partnership U.S considered India as a pro-erstwhile Soviet country, champion of thenon-aligned movement and Washington imposed sanctions on New Delhi due to the latter's nuclear experiment in 1998. India, in the meantime, became a regional power in South Asia and it concluded significant agreements with Iran. Later period, U.S policymakers realised that India would be a right partner in the Asian continent to protect its national interest importantly, expand the isolation policy on Iran and counter the dominance of China. The 9/11 attacks and the new geopolitical changes forced U.S and India strengthen their diplomatic relation.

In fact, India and U.S had no considerable strategic tie-up when they concluded the civilian nuclear deal. U.S seemed that it might be a valuable offer and pursuit for the atomic energy of India, as not a Nuclear Non-proliferation Treaty (NPT) member New Delhi had limitation to get desired access on nuclear energy. India and U.S signed the Civil Nuclear Agreement in 2008, and immediate Iranian response was the pact questioned the "credibility of NPT". When faced criticism, India and U.S counteracted the nuclear deal happened as part of the expansion of their strategic cooperation certainly it was a breakthrough in the bilateral relation between them. Indo-U.S nuclear deal had other objectives, along with meet India's need for energy, in which to reduce or curtail the beneficial relation of India with Iran was important. Nuclear deal embedded the intention of secure "New Delhi's full and active participation in Washington effort to prevent Tehran from acquiring weapons of mass destruction"^{xiv}. It indicates that Indo-US nuclear deal as the part of U.S political and economic encirclement of Iran with the support of India.

As part of seeking diplomatic support, Condoleezza Rice, American state Secretary arrived in India with the message of President Bush in 2005. She expressed U.S concerns on the proposed oil pipeline cooperation between Iran, Pakistan and India (IPI). She persuaded New Delhi to refrain from the IPI Oil Project and in return, U.S offered India substantial concessions to get nuclear energy assistances"^{xv}. U.S target was to ensure the comprehensive support of India to the effective operation of economic sanctions on Iran. U.S thought that minimal bilateral relation of India with Iran would boost Tehran's

confidence to continue the nuclear enrichment activities and Gulf Cooperation Council (GCC) countries also had this such perception.

U.S approached India win Iran over the nuclear issue with multiple perspectives: U.S thought that many favourable factors with India such as traditional and geopolitical relation with Iran, softpower engagements in the international politics and in addition, India's defiance to a military strike on Iran definitely would help to persuade Iran from making a nuclear bomb. Moreover, India could cooperate with Iran to resolve the nuclear issue while they engage in regional economic platforms like Non-aligned Movement (NAM) and Shanghai Cooperation Organization (SCO). When West backtracked from regime change in Iran through a military option, it focused put more diplomatic pressure on Tehran to halt the nuclear activities and for this task U.S depended on India well.

U.S succeeded to reduce the substantial quantity of oil import of India from Iran. India had the second position on the oil export list of Iran after China and since 2010, its place was replaced into sixth due to the difficulty of economic transactions and also the lack of probity of New Delhi. American state secretary Hillary Rodham Clinton's visit to India in 2012, underlined the idea to "diversify India's oil imports and reduce its dependency on Iranian oil", however, New Delhi continued crude oil business with Iran even though the amount of import has immensely decreased.

India and China continued their bilateral transaction with Iran through the barter system by which Tehran considerably survived its domestic market crisis. U.S had frozen the Asian Clearing Union¹ and it made difficult to "Reserve Bank of India operationalize payments with Iran since 2010"^{xvi}. The economic sanctions on Iran have made a critical triangular relation between India, Iran and U.S. Nature of this particular relation was such that when India and Iran get closer, U.S drags New Delhi from the side of Tehran. U.S reminded India threateningly that New Delhi's support to Iran through the public and diplomatic channels would affect the Indo-US bilateral integrity. U.S also expressed concerns to India about its support to Iran's advancements in military and defence fields.

India voted three times at IAEA in 2005, 2006 and 2009 against Iranian nuclear resolutions by which it was not focused revenge on Tehran "Iran was not supportive when New Delhi conducted nuclear tests in 1998. In addition, it backed the UNSC Resolutions asked India and Pakistan to cap their nuclear capabilities"^{xvii}. Iran had resentment against India's vote at IAEA and it found when interviewed in the officials of Iranian Embassy and Consulate who raised the concerns about India's tie-ups with the U.S to deactivate Iran in defence and military fields. By the vote, India got an opportunity to act as a responsible nuclear weapon nation without obligation to NPT. India's perspective on Iranian nuclear issue: it recognised the civilian nuclear necessity of Tehran, sceptical about the regional security context,

¹"The Asian Clearing Union (ACU) was established with its headquarters at Tehran, Iran, on December 9, 1974 at the initiative of the United Nations Economic and Social Commission for Asia and Pacific (ESCAP), for promoting regional co-operation. The main objective of the clearing union is to facilitate payments among member countries for eligible transactions on a multilateral basis, thereby economizing on the use of foreign exchange reserves and transfer costs, as well as promoting trade among the participating countries".

bring Iran as a nuclear threat-free nation in the region and In addition, to pursue a balanced relation between GCC countries and Iran, curb weapons of mass destruction, and reduce competition between Arab regional countries to possess the nuclear weapons.

CONCLUSION

The question was raised whether Indo-US nuclear deal made setback on India and Iran relations. India's argument was that it never reduced its relation with Iran by the pressure from U.S. In fact, it made an impact on political and economic ties between them and it questioned the diplomatic credibility of India because failed to defend the nuclear deal was not happened at the expense of relation of New Delhi and Tehran. The Hyde Act-123² explicitly mentioned as "a description and assessment of the specific measures that India has taken to participate fully and actively in the U.S and international efforts to dissuade, isolate, and contain Iran"^{xviii}. The attitude of U.S leaders and the content of nuclear treaty categorically revealed that India must cease the strategic and economic relations with Iran putting into practice of economic sanctions.

On the other hand, if there is no pressure from the U.S or no Indo-US nuclear deal indeed India would have cooperated with the U.S or the international community to suspend the weapons-grade uranium production of Iran. Such insistency had been shown by India when it voted against Iran at IAEA although it was an exclusive privilege of New Delhi. It also proved by the speech of Manmohan Singh, former Prime Minister of India, at the Council on Foreign Relations (CFR) in the US "as far as Iran's nuclear weapons ambitions are concerned we do not support nuclear ambitions of Tehran"^{xix}. Obviously, it meant that India had the plan to prevent Iran from going ahead with the bid to become a nuclear weapon country. India did not want to be Iran as a nuclear-capable nation and it would threat the security interest of the region moreover, lead the competition between the Gulf countries to acquire the nuclear weapon. India has the diplomatic responsibility to ensure the regional security.

Admittedly, India had a different perception of West's ways to halt the nuclear programme of Iran. Unlike the U.S, India had no plan to stringent the economic life of Iran to attain the desired goal. However, when the U.S demanded India to reduce the beneficial tie-ups with Iran especially in oil definitely, it never accepted with a complete sense. However, later, India itself directed the private companies like Reliance to cut down the oil percent 15 to 10 imports from Iran and it might protect the interest of West. However, Indo-US nuclear deal is significant in the context of Iranian nuclear issue. Among the many factors, the deal could help to bring Iran on the side of Nuclear Deal Negotiators (U.S, UK, China, Russia, France and plus Germany) and Tehran accepted the Joint Comprehensive Plan of Action (JCPOA)³. The fundamental part of the Nuclear Deal is that Iran should reduce the quantity of processed

² "The Hyde Act, or, the Henry J. Hyde United States-India Peaceful Atomic Energy Cooperation Act of 2006, to give the act its full title, is a piece of legislation, introduced by Congressman Henry Hyde, passed by the US Congress, which creates the legal basis for co-operation between the United States and India"

³ The Joint Comprehensive Plan of Action (JCPOA) or Iran deal, is an international agreement on the nuclear program of Iran reached in Vienna on 14 July 2015 between Iran, the P5+1 (the five permanent members of the United Nations Security)

uranium less than 3.5 percent, scientifically this quantity is not sufficient to produce nuclear bomb. In short, the prime objective of Indo-US nuclear deal is not now to get on track due to the Liability Act. The critical people failed to understand in the correct sense the conferred interest of India and U.S in the Indo-US nuclear deal that is to halt the uranium enrichment procurement programme of Iran.

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