

## India - Iran Relations

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**Abstract:** India's relations with Iran have been long fraught with complexity due to the geostrategic advantages of the relationship being counterbalanced by very different perspectives on external actors such as the United States, Pakistan, China and Saudi Arabia. Moreover, changing structural realities in world politics – the Cold War, the Soviet invasion of Afghanistan in the 1980s and the shifting sands of political relations post 9/11 – have further influenced the development of these relations. This article casts a critical look at the relationship between the two countries, tracing it through modern history, documenting the most important tenets of the relationship and taking a look at the roles of influential third parties. Finally, it aims to chart out a brief plan of action for further ties and an assessment of how things are likely to turn out in the near future.

### Introduction

Independent India's first tryst with Iran was not positive due to the latter's proximity to the United States and India's own leaning towards the Soviet Union.<sup>1</sup> Moreover, India was also a strong supporter of revolutionary anti-Western regimes such as Egypt and Iraq as part of its larger push for decolonization, a position directly at odds with that of Iran.<sup>2</sup>

This relationship thawed in 1979 when the Shah of Iran was deposed by the Ayatollah Khomeini who took a strong anti-U.S. stance. The thawing, however, was temporary for a number of reasons. First, India was troubled by Iran's aggressive involvement with Pakistan, one of India's main antagonists during the time, based on shared Islamic credentials. Secondly, members of the Iranian parliament issued few statements hinting at the oppression of Indian Muslims that troubled India and led to a further decline in the two countries' relationship.<sup>3</sup>

This relationship has undergone another phase since the fall of the Soviet Union in the 1990s due to a number of factors, including India's need for new oil markets after the fall of the Soviet Union and the steady destabilization of Iraq.<sup>4</sup> Moreover, Iran grew disenfranchised with its ally Pakistan due to the latter's heightening ties with the Gulf states, who were sworn enemies of Iran and Ayatollah Khomeini.<sup>5</sup> Additionally, both India and Iran supported the Northern Alliance against the Taliban in Afghanistan in the 1990s.<sup>6</sup> Lastly, Iran became more invested in the countries to its East due to a general rejection from Arab nations on the grounds of its Persian heritage.<sup>7</sup>

***Indo-Iranian relations have thus been fraught with challenges and much upheaval based on rapidly shifting geopolitical realities. A few facts though have remained constant, those being India's antagonism towards Pakistan playing a role in Indo-Iranian relations and Iranian hostility to the U.S. exerting influence through India***

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### **The Defining Characteristics of the Relationship**

While India's trade relations with Iran are not comparable to its relations with the Gulf and many other nations, the latter's strategic importance to India is defined by a number of factors. Most importantly,

as of 2018, Iran is India's third largest supplier of oil after Iraq and Saudi Arabia.<sup>8</sup> Not only is the volume quite substantial, but India has also largely paid for oil with Iran in rupees instead of dollars, a move that has brought significant discounts for India due to avoiding conversion rate mark-ups.<sup>9</sup> This deal has also been highly convenient for Iran, which came under intense pressure due to Western sanctions as a result of its nuclear program. Thus, in order to secure purchasers of oil who could circumvent sanctions, it depended heavily on India, which was increasing its energy intake sharply to keep up with burgeoning demand.

Moreover, many Indian refineries are also well suited to Iranian crude oil, a point which further underscores India's dependency on Iran.<sup>10</sup> This was possibly one of the reasons that Indo-Iranian trade ties witnessed an uptick following the Joint Comprehensive Plan of Action, which lifted sanctions in 2015. The same reasoning also guided India's endeavors to seek an exception when the Trump regime re-enacted sanctions on Iran in 2018.<sup>11</sup>

India's interest in Iran is also due to its positioning as a means for India to trade with other countries. For instance, India has worked quite consistently with Afghanistan on development and agricultural projects.<sup>12</sup> Similarly, India also hopes to make strong inroads and tap into the energy resources of the Central Asia region, where China's massive investments have raised concern among Indian policymakers.<sup>13</sup>

Accordingly, India has invested almost half a billion dollars into the Chabahar port



in Iran for the purposes of connectivity. Chabahar's importance stems from the fact that it is a mere 150 kms away from Gwadar port in Pakistan, which India is unable to access due to its enmity with Pakistan. Yet, the proximity provides India with a cheap alternative for transporting its resources.<sup>14</sup>

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Another important area where Iran and India's interests converge is that of counterterrorism in Afghanistan and Pakistan. India has long viewed rebel activity in Afghanistan with consternation given the fear that such rebels would target India following the defeat of the Soviet Union. These fears came to life in the 1990s, when citizens from India's northernmost state Kashmir (which has been contested by both India and Pakistan) received arms training from Afghan fighters and started their own insurgency in Kashmir.<sup>16</sup>

Iran's concerns stem from fear of the Taliban's anti-Iranian/anti-Shiite sentiments, which have translated into a

few attacks on Iranian interests including on members of the Iranian Revolutionary Guards Corps (IRGC). Moreover, on occasion, Iran has also accused Pakistan of encouraging Balochi separatists in Iran's easternmost province, Sistan-e-Balochistan. Specifically, Iran has accused Pakistan of giving territory to groups like Jaish ul Adl to launch attacks inside Iran.<sup>17</sup>

In both these situations, India and Iran have tried to suppress the strength of militants in Afghanistan while simultaneously seeking to reduce Pakistan's influence in the country. However, the role of Pakistan in the Afghan peace process has become a significant impediment to the two nations' interests. Accordingly, the four countries involved have consistently been hedging their bets against one another to keep their interests afloat.<sup>18</sup>

Perhaps one other factor that also bears mention is the Iranian Nuclear Program. Given that Iran was a signatory to the nuclear Non-Proliferation Treaty (NPT) while India was not, India initially raised its voice against Iran even voting against it at the UN Security Council.<sup>19</sup> These actions were motivated more, however, by the illicit transfer of nuclear technology to what it considered rogue nations including Pakistan.<sup>20</sup> Especially concerning to India was that Iran tried to bring an Islamic angle to the nuclear arms race, which could have meant even more collaboration with Pakistan.<sup>21</sup> In the recent years though, these fears have largely subsided, since Pakistan has acquired its own nuclear technology.



### **Influencing External Actors**

The U.S. has long cast an overarching shadow over India-Iran relations. In the early 2000s, India's projects at the Chabahar port were hampered mainly due to the sanctions placed on Iran over its nuclear program. When the JCPOA came into effect in 2015, India took advantage of the easing sanctions to elevate trade and development with Iran again.<sup>22</sup> However, most recently, Donald Trump's attempts to dismantle the JCPOA and reintroduce sanctions from November 2018 onwards cast a pall on India's aspirations, again highlighting how important America is. This issue was also compounded by the Trump administration's proscription of the IRGC, which is a state led apparatus in Iran.<sup>23</sup>

Yet despite this apparent zero-sum game, New Delhi has managed to wrangle a few exceptions to the sanctions. In November, after the first round of sanctions were imposed, India was one of the few nations that received a six-month waiver to purchase oil from Iran, although it did cut imports by half.<sup>24</sup> Yet, it maintains that it did want to keep purchasing oil from Iran.

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India is able to get these exemptions because it is seen as a counterweight to China's influence in Asia by the U.S.<sup>25</sup> In

an atmosphere where U.S. and China are trading barbs over communications and privacy as well as rising tensions in the South China seas, India's importance and its own competition with China have held it in good stead.<sup>26</sup> Most recently though, the increasing escalation of rhetoric between the US and Iran has made India shy away from its traditional position leading to a complete reduction in oil purchase.<sup>27</sup> This will likely mark a new phase of relations between India and Iran, at least till the next US elections.

Pakistan is the next most important country in the Indo-Iranian relationship. Given that it borders both nations, it has significant importance for both. For Iran, with whom it has a 900km border, it is a source of security.<sup>28</sup> Moreover, Pakistan also stands to benefit from oil transported from Iran, with costs low based on distance, although it has had to stop such purchases due to U.S. sanctions.<sup>29</sup>

Similarly, for India, the tenor of Iranian-Pakistani relations is worrying. In the 1990s, it was Pakistani nuclear scientist A.Q. Khan that gave Iran the blueprints for its nuclear technology. India's approach towards Iran was slightly tainted by this, although it mainly overcame these worries later on. However, more importantly, the China Pakistan Economic Corridor (CPEC) is something that India has voiced its opposition to, due to Chinese work carried out in the disputed Kashmir region. Accordingly, India initiated the North South Transportation Corridor as a counter to the CPEC.<sup>30</sup>

Another influential actor in Indo-Iranian relations is Saudi Arabia. Over the last 20 years, Saudi Arabia has slowly emerged as



one of India's major allies. From counter-terrorism concerns to energy imports to increasing maritime cooperation, the two nations have acquired considerable depth in their relationship.<sup>31</sup> However, Saudi Arabia also considers Iran one of its main threats and has taken many steps to ostracize it, including influencing U.S. foreign policy via its lobbyists.<sup>32</sup>

Accordingly, on an unofficial level, Saudi Arabia has vied for the attention of Indian Muslims as a way to counter Iranian influence in the nation by pumping money to the tune of millions of dollars into Indian madrassas.<sup>33</sup> Indeed, virulent anti-Iranian sentiments has been witnessed among some Indian Muslims, although it is not pervasive in nature. Apart from this, Saudi Arabia has also competed to sell oil to India and edge out Iran completely.<sup>34</sup> In this sense, the breakdown of the JCPOA pact has been a victory for Saudi interests in India. However, it is not possible for India to completely ignore Iran due to its own interests, and as such it will continue to balance between the two nations to the best of its ability.

### **Improving Relations**

Improving relations with Iran will largely be dependent now on US-Iran relations. Keeping that aside though, there are a number of ways that India and Iran can go above and beyond their traditional concerns. Firstly, India can boost its tourism image to Iranians. In 2012, the Indian Ministry of External Affairs noted that almost 40,000 Iranians had visited India.<sup>35</sup> Tourism is a good building block for Indian soft power as well as for Indian revenue. By contrast, while Indians do visit Iran regularly, Indian tourists generally

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tend to avoid Iran mainly because of the difficulties of going to the United States after entering Iran.<sup>36</sup> This is in addition to the fact that Indian passports are generally weak by themselves.

Secondly, both nations can also tap into their cultural commonalities as well. Indian movies are especially popular in Iran and help boost India's image in the nation due to the large numbers of socially conservative movies produced there.<sup>37</sup> Moreover, Persian, which was once a state language in India, is still studied in many madrassas and by historians, and is considered an intellectual language of debate and critical thinking.<sup>38</sup> Both nations can hold onto such shared bonds to showcase joint cultures and improve business ties.

More importantly, Indian small- and medium-level medical enterprises are often an important source of life-saving medical drugs for Iran. Although these supplies are officially given a waiver as humanitarian goods by the United States, many nations are often afraid to continue trading them due to a lack of easy routes into the country. On these occasions, Indian traders often rise to the challenge, helping avert medical crises in Iran.<sup>39</sup>

### **Outlook**

It is expected that India will not lose sight of its main interests in the region – that is, the Chabahar port and its connectivity to Central Asia and Afghanistan. Although sanctions have brought trade between the



two nations to a standstill before, India has always resumed its ambition to work on them.<sup>40</sup>

These ambitions, however, will also be dependent on the Indian elections and its outcome. Indian Prime Minister Modi, with his vigorous foreign policy, has taken great advantage of favorable global structural factors to position India as a rising power. No matter what the results, strategic thinkers in New Delhi will likely choose to continue pursuing Indo-Iranian ties, albeit with less vigor.

In the long run, India's position with Iran will be highly dependent on U.S. presidents in the future, and this will provide an opening to Indian interests in the region. Ultimately, there are many factors that weigh in on Indian interests in Iran, chief of all the United States, followed by Pakistani, Chinese and Saudi interests. However, given the geostrategic location of the country, India will continue to look to hedge its bets against any potential challenges in Iran.



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