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## **“Changing scenario of Indo- Iran relations”**

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### **Abstract**

India and Iran share common land till 1947. Both the countries have an evidences of a long, traditional and historical relations, traces back from two to four hundred thousand years ago. Both these nations were influenced by each other’s Culture, Art, Architecture and Language, especially during the 1526- 1757 when it was ruled by Mughal dynasty. There is a long standing history of trade and commercial ties between them. The second half of the twentieth century represents the age of integration, cooperation and friendship among nations. For the last fifty years, countries in almost all parts of the globe have been attempting to combine their separate national economies into larger economic regions and to engage in economic activities under various forms of integration. Among the many arrangements for economic integration that have come into existence during the last four decades, economic Co-operation attempts are most successful between advanced nations of the world and are spreading fastly among third world countries in today’s modern world. The current situation of Indo- Iran relations is seen from the trade agreements between them. The high level visits of both the countries is also an escalating factor of relations between these two countries. The ups and downs of relations between them is seen from the past two decades, particularly from 1990 to 2013.

**Keywords:** India, Iran, changing scenario, political and economic relations, high level visits.

### **Objectives of the study**

1. To study changing scenario of Indo- Iran relations.
2. To study the ups and downs between these two countries.
3. To study and analyses the change of Political and Economic dimensions between these two countries.

### **Introduction**

India has a long standing relationship with Iran. In 1930, the noble laureate poet of India Rabindranath Tagore marked a visit to Iran parliament as a chief guest.

Diplomatic relations between India and Iran were started on 15 March 1950 after India gained independence. "*Perpetual peace and friendship treaty*" was signed between India and Iran on 15 August 1950. Iran under Mohammad Raza Shah had very amicable relations with U.S and Pakistan through Iran's participation in Baghdad pact (later CENTO). As Iran provided military support to Pakistan during the wars in 1965 and 1971 with India and represented Pakistan's strategic depth, but the same sympathy was not seen during the 1961 war with China as Iran fully supported India on that situation. Indian Prime Minister Jawaharlal Nehru called this alliance as a "*wrong approach, a dangerous approach and a harmful approach*"<sup>1</sup> and championed the Non Alignment Movement. In spite of this antipathy to super power Alliances, India formulated close relations to the Soviet Union, which became India's primary defense supplier.

After the independence of India on 15 August 1947 a great need arouse to establish diplomatic and bilateral relations with the neighboring countries as well as all the major powers of the world as with Asia, Europe, Africa and America. India's Political, Economic, Historical and Cultural relations decided Indian foreign policy sensations with Iran. In earliest, Ambassador level diplomatic relations were established by Iran with India and also these two countries signed several bilateral agreements with each other.<sup>2</sup>

### **Changing scenario of Indo- Iran relations.**

Indo- Iran relations have seen both ups and downs during, between and after cold war

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periods due to their different foreign policy priorities. But the diplomatic ties continue to persist, and no major change could take place immediately, however a new mode of relations came only after the visit of Indian Prime Minister Narasimha Rao to Iran in September 1993, which not only cleared the misunderstanding between them but opened up the different ways for mutual understanding and cooperation. It was a landmark visit which will be remembered in the history of Indo- Iran relations. It was a shift in Iran's approach towards India on the Kashmir issue.

Another change of relations took place in March 1994 when Iran Pressured Pakistan for first time from presenting the resolution alleging India's human rights violations in Kashmir. The relations became stronger with the visit of Iranian President Hashmi Rafsanjani to India in April 1995.

Both India's and Iran enjoys multifaceted strategic partnership encompassing Economic, Political, and Defense<sup>3</sup> but also both these countries enjoy complementarities of interests on a wide range of interests in different areas. The partnership has the ability to serve bilateral interests which will definitely have regional and global complexities. India's first priority in "*Look East Policy*" is Iran, as for its Oil, gas and energy resources are concerned in the Western Asia.<sup>4</sup> Also Iran is important country for India in gaining access to Afghanistan and Central Asia. However the mode of relations were changed on Iran's nuclear issue as India goes against it under the US pressure and on the other hand Tehran has supported in favor of Kashmir, the Issue between New Delhi and Islamabad.

Another change of relations took place when in IAEA, India voted against Tehran on its peaceful civil nuclear Issue, was also a big blow to the bilateral relationship. From the Indian perspective, the location of Iran is very significant that can't ignore Iran for its position in Central Asia.<sup>5</sup> Another interesting and gainful mode of relations took place between these two nations when Indian Prime Minister Atal Bihari Vajpayee officially visited Tehran on November 2003 to make the political relations good. Both the countries signed some trade, technology and energy related agreements during his strategic visit to Tehran. The strategic partnership was heightened with his visit towards the way of

progress and prosperity.<sup>6</sup> again another drift of relations took place when in 2003 Iranian President Mohammad Khatami was the chief guest at 54<sup>th</sup> Republic day celebration and signed some important agreements with his Indian counterpart. Before 2003 India and Iran signed "*Tehran Declaration*" which was affirmed with the growing strategic convergence, economic relationship, greater trade and investment flows between them. Again in January 2003, the New Delhi Declaration was signed between these two countries on energy, trade, security and commerce fields. Both countries were resolved to exploit the full potential of the people of the two countries of the regional peace and stability. It was believed that the 21<sup>st</sup> century holds unbound promises of welfare and progress through peaceful application of science and technology, promoting knowledge based societies and tackling fundamental problems such as disease, hunger and environmental degradation.<sup>7</sup>

Again a change of relations took place in February 2007 when Indian Foreign Minister Pranab Mukherjee officially visited Iran also cemented their bilateral relations. He expected that both the countries can widen their relationship in various fields to strengthen ties between them.<sup>8</sup> subsequently, in April 2008 Iranian President Mahmoud Ahmadinejad visited India and expressed overall satisfaction over India's "*good and appropriate response*" to the US diplomacy. Some important issues were raised during his visit to New Delhi. His significant quote that "*each vote has its own impact*" and Indo-Iranian bilateral relations is "*deeper than a vote*". "*it is related to the past and we are looking forward*".<sup>9</sup> also he suggested that Iran is ready to cement their wide ranging aspects to give a new way to their relations.<sup>10</sup> on 16- 17 November 2009 another change of relationship took place with the official visit of Monouchahr Mottaki, Iranian Foreign Minister to India. Pranab Mukherjee and his Iranian counterpart discussed some important fields as economic cooperation, energy security and also regional as well as common threats from terrorism to both countries.<sup>11</sup>

In November 2009, India along with other 25 nations voted in favor of a Resolution at the IAEA to send the nuclear issue of Iran to United States Security Council and the explanation of vote was that it "*can't be the basis of a renewed punitive approach or new*

*sanctions*<sup>12</sup> again India stressed and highlighted its stand on IAEA to take serious measures to solve the peaceful civil nuclear issues of Iran through dialogue and discussion.<sup>13</sup>

Again the change of relations took place with the visit of Indian Foreign Minister, S.M Krishna to Iran on 15 – 18 May 2010 on special occasion of G-15 Summit and stressed his opinions on regional, bilateral and international developments with the Iranian Administration. The recent developments between these two countries is to promote friendship and cooperation among each other in the period of independent world for common goodness.<sup>14</sup>

Despite all these developments, political and economic understanding between these two countries has remained low for several reasons like as India was pressured by US to distort relations with Iran on energy and oil related issues. During the last few years, both the countries are expanding their bilateral relationship with the frequent high level visits by the officials of the two countries. Their mutual eagerness would consolidate their relations for the betterment of whole region as well as for both these countries. It is believed that the high level visits from both sides would strengthen and open up more scope for cooperation in multidimensional areas.

### **Commercial and economic relations.**

Trade and commerce related ties between these two countries have deep roots and covers at least all sectors. However, the balance of trade between these countries mainly depended on Iranian export of crude oil to India. The overall trade volume of the business between these countries has grown up from US \$536.85 million to 15968.04 million in 2001-02 and 2011-12 respectively. The current level of trade and commerce is very low between these two countries. The import of Iran from India's in 2011-12 were worth of US \$2411.33 million and India imports from Iran were worth US \$ 13556.71 million. As compared to 2004-05, Indian export to Iran had increased from \$1231 million to \$2411.33 million in 2011-12. Again in 2010 Iran imported from India some particular items as inorganic Chemicals, Cereals and some articles of Iron ore and steel which was all about 50

percent and also Iran exports some valuable items to India as Mineral Fuels, Plastics and articles thereof. Among these items, alone Mineral Fuels were about 84.5 percent of Iran's total export to India. . India is the largest importer of Gas and Oil of Iran. India imports 12 percent of its Oil annually from Iran. About 22 million tons of Crude Oil worth US\$ 10 billion exported from Iran to India in 2009-10.

Yet, both countries were trying to broaden their bilateral relations on trade and Commerce issues between them at the Iran India Joint Commission Meeting (JCM). Some of the major agreements were signed at the 16<sup>th</sup> JCM meeting held in New Delhi, some 6 valuable MoUs that were signed are described below.

1: MoU on program of cooperation on science and technology.

II: cooperation in New and Renewable Energy.

III: cooperation in transfer of Sentenced Prisoners.

IV. between Paper Research Institute of India and Central Pulp (CPPRI) and Gorgan University of Agriculture Science and Natural Resources (GUASNR).

V. Understanding on Air Services and

VI. Cooperation in small scale industry between National small Industries Cooperation (NSIC) and Iranian Small Industries and Industrial Parks Organization (ISIPO).

Still Iran's export to India is very low and the potential of Indian exports to Iran is also very low. Iran would import some major items from India includes Electronic equipment, vehicles, Electrical Iron and Steel, Machinery instruments, other than Railway, Fruits Oil seed Plastic and Articles, optical Photo and Medical apparatus, Minerals, fuels and Oils, Pharmaceutical products, Wastes of food Industry, Residues, Aluminum and Articles, Chemical products Sugar and Sugar Confectionary Misc., etc. now both sides are able to widen their trade relationship between them.<sup>15</sup> India and Iran is required to regulate their bilateral relationship with all regional countries if the South Asia and India should explore some more areas of cooperation to deal with.

### **Indo- Iran Energy relationship.**

The most important and highlighted sector of relations between these two countries is Energy sector. The energy relationship between these two countries would boost the development of both the countries especially India because of heavy population and for the requirement of energy, Iran is the best option in terms of cheap and easy transportable factors to meet the heavy future requirement for large growing population. Iran is not only sufficient for its energy purpose but also it is a gateway for India to Central Asian Energy resources. It is well known that Iran possess world's third largest oil banks and second Natural Gas reserves. Alone Iran's oil and gas reserves are about 137.6 billion barrels in the west Asian region. It also has 1048 trillion cubic feet (tcf) of oil and Gas reserves. The 4<sup>th</sup> largest country of oil exports is also Iran. As it is seen from past relations that India is a big market for Iranian oil and Gas reserves as compared to the other world Countries.

Cheap and easy transportable energy from Iran to India has dual advantages as to achieve GDP (Gross Domestic Product) and to maintain economic status in world environment. Keeping in view its energy demands, India at present imports 80 percent Crude Oil and is believed that by 2025 its demand will grew to 90 percent. Currently India is exporting about 325 million tons of Crude oil and 166 million (metric Cubic meters a day) of natural gas and is expected to grow up in 2017 by 443 mmscmd.

Now the major factor of development between India and Iran is how they deal with the USA. As it is not possible for Iran to deal with USA or bow before him as USA is continuously pressuring Indian multinational and transnational companies not to do any business deals with Iran. From these factors USA wants to degrade the Iranian economy and with that India's dire need and necessity of energy resources would critically struck the Indian requirements. It is know the duty of India that not to allow any other country, not obturate its ties with Iran. In this view on June 2009, the Indian Reliance Company has stopped its business of exporting Petrol from Iran under heavy US pressure, nevertheless it is to avoid the possible confinements in its sales in the America, as it was the largest market for the company. The result of these restriction was that 95 percent of refined oil

imports from Iran was decreased in the year 2007. After that Reserve Bank of India's decision to break off the Asian Clearing Union (ACU) currency swap mechanism was used by India in December 2010 to pay to Iran. In addition, Government of India has decided to carry out TAPI Pipeline in place of IDI Pipeline.<sup>16</sup> there are various benefits on IPI Pipeline as Iran was stressing for.

- a) It would create big employment of possibilities among the provinces through which the IPI Gas Pipeline passes.
- b) This project was able to strengthen Iranian position both in the region and in International Arena. And
- c) Also it will generate regional economic integration.<sup>17</sup>

These two countries had concluded some important deals on oil and Gas in 2005 was sufficient to meet out the energy requirements of India, but it was not applied in practical field. It had big benefits and it would release 7.5 million tons of LNG for a 25 year period.<sup>18</sup>

## **Conclusion**

In this chapter, we tried to study the relations of the two countries from the view point of having some ups and downs in their relations from 2008 to 2013.the relations have changed from time to time particularly in sanctions period. There were many hardships in their relations, when UN has put severe sanctions on Iran's civil nuclear program. Particularly US made it impossible for India to make good relations with Iran because India do not want its economic fallout. Severe mode of relations took when India votes against Iran's civil nuclear program at IAEA in 2005.

In spite of this critical pressure on India from outside world on its relations with Iran, India has refused to slow down its further relations with Iran because of its heavy requirements of Energy and gas for its growing population in future. India always maintained friendship and cooperation with Iran from last decade particularly from 2000 to 2015.

India and Iran are two great civilizations, having deep and constant relations in their cultures and social aspects. Both New Delhi and Iran have initiated joint efforts to bridge the gap of relations, which was created in midst of UN sanctions on Iran of its civil nuclear Program. Both the countries tried to expand their relations on every aspect as Economic, political, social, and cultural and security related. Both the countries are interested in trade and commerce which will boost up their economic strength. Both countries have cooperated and contributed a lot to build Afghanistan again. Sometimes there are both ups and downs in their relations, but their relations remained continue.

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