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## Future Relations between India and Iran

**Dr. Ranjeet Kumar Patel**

Assistant Professor,  
M. D. P. G. College,  
Pratapgarh (Uttar Pradesh)

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### **Abstract:**

*In this article, an attempt has been made to give the future projections of Iran's nuclear deal, Iran-US relations, Iran's foreign policy trajectory and its relations with the rest of the world, particularly, with India. The India-Iran relationship in the wake of the Iran nuclear deal had been dealt extensively, in which major areas of bilateral cooperation have been identified.*

**Keywords:** oil reserve, sanctions, Taliban-Al Qaida linked, Persian Gulf, counter terrorism, IAEA, Gulf Cooperation Council, India-Iran cooperation.

### **Introduction:**

Iran's position as having the second largest gas reserve and fourth largest oil reserve makes it a prime destination for trade and investment for the world. This huge market had been untapped so far, due to decades of economic and political sanctions imposed on Iran, keeping in view its nuclear programme. The competition for doing business in Iran cannot be overstated. China, which is presently, the highest trading partner in Iran is eyeing for forging deeper business ties with Iran. Other prominent countries which have maintained their trade ties with Iran, even during the sanctions period include Japan and South Korea. These countries too are expected to continue their trade and further enhance their investment in Iran. Among the European countries, Germany is presently, the largest trading partner of Iran and it is expected to forge deeper ties in future, after the removal of sanctions on nuclear deal. Other prominent countries of Europe might also start exploring business opportunities in Iran in the wake of lifting of sanctions in future. Some of these countries have in the past sent large business delegations to Iran to explore the future avenues.

Although India continued its trade ties with Iran during sanctions, it could not reap the benefit of that period in terms of forging long term business ties. India's trade ties with Iran had been largely

dominated by the import of Iranian crude, complemented by a minuscule export of Indian goods to Iran. During the sanctions, huge oil revenue of Iran, to the tune of US \$ 6 billion, was lying dormant in India's UCO Bank. This could have been utilised by Iran for investing in India.

Unfortunately, India had so far not been able to forge a long term and multifaceted investment ties with Iran in the Iranian petrochemical industries and if the situation remained so, then India might as well witness the opportunity provided by the opening up of Iranian business in the post - sanction regime in Iran, slipping away. To avoid such a scenario and to reap the benefits of first - mover advantage in the post - sanctions business environment, India should first focus on those areas where it has an edge over others, in further deepening its bilateral ties with Iran.

While relations between Iran and India in its different aspects and dimension have improved remarkably during the second decade of the twenty first century, multifaceted domestic, regional and international factors facing the two countries may challenge their relations in future. These challenges can stem from both countries. On the Iranian side, the continuation of the neutral policy towards Kashmir problem, which had been the traditional policy of the Islamic Republic, should continue, otherwise, any Islamist oriented position in this regard can resent India and distort friendly bilateral relations. Rather than emphasising on the question of Kashmir as an Islamic problem, Iran can play more useful and acceptable role as a mediator in Indo - Pak relations. As a consequent of the fast changing situation in the Indian State of Jammu and Kashmir, the abrogation of Article 370 and 35A on 05<sup>th</sup> August, 2019, the bifurcation the state of Jammu and Kashmir into two Union Territories, the situation in Jammu and Kashmir has taken a somersault.

Besides, both India and Iran are vulnerable towards the radical extremist Islamic terrorism which had targeted both the countries during the bygone years. The Taliban - Al Qaida linked extremist groups who had resorted to confessional violence against India and Iran, would not like to see any improvement in Indo - Iranian relations. At the international level, it was up to Iran not to confuse with Indo - American or Indo - Israeli ties, as long as they do not harm or effect Iranian national interests, with Indo - Iranian relations.

While the possibility of Iran developing nuclear weapons seemed to have diminished considerably with the Vienna deal, it appears to have ironically contributed to the Saudi anxiety about the US commitment to its security. Instead of appreciating the reduced threat of a nuclear armed Iran within striking distance across the Persian Gulf, Saudi Arabia had grown extremely mindful of what it perceived as a diplomatic thaw between Iran and the US. In contrast to its trading and strategic partner, India's responses had exhibited classic restraint and balance, with a realist assessment underscored by the yardstick of interest.

While the nuclear deal between Iran and the world power eased several constraints on the India - Iran cooperation, it did also brought into limelight strains in the Indo - Saudi ties. What

concerned New Delhi in the light of the Saudi cables published by the Wikileaks in June 2015 was the point that Saudi Arabia looked at India as a sectarian battlefield in its competition for influence with Iran. This may disturb the balance of India's bilateral relations and eventually have a bearing on India's ties, both with Saudi Arabia and Iran.

While Iran was pivotal to India's strategy in Central Asia and Afghanistan, energy security and power projection beyond the South Asian region, Israel was critical to the strengthening of India's defence infrastructure and counter terrorism efforts. As the largest oil producer in the world, Saudi Arabia was both critical and important to India's economic growth and well - being, in addition to hosting the largest number of expatriates in the Gulf. In effect, all the three countries were vital to India's diverse interests and requirements. At the same time, India was skeptical of endorsing the Israel and Saudi position on the Iranian nuclear programme.

India's approach to Iran's nuclear programme rested on three basic premises, which differed from the Israeli and Western approach - first, as a signatory to the NPT, Iran had the right to develop a nuclear programme; secondly, Iran was obliged to report all nuclear activities to the IAEA under the same regime and thirdly, the controversy surrounding Iran's nuclear programme should be resolved through dialogue and diplomatic means.

India upheld the view that Iran's right to acquire a peaceful nuclear programme was unassailable under the NPT arrangement, as it was for any other signatory to this arrangement. This fact had to be recognised and taken into consideration in any negotiation with Iran regarding its nuclear programme. There was no reason to believe that Iran under the Islamic regime was an irrational actor, which could not handle its own nuclear programme.

Both India and Iran, under the framework of joint commission had, highlighted four major areas of cooperation, which were -

1. Regional connectivity (Iran to Afghanistan and Central Asia).
2. To enhance bilateral trade and economic cooperation.
3. Cooperation on Regional Security Issues and the after effects of Afghan war, US withdrawal and reconciliation process in Afghanistan.
4. Enhancing cultural and people - to - people contacts. Both India and Iran were and presently are closely working on these lines.

Despite all these opportunities, there were fears in the minds of Indian and Iranian policy makers that these infrastructure projects would face severe security threats from several issues, as already mentioned. In the light of such security threats, the investment and development projects undertaken by India and Iran would be impractical. Besides, both Iran and India were also facing some challenges, which were -

1. It was under the Western pressure previously that India voted against Iran at IAEA. There was a possibility that in future also, if US - Iran nuclear standoff gets worse, then India would

have no other option, but to choose the stronger party - the United States. Since India is in strategic deal with the US and Israel, India would never sacrifice its nuclear deal for Iran; it would never strain its relations with the US and other countries of nuclear supply group.

2. Major challenge for India and Iran would be the security of these projects. The road and rail link connecting Iran with Afghanistan and Central Asia would face extreme danger of sabotage and assault. Anti - India and anti - Iran forces in Afghanistan would also do their best to hinder and derail these projects.
3. Another challenges could be Pakistan's possible response to such a partnership, which may reduce Pakistan's importance in this region. Afghanistan may again become a battle ground for extended proxy war amongst Iran, Pakistan and India. In such a situation, Pakistan's possible response to such partnership cannot be overlooked and over - ruled. Apart from the above, another important challenge for India would be its close relationship with the Gulf Cooperation Council (GCC) countries.

The GCC states were and presently are the largest trading partners of India. The graph from 2011-12 onwards had shown an upward trend. In 2011-12, the trade with GCC crossed \$ 124 billion figure. In 2012-13, the figure went up to \$ 159 billion; however, from 2013-14 the figure had gone down marginally to \$ 150 billion; in 2014-15, the figure went down to \$ 126 billion; in 2015-16, the figure came down drastically to \$ 97 billion and in 2016-17, the figure went up marginally to \$ 102 billion. However, in this year 2017-18 the figure had gone up to \$ 104 billion from the previous year.

Despite India's energy dependence on the Middle East, its economic structure ties it more to the West. A prodigious portion of India's GDP constitutes the service sector whose destination is primarily the West, including the US; a component in India's risk assessments in forging ties with Iran. This often causes a mismatch between India's aspirations and deliveries, creating a scenario in which its policy towards Iran either looks as ambivalent or succumbing to US pressure. The truth is that India's relationship with Iran is as much predicated on its national interests as its relations with any other country.

India and Iran complement each other in the energy sector and share an interest in stabilizing Taliban - Afghanistan and connecting resource-rich Central Asia to the Indian Ocean. Two countries are making robust efforts to renew and strengthen the bilateral economic and security relations. The relationship between both the countries has evolved into a significant partnership in the trade, Chabahar port, energy, International north-south transit corridor, and security sphere. At the same time, USA policy in West Asia has been other wards and India does not want to be a victim of this. In international environment the future of India and Iran relations will depend on two factors: First, how India manages to maintain the right balance between its growing relations with Israel, the US and GCC countries on the one hand and Iran on the other hand, what will be the nature and level of Iran's engagement with India if and when its relations improve with the US and EU.

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