

INDIA-IRAN RELATIONS: CHALLENGES AHEAD

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If history, as distinct from archaeology, is the history of the human past from written sources, then India's history begins with the Aryans.

— A.L. Basham

India and Iran have shared civilisational affinities, historical links and economic cooperation for centuries. However, their relations took a new turn after the partition of the Indian subcontinent into India and Pakistan. Following the partition, India lost its geographical contiguity with Iran and the two countries followed divergent foreign policies arising out of the post-partition political developments. The emergence of the Cold War politics in the region further complicated the two Asian countries' relations. However, despite following divergent foreign policies, India and Iran did not completely relinquish their diplomatic relations: on March 15, 1950, the two countries signed a Treaty of Friendship to strengthen their relations for mutual benefit and development. Iran helped India during the 1962 Indo-China War and India stood by Iran during the 444 days (November 4, 1979 to January 20, 1981) American hostage crisis and during the shooting down of an Iranian civilian jet airliner [Iran Air Flight 655 (IR655)] by the US Navy over the Strait of Hormuz (July 1988). Yet, India-Iran relations

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never reached maturity, and Iran supported Pakistan during the 1965 and 1971 India-Pakistan Wars. Besides, Iran considered the problem of Kashmir to be a religious issue, and, supported Pakistan on the latter's claims on Kashmir on several occasions.

INDIA-IRAN RELATIONS AFTER THE END OF THE COLD WAR

The withdrawal of the Soviet Union from Afghanistan and the subsequent end of the Cold War politics brought a ray of hope of peace returning to the region. However, India-Iran relations did not witness any significant change. Ever though India came out in support of Iran during the Iranian civilian jet airliner crisis, the Iranian leaders ignored Pakistan's nefarious actions to destabilise India and condemned the Indian government for inappropriate handling of the crisis in Kashmir. On January 24, 1990, the official spokesman of the Iranian Foreign Ministry, addressing a press conference in Tehran, expressed "profound regret" over the handling of riots in Kashmir and called deployment of the Indian armed forces in the riot stricken areas (Kashmir) "unjustified" while IRNA (Iranian News Agency), in an outrageous manner, wrote that "Kashmir is being reduced to fire and blood." Iran not only condemned India on the mishandling of the Kashmir issue but also expressed its displeasure by withdrawing the invitation to the Foreign Minister of India, I.K. Gujral who was to visit Iran in April 1990 to co-chair the meeting of the Indo-Iranian Joint Commission in Tehran.¹

As Iran's Pakistan policy led to serious policy problems for India, Indian Prime Minister Narasimha Rao visited Iran in September 1993 to resolve the misunderstanding that had arisen between the two countries. Prime Minister Rao's visit to Tehran marked an important landmark in the history of the two countries' relations, because it not only helped in defusing the misconception and restoring the cool diplomatic relations that existed between the two countries, but was also the first visit to Iran by an Indian Prime Minister after the Iranian revolution. In the light of this development, Iran prevented India from being humiliated at the United

1. Sheel K. Asopa, "India and West Asia in the New World Orders: Perspectives and Trend," in Arun Chaturvedi and Sanjay Lodha, eds., *India's Foreign Policy & The Emerging World Order* (Jaipur: Printwell Publishers, 1998), p. 212.

Nations Human Rights Commission (UNHRC) by pressuring Pakistan to refrain from presenting the resolution alleging violation of human rights by India in Kashmir in March 1994.² Iranian President Akbar Hashemi Rafsanjani returned Prime Minister Rao's visit to India in April 1995, which was followed by the visit of India's Vice President K. R. Narayanan to Iran in October 1996.

In the course of these developments, the Taliban,³ a new radical Islamic students' militant group, which was unknown to the outside world, took advantage of the perturbed political condition in Afghanistan and came to power in the mid-1990s. The establishment of the Taliban government in Afghanistan not only changed the political conditions in Afghanistan but also affected the relations of the countries of the region. Pakistan and Saudi Arabia, in collaboration with the US, supported the Taliban, while India, Iran, Tajikistan, Uzbekistan and Russia backed the anti-Taliban Northern Alliance. Iran did a somersault in its policy, from a close alliance with Pakistan to support to the anti-Taliban Mujahideen groups, because the Taliban were intolerant towards other religious minorities and ethnic groups. Besides, the Taliban, after consolidating their hold on Afghanistan's politics, began to impose an extreme interpretation of Islam (strict Islamic *Sharia* law), based upon the rural Pashtun tribal code, on the entire country and began to commit massive human rights violations on the Afghan ethnic and religious minorities living in the country.⁴

Taking into consideration the exigency of the changed political development in the region, India began to manoeuvre its foreign policy

Strategic "security environment," according to the *Annual Report 2000-2001*, of India's Ministry of Defence "extends from the Persia Gulf in the east and from the Central Asian Republic in the north to the equator in the south.

2. Ibid., pp. 212-13.

3. In Pushto, the word "*Taliban*" generally denotes students studying in "*deeni madaris*" (religious institutions), see Kamal Matinuddin, *The Taliban Phenomenon: Afghanistan 1994-1997* (New Delhi: Lancer Publishers & Distributors 2000), p. 12.

4. Bureau of South and Central Asian Affairs, *Afghanistan*, at <http://www.state.gov/r/pa/ei/bgn/5380.htm>, accessed November 27, 2012.

towards its delineated strategic security interest. This strategic “security environment,” according to the *Annual Report 2000-2001*, of India’s Ministry of Defence “extends from the Persian Gulf in the east and from the Central Asian Republic in the north to the equator in the south.”⁵ Consequently, in April 2001, India’s Prime Minister Atal Behari Vajpayee led a high level delegation team to Iran, the first visit by an Indian Prime Minister since 1993.⁶ India-Iran relations were not confined to economic and political cooperation but extended to defence as well. In April 2001, the Defence Minister of India followed India’s Prime Minister Vajpayee’s visit to Tehran and discussed “issues of mutual concern” and signed a Memorandum of Understanding on defence cooperation with Iran. Three months later, in July 2001, a high level Iranian defence delegation led by Brig Gen Dr. Hussein Dehghan, Deputy Minister of Defence of Iran, visited India and the first meeting of the India-Iran Joint Working Group on Defence Cooperation took place.⁷

WAR ON TERROR: IMPACT ON INDIA-IRAN RELATIONS

While the world community was entering the 21st century with renewed zeal, looking forward to a new century, a century of peace, progress and development, the mighty, impervious US was attacked by Osama bin Laden’s Al Qaeda terrorist group on September 11, 2001. The US policy-makers convincingly accused Osama bin Laden’s Al Qaeda group of masterminding the attack on America and demanded that the Taliban surrender Osama bin Laden to the US. With the Taliban having refusing to surrender Osama bin Laden, the US launched a military campaign, Operation Enduring Freedom (OEF) “against Al Qaeda terrorist training camps and military installations of the Taliban regime in Afghanistan” on October 7, 2001.⁸ Consequently, the

5. Government of India, Ministry of Defence, *Annual Report 2000-2001*, p. 2.

6. Press Information Bureau, Government of India, Joint Press Statement on the Prime Minister’s Visit to Iran, at <http://pib.nic.in/archieve/lreleng/lyr2001/rapr2001/13042001/r130420013.html>, accessed June 14, 2011; Prime Minister Vajpayee’s delegation included Jaswant Singh, Minister of External Affairs and Defence, Omar Abdullah, Minister of State for Commerce and Industry, Brajesh Mishra, Principal Secretary to the Prime Minister and National Security Adviser, and other senior officials.

7. n.5, p. 138.

8. Text of the address of President George W. Bush made from the Treaty Room in the White House on October 7, 2001, at <http://www.september11news.com/October.htm>, accessed on March, 22, 2010.

Taliban, unable to withstand the onslaught of the US and its coalition partners' superior military forces, withdrew from Kabul in mid-November 2001.

As the US intensified the war against terrorism, the President of the US, George W. Bush, in his State of the Union Address on January 29, 2002, branded Iran, Iraq and North Korea as members of the "axis of evil" alleging that these countries were "seeking weapons of mass destruction, [therefore,] these regimes pose a grave and growing danger" to the peace of the world.⁹ However, India did not

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share the US assessments that Iran was "arming to threaten the peace of the world," thus, despite the US campaigning with the world community to isolate Iran, India continued its relations with Iran. India believes that peace and stability in "Afghanistan is critical to India's [economy and] security and Iran can provide a major stabilising influence [in Afghanistan]."¹⁰ At the same time, India also saw the geographical importance of Iran that could enable India to have overland transport facilities connecting Afghanistan and the energy rich Central Asian countries, something which Pakistan was not willing to comply with. The other obvious reason was that India "views Iran as an influential Islamic state that can effectively counter Pakistan's anti-India propaganda in the Islamic world."¹¹ On the other hand, Iran having being demonised by the US, was even more keen to develop close diplomatic relations with India, as that would enable Iran to come out of the "rogue" status imposed on it by the US and strengthen its position in the global politics. Besides, India, unlike Iran, did not have strained relations with the West, therefore, "India is seen by Iran as an important partner and a possible conduit to the West."¹²

9. "Text of President Bush's 2002 State of the Union Address, January 29, 2002," at <http://www.washingtonpost.com/wp-srv/onpolitics/transcripts/sou012902.htm>, accessed June 3, 2011.

10. Dr. Monika Chansoria, "India-Iran Defence Cooperation," *Indian Defence Review*, vol. 25, no. 1, January-March, 2010, p. 132.

11. Harsh V. Pant, "India and the Middle East: A Re-Assessment of Priorities?" in Harsh V. Pant, ed., *Indian Foreign Policy in a Unipolar World* (New Delhi: Routledge, 2009), p. 254.

12. Ibid.

With this background, Dr. Hasan Roophani, Secretary to the Supreme National Security Council of Iran visited India in June 2002 and met various high level Indian leaders, including India's Prime Minister, Defence Minister and External Affairs Minister. Dr. Roophani discussed a range of bilateral issues which included economic cooperation, investments and trade; political issues and security matters, including energy security. On Afghanistan, the two countries "stressed the need for accelerating the rehabilitation and reconstruction process" in the war-wracked country.¹³ Dr. Roophani's visit was followed by the visit of Mohammad Shariatmadari, Iranian Trade Minister, to India on January 5, 2003. There was also a report which indicated that in January 2003, Adm Madhavendra Singh, Chief of the Indian Navy and Chairman of the Chiefs of Staff Committee, visited Tehran and signed an agreement on defence cooperation with the Iranian Minister of Defence.¹⁴

India, having felt the need to further entrench its diplomatic relations with Iran, invited Iranian President Mohammad Khatami as the chief guest at the Independence Day celebration on January 26, 2003. Iranian President Khatami was invited to India despite the US clubbing Iran in the "axis of evil" group. During President Khatami's visit, a "New Delhi Declaration" was signed along with seven other substantive agreements which set forth the "vision of a strategic partnership" between the two countries. The New Delhi Declaration included various aspects of bilateral cooperation ranging from economic exchanges to defence cooperation, cooperation in the energy sector, science and technology, information technology, education and training, reconstruction of Afghanistan, and other global issues. On the issue of terrorism, India and Iran "reiterate their resolve to strengthen the international consensus and legal regimes against terrorism, including early finalisation of a Comprehensive Convention against International Terrorism... Iran and India agree to continue joint cooperation to address the issues of international terrorism

13. "India-Iran Joint Press Statement, New Delhi, June 28, 2002, *Strategic Digest*, vol. 32, no. 7, July 2002, pp. 957-58.

14. For a brief analysis of Adm Madhavendra Singh's visit to Tehran, see Rizwan Zeb, "The Emerging Indo-Iranian Strategic Alliance and Pakistan," December 2, 2003, at <http://cacianalyst.org/newsite/?q=node/902>, accessed December 22, 2009.

and trafficking in narcotic and psychotropic substances.”¹⁵ Continuing their cordial diplomatic relations in March 2003, two Iranian warships, *Bandar Abbas*, a fleet replenishment tanker, and *Lavan*, a logistics support vessel landed in Mumbai on a five-day goodwill visit and participated in the first-ever India-Iran joint naval exercises off the Mumbai coast (Arabian Sea).¹⁶ This event was followed by the visit of the Iranian Vice President, Isfandiar Rahim Mashaei, and the Chief of Iranian Air Force to India, in March and May 2003 respectively.

Unfortunately, India-Iran relations came under stern scrutiny from the US. According to Christine Fair, a leading American strategic security analyst, the US’ “increased scrutiny of the Indo-Iranian relationship arose due to the temporal convergence of two unrelated developments: the ever-deepening Iranian nuclear crisis and the efforts of President George Bush to persuade the US Congress to adopt legislation enabling a civilian nuclear deal for India.”¹⁷ Indian officials downplayed the Iranian leaders’ visits to New Delhi and the port call of Iranian warships, arguing that they were “insignificant and should not trouble the US.”¹⁸ But, the US policy-makers were not convinced because the successive visits of Iranian leaders (the President, Vice President and Chief of the Air Force) to India undermined the efforts of the US and Western countries to isolate the Iranian regime. At the same time, the US policy-makers viewed the growing relations between India and Iran unfavourably, as “when the US was positioning itself to attack Iraq, resulting in turmoil in West Asia, [as] India’s attempt to distance itself from the US foreign policy vis-à-vis West Asia.”¹⁹

In June 2005, India, keeping in view its national interest, ignored the US pressure to isolate Iran and sent an Indian delegation to Pakistan, and

15. Full text of “The New Delhi Declaration,” January 25, 2003, at http://www.satp.org/satporgtp/countries/india/document/papers/iran_delhidecl.htm, accessed April 2, 2011.

16. Imtiaz A, “First Joint India-Iran Naval Exercise,” October 3, 2003, at <http://www.pakdef.info/forum/archive/index.php/t-3713.html>, accessed May 3, 2011. There were also reports of about 222 Iranian Navy personnel being trained in Cochin in India.

17. C. Christine Fair, “Indo-Iranian Ties: Thicker than Oil,” *Middle East Review of International Affairs*, vol. 11, no. 1, March 2007, at <http://meria.idc.ac.il/journal/2007/issue1/Fair.pdf>, accessed May 21, 2009.

18. The India Cables, “India’s Relationship with Iran Should not Trouble US,” *The Hindu* (New Delhi), March 17, 2011.

19. Pant, n. 11, p. 253.

Iran to review the Iran-Pakistan-India (IPI) gas pipeline proposal with both the countries.²⁰ During this visit, India and Iran had “signed a 25-year agreement in Tehran for the annual supply of 5 million tons of liquefied natural gas to commence in 2009, a deal worth [about] \$ 22 billion.”²¹ The US was displeased with this development, and expressing strong reservations about India’s Iran policy, sanctioned some individual Indians and Indian chemical companies, alleging that they had made “transfers of technology to Iran that could be useful for Iran’s purported weapons of mass destruction (WMD) program.”²² The *CRS Report for Congress* pointed out that “in 2003, an Indian chemical industry consultancy, Protech Consultants Private Ltd., was sanctioned under the Iran-Iraq Arms Nonproliferation Act (P.L. 102-484)” and in December 2005, another two “Indian chemical companies (Sabero Organic Chemical Gujarat Ltd. and Sandhya Organic Chemicals Pvt. Ltd.) were sanctioned under the INA [Iran Non-Proliferation Act] for transfers [of technology] to Iran.” Besides, two Indian nuclear scientists, Dr. Surendar Chaudhary and Dr. Y.S.R. Prasad, were sanctioned under the INA in September 2004 on the allegation that they had passed on “heavy-water nuclear technology” to Iran.²³

Amid all these developments, in 2004, the US signed an agreement with India “to expand cooperation in three specific areas: civilian nuclear activities, civilian space programme and high-technology trade.” Besides, the US and India also agreed to expand “dialogue in missile defense.”²⁴ And on July 18, 2005, India’s Prime Minister Manmohan Singh issued a Joint Statement with the US President George W. Bush in Washington DC to enable full civil nuclear energy cooperation between the two countries.²⁵

20. Ministry of Petroleum & Natural Gas, Government of India, *Natural Gas*, at <http://petroleum.nic.in/ng.htm>

21. P. R. Kumaraswamy, “Delhi: Between Tehran and Washington,” *The Middle East Quarterly*, vol. XV, no. 1, Winter 2008, at <http://www.meforum.org/1821/delhi-between-tehran-and-washington>, accessed May 2, 2010.

22. K. Alan Kronstadt and Kenneth Katzman, “India-Iran Relations and the US Interests,” *CRS Report for Congress*, August 2, 2006, at <http://fpc.state.gov/documents/organization/70294.pdf>, accessed September 12, 2011.

23. Quoted in *Ibid.*

24. “Strategic Partnership Between India and the United States,” Washington, September 17, 2004, *Strategic Digest*, vol. 34, no. 10, October 2004, p. 1426.

25. “India-US Joint Statement,” Washington DC, July 18, 2005, *Strategic Digest*, vol. 35, no. 8, August 2005, pp. 989-91.

The changed US policy towards India came as a result of the need to entice India and decrease India's dependence on Iranian oil. The India-US civil nuclear deal proposal generated considerable domestic opposition and debate in India. However, India's policy-makers, under the pressure of the unavoidable circumstances (that is, the desire to proceed with the civil nuclear deal initiative with the US and the need of US support for India's permanent seat in the United Nations Security Council) voted alongside the US against Iran at the International Atomic Energy Agency (IAEA) in September 2005. The WikiLeaks publication has thrown up new evidence that suggests that India voted against Iran at the IAEA due to its dislike for "another state in the region to become a nuclear power."²⁶

India found itself caught in the longstanding contest between the US and Iran, consequently, it undertook "active consultations with all key members of the IAEA Board of Governors and with Iran, in order to avoid a confrontation and promote the widest possible consensus on handling the Iran nuclear issue."²⁷ However, India did not succeed. Dr. Manmohan Singh's government had come under severe criticism and opposition for voting against Iran at the IAEA, and the US feared that the Indian government would retract from its stand on Iran, thus, it came down heavily on India and asked it to prove its loyalty to the US by voting against Iran at the IAEA. In January 2006, the national and international media carried reports of David Mulford, former US Ambassador to Delhi, publicly warning India that "if [Indian government] opposes Iran having nuclear weapons, [Americans] think [India] should record it in the vote" at the IAEA. He further added that in case India did not vote against Iran at the IAEA, the India-US civil nuclear cooperation initiative was unlikely to materialise.²⁸

26. The India Cables, "199213: Indo-Iranian Relationship: Former Ambassadors to Iran Share Their Views," *The Hindu*, March 15, 2011, at <http://www.thehindu.com/news/the-india-cables/article1538196.ece>; and "195906: Indian Views on Engaging Iran," March 15, 2011, at <http://www.thehindu.com/news/the-india-cables/article1538193.ece>, accessed April 2, 2011.

27. "On the Iran Nuclear Issue," New Delhi, January 27, 2006, *Strategic Digest*, vol. 36, no. 2, February 2006, pp. 197- 98; also see "Statement by India at IAEA (Permanent Representative Dr. Sheel Kant Sharma)," Vienna, November 24, 2005, *Strategic Digest*, vol. 35, no. 12, December 2005, pp. 1628-1629.

28. "India Summons US Envoy Over Iran," January 26, 2006, at http://news.bbc.co.uk/2/hi/south_asia/4649742.stm, accessed January 26, 2010.

These statements of Ambassador Mulford led to sharp reactions from various political parties in India, particularly from the Communist Party of India (Marxist). Surprisingly, even the US State Department disowned Ambassador Mulford's statement and said it was his "personal opinion" and not that of the US government. In view of the continued rise in criticism from its citizens and political parties, Ambassador Mulford was summoned by India's Foreign Secretary, Shyam Saran, and told that his comments were "inappropriate and not conducive to building a strong partnership between the two democracies." Ambassador Mulford, caught in a diplomatic row, tried to play down the crisis, arguing that his remarks had been "taken out of context" and expressed "sincere regrets" to the Indian government.²⁹

Yet, in February 2006, India once again voted against Iran at the IAEA, an indication that it had voted under US pressure. The voting which took place on February 4, 2006, recommending that Iran's nuclear programme be referred to the UN Security Council, was approved, with 27 countries, including India, voting in favour of the resolution, three countries (Cuba, Syria and Venezuela) voting against, and five abstaining.³⁰ Speaking in the Lok Sabha (Lower House of the Indian Parliament) on February 17, 2006, Indian Prime Minister, Dr. Manmohan Singh rejected any attempts to link the India-US nuclear energy cooperation with Iran's nuclear programme, and said, "As a signatory to the NPT, Iran has the legal right to develop peaceful uses of nuclear energy, consistent with its international commitments and obligations. It is incumbent upon Iran to exercise these rights in the context of safeguards that it has voluntarily accepted upon its nuclear programme under the IAEA." He further added that India took the unusual step of voting against Iran at the IAEA because of the "security concerns arising from proliferation activities in [India's] extended neighbourhood."³¹ Former Indian Foreign Secretary Shyam Saran, admitted in an interview with Karan Thapar, broadcast over CNN-IBN in the programme titled "The

29. Ibid.

30. "IAEA Votes to Report Iran to UN Security Council," *The Hindu* (New Delhi), February 5, 2006.

31. Prime Minister Dr. Manmohan Singh, Statement in Parliament on Iran, New Delhi, February 17, 2006, *Strategic Digest*, vol. 36, no. 3, March 2006, pp. 293-95.

Devils Advocate” on March 20, 2011, that the US “did try to persuade India to accept its viewpoint concerning Iran...The [US] tried to convince India that its particular stance towards Iran was the correct one.” However, he strenuously argued that India did not vote against Iran at the IAEA due to the US pressure but because India “wanted there [at the IAEA] to be a full accounting by Iran to the IAEA with respect to [Iran’s] nuclear programme, [the reason being] that Iran’s nuclear programme was linked to Pakistan, was linked to the Democratic People’s Republic of Korea.”³²

INDO-US NUCLEAR DEAL: IMPACT ON INDIA-IRAN RELATIONS

The US-India bilateral Nuclear Cooperation Agreement (also known as the 123 Agreement) was finally signed on October 10, 2008, by India’s External Affairs Minister Pranab Mukherjee and the US Secretary of State Condoleezza Rice in Washington DC.³³ The Indian government was criticised and even accused by many strategic and security analysts and some political parties of surrendering to the US for “operationalising the nuclear deal” with it,³⁴ and not following its independent foreign policy. The critics of the Indian government perceived that the Hyde Act which is binding on the Indo-US civil nuclear cooperation, contained a concealed condition. Brahma Chellaney, an eminent strategic thinker and analyst, expressing one such view, wrote, “[U]nlike the existing Section 123 agreements with other countries, the Indo-US civil nuclear cooperation will be uniquely governed by a special, India-specific US domestic law, the Hyde Act.”³⁵ Exposing what Indian government critics feared, the US Secretary of State Condoleezza Rice said during her statement at the House of Foreign Affairs Panel, “We will support nothing with India in the NSG that is in contradiction to the Hyde Act. It will have to be completely consistent with

32. For Karan Thapar’s interview with former Foreign Secretary Shyam Saran, see “Mr. Mulford had an Exaggerated Notion of the Kind of Influence the US Exercises in India,” *The Hindu* (New Delhi), March 21, 2011.

33. David Gollust, “US, India Sign Civilian Nuclear Accord,” *VOA*, October 10, 2008, at <http://www.voanews.com/english/news/a-13-2008-10-10-voa66-66731912.html>, accessed September 2, 2011.

34. “Conditions of Hyde Act Remain: Karat,” *The Hindu* (New Delhi), September 7, 2008.

35. Brahma Chellaney, “Escape from Reality,” *Asian Age* (New Delhi), May 14, 2007.

the obligations of the Hyde Act.”³⁶ The disturbing fact about the Henry J. Hyde United States-India Peaceful Atomic Energy Cooperation Act of 2006 is that it contains a prescriptive Article in SEC. 103. Statements of Policy (b) With respect to South Asia, clause (4) stating that the US will “secure India’s full and active participation in United States’ efforts to dissuade, isolate, and, if necessary, sanction and contain Iran for its efforts to acquire weapons of mass destruction, including a nuclear weapons capability and the capability to enrich uranium or reprocess nuclear fuel, and the means to deliver weapons of mass destruction.”³⁷ Surprisingly, the 123 Agreement signed between the US and India specifies in detail, various issues like the purposes of the agreement; the scope of cooperation; the transfer and protection of nuclear materials, non-nuclear material, equipment and related technology; and the IAEA safeguards, etc., but, there is no mention of Iran in the agreement.³⁸

India’s Prime Minister Manmohan Singh defended his government’s policy of initiating civil nuclear cooperation with the US, arguing, “If India has to grow at the rate of 8 per cent to 10 per cent and, may be, more, India needs rising amounts of energy.” He further stated that by 2012, India’s total production of nuclear power will not be more than 3,000 MW, and though India has large reserves of coal, it is low-grade coal, with a high ash content. Therefore, the increased use of coal is likely to “run into environment hazards, like CO₂ and other gas emissions.”³⁹ The political crisis between Iran and the US not only affected their relations but also impinged on the socio-economic development and cooperation of the countries of the region. A good example of it is the delay in the Iran-Pakistan-India (IPI) gas pipeline project. The IPI gas pipeline project is aimed at constructing a

36. Quoted in “Hyde Act will Haunt Nuclear Deal at NSG too,” *The Economic Times* (New Delhi), February 15, 2008.

37. One Hundred Ninth Congress of the United States of America, “An Act To exempt from certain requirements of the Atomic Energy Act of 1954 a proposed nuclear agreement for cooperation with India.” H.R. 5682, at http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=109_cong_bills&docid=f:h5682enr.txt.pdf, accessed September 12, 2011.

38. Brahma Chellaney, “US-India Bilateral Nuclear Cooperation Agreement (the so-called 123 Agreement),” October 5, 2007, <http://chellaney.net/2007/10/05/u-s-india-bilateral-nuclear-cooperation-agreement-the-so-called-123-agreement/>

39. “Statement of PM in Rajya Sabha on the India-US Nuclear Agreement,” New Delhi, August 17, 2006, *Strategic Digest*, vol. 37, no. 9, September 2007, pp. 1144-1155.

1,620-mile (2,700-km) pipeline from Iran's South Pars fields in the Persian Gulf to Pakistan's major cities of Karachi and Multan and then further to Delhi, India. Of the total length of the 2,700-km project, 1,100 km would run in Iran, 1,000 km in Pakistan and 600 km in Indian territory.⁴⁰ The IPI gas pipeline project raises great hope and expectation in the region. It was even referred to as the "peace pipeline" by some political and economic analysts because they believed that through economic cooperation, the tension between India and Pakistan, especially the Kashmir issue, could be subdued.⁴¹ Iran took great interest in the development of this gas pipeline (IPI) project and earnestly sought to achieve it because it would give:

- a major boost for job creation and economic prosperity of the provinces on the pipeline route;
- the enhancement of Iran's strategic positioning and standing, both regionally and on a global level; and
- regional economic integration.⁴²

The Iranian as well as some Indian politicians and political analysts, especially former Indian Minister for Petroleum and Natural Gas and Panchayati Raj, Mani Shankar Aiyar, strongly supported the project of bringing Iranian natural gas to India through the pipeline passing through Pakistan. However, Aiyar's stand did not go down well with the policy-makers of the US. A WikiLeaks publication indicated that Mani Shankar Aiyar was replaced with "one of India's most right-wing, pro-US, and pro-big business politicians" Murli Deora, during the Congress-led United Progressive Alliance (UPA) government's Cabinet reshuffle in 2006 under the influence of the US.⁴³ This development let many strategic and political

40. "Iran-Pakistan-India Gas Pipeline," at <http://www.gulfoilandgas.com/webpro1/projects/3dreport.asp?id=100730>, accessed January 12, 2011.

41. George Perkovich and Revati Prasad, "A Pipeline to Peace," *New York Times*, April 18, 2005 at <http://www.carnegieendowment.org/publications/index.cfm?fa=view&id=16789>, accessed May 1, 2010.

42. N. Ghorban, "The Iran-Pakistan-India Pipeline Project: Cross-Border Gas Pipeline Challenges," p. 239, at http://www.igu.org/knowledge/publications/mag/apr-09/igu_april_2009_pages_234-back.pdf, accessed February 22, 2010.

43. "Reshuffle: Wikileaks Puts Govt. Under Fire," *Hindustan Times* (New Delhi), March 16, 2011; also see Praful Bidwal, "Sacrificing Sovereignty," *Frontline*, vol. 23, issue 03, February 11-24, 2006.

India is Iran's second largest buyer of oil, second only to China, importing about 12 per cent of its oil needs.

analysts to believe that the proposed IPI pipeline has become a dream pipeline, not so much for the prices, transit fees and security issues as argued by the Indian government, but mainly because of the pressure from the US against any trade relations with Iran. The US strongly opposed countries carrying out business activities in Iran and imposed various restrictions like the Iran Non-Proliferation Act and Iran-Libya

Sanctions Act (ILSA) which comprises sanctions on annual investment in excess of \$ 20 million in Iran's energy sector, making it difficult for India and other countries to invest in Iran. The US has adopted such tough policies because it does not want Iran's "economic lifeline" to be sustained "at a time when the US and its European allies are trying to weaken [Iran] economically." That is why "any attempt by Iran's neighbours and clients to give its energy industry a shot in the arm is viewed by Washington as a quasi-hostile move."⁴⁴ Because of the strong opposition from the US, India is finding it difficult to pay for the imports of Iranian oil, leading to huge debts to Iran. It is to be noted that India is Iran's second largest buyer of oil, second only to China, importing about 12 per cent of its oil needs. Iranian officials declared that as of July 2011, India's oil debt to Iran was between \$ 4 and 5 billion. The Iranian government and businessmen, upset with the Indian government for delaying the payment for oil imported from Iran, even threatened to cease further oil supplies to India "unless [India] finds a way to pay for its oil imports."⁴⁵ The Indian government, left with little option, worked relentlessly to prevent the cut-off in fuel shipments from Iran and finally succeeded in solving the problem of payment for Iranian crude oil with the help of Turkey, thereby, averting a major political

44. Institute for the Analysis of Global Security (IAGS), "Iran-Pakistan-India Pipeline: A View from Washington," June 15, 2007, at <http://www.iags.org/n057071.htm>, accessed May 12, 2011.

45. Najmeh Bozorgmehr and Anna Fifield, "Western Sanctions Create India-Iran Impasse," July 20, 2011, at <http://www.ft.com/cms/s/0/db8f3fbe-b2e8-11e0-86b8-00144feabdc0.html#axzz1VqICQyud>, accessed May 12, 2011.

crisis between the two countries.⁴⁶ However, India continues to face a tough challenge, being unable to pay the Iranian oil bill, as the banks refuse to deal with Iran for fear of sanctions.

The US sanctions on Iranian oil exports created serious policy problems for India and Iran, but what hurt the Iranians the most was the Indian government's insensitive attitude towards Iran at the IAEA. Iran felt let down by the voting against it at the IAEA, and, Iranian leaders expressed their displeasure towards India's policy by moving away from the past practice of supporting India on the Kashmir issue and began to openly voice their support to the Kashmiris. On September 18, 2010, Iranian Foreign Ministry Spokesman Ramin Mehmanparast condemned India for "the killing of 15 Muslim protesters in Kashmir who were protesting the alleged desecration of the Koran in the US." He said, "[I]t was perfectly acceptable for Muslims to react to the desecration of the Koran and countering such reactions could be interpreted as supporting an act of sacrilege."⁴⁷ Two months later, on November 15, 2010, Iran's supreme leader Ayatollah Khamenei, in his Haj message to the pilgrims, described "Kashmir as one of the world's besieged regions."⁴⁸

DETERMINANT OF INDIA-IRAN RELATIONS

Though, India and Iran do not have any territorial dispute or political hostility with each other, like in the case of India and Pakistan, there have been times when the two countries have taken widely divergent stands on various issues, like the Kashmir issue, thereby, often hindering their good relations. The summoning of the Acting Iranian Ambassador in New

46. "India to Make Oil Payment to Iran via Turkey: Jaipal Reddy," July 29, 2011, at <http://economictimes.indiatimes.com/news/news-by-industry/energy/oil-gas/india-to-make-oil-payment-to-iran-via-turkey-jaipal-reddy/articleshow/9408662.cms>; and Robert M Cutler, "Bills paid, Iran's oil ships again to India," August 18, 2011, at http://www.atimes.com/atimes/South_Asia/MH18Df03.html, accessed October 12, 2011.

47. Iftikhar Gilani, "Delhi: India's Riposte Against Iran," November 19, 2010 at http://www.tehelka.com/story_main47.asp?filename=Ws191110INTERNATIONAL.asp, accessed July 12, 2011.

48. NDTV, "Iran's Kashmir Remarks Upset India," November 19, 2010, at <http://www.ndtv.com/article/india/irans-kashmir-remarks-upset-india-67367>, accessed May 12, 2011; and Indrani Bagchi, "'Friend' Iran calls India a Zionist Regime," *The Times of India* (New Delhi), November 19, 2010.

Delhi by the Indian government to protest against the Iranian supreme leader Ayatollah Khamenei's Haj message on the Kashmir issue is one such example. The Indian government considered the statements of the Iranian supreme leader as interference in India's "territorial sovereignty" and abstained from voting against a UN resolution criticising Iran's human rights violations.⁴⁹ This marked a major shift in India's stand on Iran, because it was for the first time since 2003 that India has abstained from voting against a UN resolution critical of Iran.⁵⁰ The strained India-Iran diplomatic relations do not comprise a new development: Iran had joined the US-led military alliance and assisted Pakistan in developing Pakistan's military and defence technology during the Cold War period. Iran had also supported Pakistan on the Kashmir issue on several occasions, much to the disappointment of India. India, on the other hand, was closer to the Iranian leader's arch rival, Egyptian President Gamal Abdel Nasser in the 1950s and 1960s. Besides, India's first Prime Minister, Jawaharlal Nehru, was dead against Iran and Pakistan joining the Baghdad Pact and described it as a "wrong approach, a dangerous approach and a harmful approach." The India-Iran relations seemed to be moving in the right direction after the dethronement of the Taliban regime from Afghanistan, but the ongoing war on terror, the Iranian nuclear issue and the Iran-Israel hostility have affected the two countries' relations.

India is already facing serious policy problems in its relations with Iran because the US wants India to stop importing oil from that country and support its sanctions against Iran to prevent it from carrying out its weaponising programme. Now that Iran-Israel hostility has spilled over to Indian soil, India has been further put in a tight spot. Israeli Prime Minister Benjamin Netanyahu directly blamed Iran for the attack on the Israeli diplomat in New Delhi on February 13, 2012, even though Indian

49. The UN resolution was proposed by Canada and was adopted by 88 countries voting in favour and 44 against. India alone with 56 countries abstained from voting. See Iftikhar Gilani, n. 47; NDTV, *Ibid.*; Sandeep Dikshit, "India Summons Iranian Envoy to Protest Khamenei's Observations on Kashmir," *The Hindu*, November 19, 2010, at <http://www.thehindu.com/news/national/article896744.ece>; and Pranay Sharma, "A Persian Gulf," December 6, 2010, at <http://www.outlookindia.com/article.aspx?268210>, accessed May 10, 2011.

50. Gilani, n. 47; Sharma, *Ibid.*

intelligence had no evidence of Iranian involvement. Some Indians, like Shishir Gupta, Deputy Executive Editor of the *Hindustan Times* too believe that the February 13, 2012, bomb attack on the Israeli diplomat “was unmistakably Iranian and the handiwork of its secretive Al Quds force, with a high degree of deniability built into it.”⁵¹ However, India’s External Affairs Minister, S. M. Krishna treated the incident with utmost caution and said, “... it will be extremely difficult for us [India] to pinpoint who is responsible for the attack, so we will hold our judgment till we get a report.”⁵²

Indo-Iran relations swung from close cooperation to antagonism, and vice versa.

The Israelis believe that the attack was carried out by Iranians in retaliation for the assassination of Mostafa Ahmadi Roshan, an Iranian nuclear scientist and other Iranian scientists, who were killed mysteriously. In fact, India strongly condemns all forms of terrorist activities, and in principle, does not want Iran to develop nuclear weapons. But that does not merit India isolating Iran. Dipanjan Roy Chaudhury wrote that Israel is “the second-largest supplier of arms [to India] – India buys \$ 1 billion worth of arms annually” from Israel;⁵³ on the other hand, Iran is the second biggest supplier of crude oil to India. Thus, India cannot afford to be antagonist with either of the two countries.

INDIA-IRAN RELATIONS: THE ROAD AHEAD

The past experience of India-Iran relations has not been a very happy one. The relations swung from close cooperation to antagonism, and vice versa. The history of India-Iran relations post India’s independence, indicated that India-Iran relations are mainly influenced by the political developments that take place in the region and the world at large. It’s a sad reminder that India-Iran relations had seemed to be moving in the right direction in

51. Shishir Gupta, “Self-Interest Must Guide Our Actions,” *Hindustan Times* (New Delhi), February 22, 2012.

52. “India Treads with Caution, Says No Iran Link to Blast Yet,” *Hindustan Times* (New Delhi), February 15, 2012.

53. Dipanjan Roy Chaudhury, “India ‘Caught’ in Israel and Iran Crossfire,” *Mail Today* (New Delhi), February 15, 2012, p. 11.

the early 2000s, with the two countries signing various joint cooperation agreements for mutual benefit and development. But, with India diverting its policy towards the US, which has branded Iran as one of the members of the “axis of evil,” Iran began to stay aloof from India. It is an irony that India, despite being one of the major countries in the region, with an important role to play in the regional politics, continues to change its policy with the changing political developments taking place in the region.

Kanwal Sibal, India’s former Foreign Secretary, has rightly pointed out that “India’s strategic interest in maintaining productive ties with Iran conflicts with US’ strategic interest in toppling its clerical regime.”⁵⁴ Now the time has come for India to adopt a more rigid and stronger political stand on its policy towards its neighbours, especially on Iran. India’s foreign policy must be guided solely by its national interest and not be directed by any external power. It would be unrealistic for India to expect Iran to support its cause, especially on the Kashmir and Afghanistan issues, if New Delhi continues to adopt such a lackadaisical stand on its neighbour’s important domestic and international issues like the nuclear issue. Indian policy-makers also need to take serious note of Iran diverting its policy towards Pakistan, since India desires to build a close partnership with the US, whereas Iran and Pakistan are opposed to the US policy in the region.

BP (a London based global oil and gas company) report has stated that “Iran’s has 137.6 billion barrels of proven oil reserves and 29.61 trillion cubic metres of proven gas reserves. Iran ranks third in the world in oil reserves and second in gas reserves.”⁵⁵ India is among the world’s leading gas and oil importers: it imports about 12 per cent of its oil needs from Iran annually. In 2009-10, alone, “India imported about 22 million tons of crude oil valued at about \$ 10 billion” from Iran, recording “the third largest market for Iranian crude” oil.⁵⁶ Besides Iran is the only viable corridor through which India can access the energy rich Central Asian region and Afghanistan. Without Iran,

54. Kanwal Sibal, “India Must Hold its Ground on Iran,” *Mail Today* (New Delhi), February 15, 2012, p. 14.

55. “Iran Implementing South Pars Projects,” December 25, 2010, at <http://www.presstv.com/detail/156997.html>, accessed January 12, 2012.

56. Embassy of India, Tehran, “India-Iran Relations,” January 10, 2011, at http://www.indianembassy-tehran.ir/india-iran_relations.php, accessed June 12, 2011.

India cannot expect to have any good relations with the energy rich Central Asian countries. India's failure to develop good relations with Iran will have a serious impact on the energy supply to India. This does not mean that the Central Asian countries and Iran are the only sources of energy for India. India has acquired a large quantity of oil and other natural resources from other states in West Asia and the Persian Gulf in the past, and of late, Indian public and private oil companies have invested enormously in various other oil and gas producing countries like Russia, Sudan, Vietnam, etc. India can even stop its oil supply from Iran and obtain additional oil supplies from Saudi Arabia to compensate for the loss of Iranian supplies. Yet, India cannot afford to ignore Iran, because Iran, apart from being an important country for India economically, is also an indispensable country that India has to deal with in the region politically. This is primarily because the political crisis in the region, especially in Afghanistan, does not seem to be coming to an immediate end and Pakistan's policy towards India is unlikely to change in the near future. Iran can help India in counterbalancing Pakistan's uncongenial policies of manoeuvring allies among the Muslim countries on the Kashmir issue and in trying to thwart India's role in Afghanistan. The above discussion leads to the conclusion that despite their political differences, India and Iran have robust convergence of economic and political interest and cannot afford to be antagonist to each other. The two countries can derive maximum benefit from each other's friendship. India can provide Iran with "cost-effective intellectual and material assistance in the development of information technology networks, ports, roads, and rail projects,"⁵⁷ which the US and other Western powers will not provide it with. At the same time, India can derive maximum economic and political benefits from Iran, which Pakistan will not provide to India.

57. Fair, n. 17