INDIA - IRAN
CHAPTER V

Relations between India and Iran Since (1990-2010)
Improvement of Iran-India Relations since 1990s:

The end of the Cold War witnessed the significant improvements in bilateral relations. during the early years of the 1990s, due to emerging parallelism in political interests, the complementary economic and technological interests, and a shared perception about evolving geo-strategic environment, relations between India and Iran started improving.¹

The end of the Cold War and the consequent emergence of "Pan-Americana" in the West Asian region as well as the security threat perceptions of India and Iran brought them closer. India and Iran shared some correspondence in their perception and pursuit of security. Both sought a certain degree of autonomy in the conduct of their international relations. This trait was characterized by a certain degree of tension in their interface with the post-Cold War world, dominated by the US. These considerations of India and Iran led to the convergence of their interests. The vital factors that governed their relations during the 1990s were: energy, where both the countries are looking for a long-term partnership; Afghanistan, where both favour a peaceful settlement through the establishment of a broad-based government with the representation of all ethnic groups in Afghanistan; and Central Asia, where both the countries are concerned for security reasons as well as for economic interaction. Both shared the view that the wider dimensions of Indo-Iran relations were more important than the fundamental difference of views on Kashmir and emphasized on consolidating relations with each other.

The end of the Cold War and the disintegration of the Soviet Union signified the collapse of the world order which was in existence since World War II and heralded a new era characterized by the unipolar world. The Gulf War undoubtedly transformed the world scene. It marginalized the erstwhile Soviet Union and confirmed that the US alone had the requisite military and economic power to operate on a global scale. There were attempts to impose a preconceived order on the countries in the South, a temptation to reorder the affairs of all regions outside Europe. The new military doctrine of the US assumed that the major threat would come not from Russia, but from the Third World.²

Under the altered circumstances, the world faced a new situation and so did India. Hence, India had to evolve suitable responses. The regional situation, the threats to India's security, the
nuclearisation around India's borders, the state sponsored terrorism from across the frontiers—all these factors continued to engage India's concerns and prompted India's vigil, compelling it to function in accordance with these realities. Besides this, the economic imperative was no less than the security imperative. In the new international era, without economic development India would find itself marginalized and hence had to keep in view its external economic relations. Prime Minister Narasimha Rao himself acknowledged that changes in the international situation had come with bewildering rapidity and that the government stood ready to reorient policy in alignment with the changed situation.

The leitmotif of India's foreign policy was to structure a regional and international order based on harmony and a willingness to strive for peace and readiness to converge on basic issues and needs of mankind. The overriding priorities were: preventing any threat to India's unity and territorial integrity, ensuring geopolitical security by creating a durable environment of stability and peace in the region, creating a framework conducive to the economic well-being of the people by encouraging a healthy external economic environment and trying to restore internationally, the centrality and criticality of development in the evolution of political and economic policies all over the world. Narasimha Rao's visits to Central Asia, Iran, Oman and other places were steps in this direction.³

Thus, the first task of foreign policy was to take measures to alleviate the economic crunch. India needed immediate access to substantial amounts of foreign exchange to tide over the crisis and this assistance was available on less than forbidding terms only from the international financial institutions like the World Bank with their large American presence. Although there was vast improvement in Indo-American ties, there were some abrasive issues that remained. The US kept pressurizing India to either sign the nuclear Non-Proliferation Treaty (NPT), or a South Asian declaration of nuclear renunciation, criticized the perceived abuse of human rights by Indian security forces in Kashmir, kept up its pressure on India to open completely its markets, its insurance and banking, and on patents and intellectual property rights. Washington also increased pressure on India to control its nuclear capabilities. It warned Russia against the supply of cryogenic engines and their technology to India on pain of US sanctions.
Thus, the main security concerns of India during the post-Cold War period arose from regional rivalries and international pressures. The main focus of its diplomacy was more on economic and political matters, which gave India enough reason to expand relations with the Islamic world. The limitation of the US domination of the Persian Gulf would be of considerable strategic advantage to India as this would make the region less susceptible to superpower pressures.

Viewed from Iran, the new international environment was a hostile one. The US emerged as a primary actor pursuing its interests unopposed. Iran's loss of strategic leverage was compounded by its economic weakness and poor relations with the US. From Iran's perspective the situation in the south was not much better. Two wars in the Persian Gulf had consolidated US ties with the Arab states and increased the US military presence there, which consequently diluted Tehran's inherent regional influence. The US remained a hostile adversary seeking to undo the Iranian regime and contain its Islamic revolutionary message. Iran saw the US behind efforts in the north and south to encircle it militarily. US Secretary of State James Baker on his first visit to Central Asia in February 1992, admitted that a prime motivation behind US policy there was a need to counter Iran. In May 1993, the US articulated a "dual containment" policy that appeared to equate Iran with Iraq and threatened to impede Iran's economic development.

Encirclement of Iran in the north and south, economic and technological strangulation and the tightening of US controls on trade created considerable difficulties for Iran. Moreover, the states to the north of Iran were politically unstable, at odds with their neighbours. Besides the possibility of getting entangled in their disputes with each other, Iran was concerned about ethnic conflicts which could spill over into its territory and pit its minorities against each other. Iran's relations with Russia and the Persian Gulf states were also central to Iranian interests. It was because of these changed dynamics in the region that Iran wanted to promote regional ties and consolidate its relations with the countries of the region.

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certain degree of autonomy in the conduct of their international relations. This trait was characterized by a certain degree of tension in their interface with the post-Cold War world, dominated by the US. Both countries were trying to grapple with the inequities in their own manner and realized that they had little choice, but to relate to these international trends in the most prudent manner. The considerations of India and Iran led to the convergence of their interests.  

The five period of Iran’s foreign policy toward India was in fact the turning point for Indo-Iranian relations in contemporary times. This period started by the rise of Taliban in Afghanistan in the early 1990s when this fundamentalist group began its gradual dominance in Afghani politics. The common challenge of Islamic fundamentalism in Afghanistan and Pakistan brought India and Iran together and convinced them on improving mutual relations. This common challenge led to a series of formal high level state visits between the two countries. Ali Akbar Velayati, the then foreign minister of Iran paid a visit to New Delhi in November 1992, which led to the visit of Prime Minister Narasimha Rao in September 1993. Hashemi Rafsanjani, who started a new era of detente in Iranian foreign policy in the late 1980s, visited India in April 1995. That marked the highest level of Indo-Iranian relations and the beginning of an era which other Iranian statesmen continued to follow.  

The era of Muhammad Khatami (1996-2004), the Iranian reformist President, witnessed the remarkable improvement in Indo-Iranian relations. Khatami’s personality and thought which brought about positive prestige for the Islamic republic after two decades of international isolation, was an opportunity for a new breakthrough in Indo-Iranian ties. Indian political elites proved that they were rational enough for using such opportunity for their own national interests. The high profile four-day visit of Atal Behari Vajpayee, the then Indian Prime Minister in April 2001, was warmly welcomed by the Iranian president, who described it as "a new chapter in the field of human and international relations". The result of this visits was the signing of Tehran declaration in which both sides agreed to launch a new phase of constructive and mutually beneficial cooperation, covering in particular, the areas of energy, transit and transport, industry, agriculture and service sector. The sides reaffirmed their commitment to strengthen transport and transit cooperation. They also agreed to actively promote scientific and technological
cooperation, including among others, joint research projects, short and long-term training courses and exchange of related information on regular bases.\(^8\)

Tehran declaration was, in fact, an introduction for further cooperation during Khatami's reciprocal visit to India in January 2003. India considered Khatami's visit very important and welcomed him as the Chief Guest at India's Republic Day's parade.\(^9\) It was during this visit that the famous "New Delhi Declaration" and "the Road Map to Strategic Cooperation" were signed by both leaders. Beside these two important documents, seven other agreements were signed in the realm of economic exchanges, science and technology, information technology, educational training, reconstruction of Afghanistan and anti-terrorism. Defence cooperation and training and exchange of visits were other parts of mutual cooperative agreements.\(^10\)

One aspect of the Delhi Declaration of 2003, with 16 articles, was mutual willingness of both countries for energy cooperation. According to article seven of the Delhi Declaration:

India and Iran have a complementarity of interests in the energy sector which should develop as a strategic area of their future relationship. Iran with its abundant energy resources and India with its growing energy needs as a rapidly developing economy are natural partners. The areas of cooperation in this sector include investment in upstream and downstream activities in the oil sector, LNG/natural gas tie-ups and secure modes of transport.\(^11\)

Bilateral cooperation in energy arena reached its peak when India and Iran signed a multi-billion dollar deal in June 2005 under which Iran will supply India with 7.5 million tons of liquefied natural gas annually for 25 years beginning 2009. The deal also envisaged Indian participation in the development of the Yadavaran and Jufeyr oilfields in Iran.\(^12\) It is noteworthy that Indian exporters provide about 40 percent of gasoline that keeps Iran moving.\(^13\)

Beside energy, Indo-Iranian trade has had remarkable increase after the Delhi Declaration. According to the Indian Embassy in Tehran, India "exports goods worth US$ 1.937 billion to Iran and imports goods worth US$ 11.049 billion from Iran. India's imports from Iran include crude oil and petroleum products worth US$ 10.06 billion and India's exports include petroleum products worth US$ 850 million. Thus trade volume between Iran and India has
reached almost US$ 13 billion in 2007 after business between the two countries grew by 80 percent.\(^\text{14}\)

One important aspects of mutual cooperation includes the question of defence and military. This dimension of Indo-Iranian relationship goes well back to the early 1990s and even beyond that time to the early 1980s. In fact, after forming an Indo-Iranian Joint Commission in 1983, India and Iran established steady but relatively low-level defence and military relations. In 1988 Iran began rebuilding its conventional arsenal with purchases of tanks, combat aircraft, and ships from Russia and China. In 1993 Iran turned to India for help in developing batteries for the three Kilo-class submarines that the Islamic Republic had bought from Russia. Submarine batteries that Russia had provided were not appropriate for the warm waters of the Persian Gulf, and India had substantial experience operating Kilos in warm water.\(^\text{15}\)

India reportedly hoped that the 2003 New Delhi Declaration would pave the way for sales to Iran of upgrades of Iran's Russian-made conventional weapons system. While Indo-Iranian deals along these lines have not yet materialized, Iran has sought Indian advice in operating missile boats, refitting T-72 tanks and armoured personnel carriers, and upgrades for MiG-29 fighters.\(^\text{16}\) Indo-Iranian relations during the given time frame can neatly be divided into two phases of one decade each —1990s, and 2000s

**Indo-Iran relations in structure:**

The first institutional mechanisms established to guide Indo-Iranian relations is the "The Indo-Iran Joint Commission," which was established in 1993. This commission convenes at the foreign ministerial level to discuss and review progress made on economic issues. A second major milestone in the institutionalizing of the relationship was the signing of the Tehran Declaration. Signed by Iran's President Khatami and India's Prime Minister Vajpayee during the latter's April 2001 visit to Tehran, this accord focused heavily upon energy and commercial concerns, including a commitment to accelerate the development of a gas pipeline and the finalizing of an agreement by which Iran would provide India with liquefied natural gas (LNG). This agreement also reaffirmed their commitment to develop the North-South Corridor and to encourage their commercial sectors to utilize this corridor. They also agreed to promote scientific and technical cooperation.\(^\text{17}\)
One of the important mechanisms that emerged from the 2001 meeting was the India-Iran Strategic Dialogue. The first such meeting was held in October 2001 and was convened by India's then-foreign secretary, Chokila Iyer, and by Iran's deputy foreign minister for Asia and the Pacific, Mohsen Aminzadeh. That first meeting focused on three major areas of mutual concern: first, regional and international security perspectives; second, the security and defense policies of India and Iran; and third, issues related to the international disarmament agenda. This body subsequently met four times, the last time being in May 2005. That meeting, convened by Aminzadeh and Undersecretary of Indian Ministry of External Affairs Rajiv Sigri, focused heavily on gas pipelines and upon a bilateral agreement for LNG.18

The most recent and arguably most substantial set of frameworks guiding Indo-Iranian relations is the January 2003 New Delhi Declaration, penned during President Khatami’s visit to New Delhi, along with seven additional Memoranda of Understanding.19 This document built and expanded on the 2001 accord. It focused upon international terrorism and the shared position that the Iraq situation should be resolved through the United Nations. Both states expressed an interest that they should pursue enhanced cooperation in the areas of science and technology, including: information technology, food technology, and pharmaceutical development and production. Some reports also suggest that space advancements (for instance, satellite launch) were discussed, although there is no such mention of them in the actual accord.20 The enduring mainstays of the engagement--hydrocarbon and water issues--and mutual interests in exploring education and training opportunities also figured prominently. Both concurred that there should be close cooperation on efforts to reconstruct and rehabilitate Afghanistan.21

One of the key instruments signed during Khatami’s 2003 visit was the "Road Map to Strategic Cooperation." This document follows the New Delhi Declaration closely and establishes a targeted framework for fulfilling the objectives set forth by the Declaration. The key areas mapped out include concrete steps on oil and gas issues (such as the ever-challenging pipeline project), the commitment to expand non-hydrocarbon bilateral trade and other forms of significant economic cooperation, and the joint effort to further develop the Chahbahar port complex, the Chahbahar-Fahranj-Bam railway link, and the Marine Oil Tanking Terminal.
Perhaps the most controversial commitment spelled out included more robust defense cooperation between the two. The document committed both sides to exploring political dialogue and modalities of cooperation on issues of strategic significance through the mechanisms of the Indo-Iran Strategic Dialogue, foreign office consultations, and the institutional interaction of both national security councils.  

President Mahmoud Ahmadinejad's visit to New Delhi in 2008 was a positive step in the right direction for improving bilateral relations. This is because a good number of Indian politicians and policymakers are of the opinion that friendly and strategic relations with powerful Iran have been key to regional stability and security throughout history and that Iran is the best and the most secure source of hydrocarbon energy to their country. Therefore, it is expected that the visit could open a new chapter in bilateral relations. Many political pundits are also of the opinion that the warm reception of President Ahmadinejad in April 2008 by the government of Manmohan Singh was an insightful political gesture.

During the visit, Tom Casey, US State Department spokesman, at a press conference called on New Delhi to take on a harsh position against Tehran. India’s Ministry of Foreign Affairs in response to Casey's comments issued a statement that read: "India and Iran are ancient civilizations with relations that date back to centuries ago. India and Iran have the necessary capacities to properly manage all aspects of their relations. The situation in the region has always attracted the attention of both nations. Clearly it is evident that all these issues have been resolved through nonstop dialogue and exchanges of different delegates."The statement by the Indian Foreign Ministry also indicated that none of the parties needed any future guidelines with regard to the nature of their relations as they have come to believe that only enhanced ties and dialogue could bring about peace and tranquility.

Although India does not want to see the emergence of another nuclear power in its neighborhood, New Delhi has regularly made it clear that Iran has every right to civilian nuclear energy. C. U Bhaskar, former head of the Indian Institute for Defense Studies and Research, said on the likely impact of this visit on New Delhi-Washington relations that: "Although it is true
that over the years India has got itself closer to the United States; India never desires to see the improvement of its US ties destabilize New Delhi's relations with Tehran.  

India's Urdu daily 'Sahafat' wrote in an article on President Ahmadinejad's visit to New Delhi that the visit was very important. It added, "Ahmadinejad is different from all other Muslim leaders. He is the biggest supporter of unity among Muslims and since he does not yield to the US pressures, he enjoys full respect among the third world nations. Ahmadinejad supports the oppressed Muslims of the world and has proven that the reason the United States bullies others is not because it has supremacy but because Muslims lack the power of faith. For that reason, from the people in Palestine to those who have been afflicted in Lebanon, all have cast their hope on Ahmadinejad."  

Iran-India relations date back to thousands of years ago. In addition to cultural and historic commonalities, Iranian and Indian traders play a key role in bolstering multilateral ties. It can be safely concluded that culture and trade have always acted as important elements in protecting and improving constant relations between the two nations. Over the years, exchanges of high-ranking delegates along with signing of important accords have brought about excellent opportunities for shared development and prosperity. The energy agreements or India's participation in the development of Iranian oil fields are among the fine outcomes of such relations. In the words of Iranian Ambassador to India Seyyed Mahdi Nabizadeh, "The value of Tehran-New Delhi trade the $9 billion mark, exceeding."  

There is no doubt whatsoever that oil and gas agreements reached between Iran and India have built a strong foundation for India to ensure its energy security and safeguard its economic and industrial development and growth. Indian economic experts believe that construction of the proposed Iran-Pakistan-India gas pipeline will be the best possible measure ever taken to boost cooperation between Iran and India in the field of energy.  

The North-South Corridor, an international transportation route signed by India, Iran and Russia, is also another shining example of ever closer cooperation between Iran and India. The transportation corridor will connect eight other countries and will act as a bridge linking the
Asian continent to Europe. It will equally facilitate commodity exchange and transportation between the two continents and slash costs. The plan to set up a West Corridor in collaboration with Iran, Afghanistan and India and connecting it to Uzbekistan is similarly another shining example of ever closer cooperation between Iran and India in the transportation sector.  

Iran has been surrounded by a regional market that has 300 million consumers. This calls for ever closer economic and technical cooperation between Iran and India. Just for the record, Indian and Iranian companies can exploit Iran's rich energy resources to build cement, steel and aluminum factories and power plants. Other appropriate fields for cooperation could consist of IT, environmental technology and tourism.India's National Security Adviser M. K. Narayanan has equally laid emphasis on the importance of these relations. He said: "Iran is not just an international political issue for India; rather it is also an internal matter. This is because the second largest Shia population resides in India which has ties with Iran that go back to hundreds of years ago. Iranian developments have major impacts on India."

**Future Relations : Iran - India:**

Despite common concerns, there is a flip side to India–Iran relations which demands critical attention. There are perceptions and misperceptions about issues which are impacting India–Iran relations. These problems cannot be ignored and must be factored into larger debates on India–Iran relations. The future of India–Iran relations will depend on how both countries are able to balance and manage the problematic side of their relations. The nuclear issue has already been discussed.

Most Iranian officials and experts often refer to historical and civilization links between India and Iran as an important factor for cooperation. It has been pointed out that language and culture are important areas of cooperation. Greater interaction among the scholars, students and experts has been emphasized. Iranian officials are of the view that the industrial sector, transportation, the steel industry and the oil sector provide a lot of room for India to cooperate with Iran. These are the sectors in which Iran is keen to cooperate with India.
There is a perception in Iran that India and Iran have not realised the full potential in bilateral relations. There is a need to overcome suspicion and have a common understanding of the regional and international security environment. There is a need to take current relations, which at best can be termed normal, to the strategic level. There is a general understanding within the Iranian establishment that India needs to spell out clearly its policy towards Iran. It is argued that India’s strategic cooperation with the US is impacting its ties with Iran. These changing Iranian perceptions are likely to impact future relations between the two countries.\textsuperscript{31}

While analyzing India’s perception, it can be argued that within India there is a common consensus that Iran is an important regional player in West Asia and given its geo-strategic importance, India needs to engage Iran. However, views differ on how to engage Iran. Some are of the view that Iran has been neglected by India, which lacks an independent policy towards Iran and there exists a huge ‘trust deficit’. It is often argued that Khatami’s visit in 2003 was the highest point in India’s diplomatic relations with Iran. But today, there are many challenges faced by India in pursuing its policy towards Iran.\textsuperscript{32} Therefore, frequent dialogue with Iran will help bridge misunderstandings between the two countries. Iranians do hint at Prime Minster Manmohan Singh’s visit to Oman and Qatar in November 2008 and later to Saudi Arabia in February 2010 and argue that Iran does not receive as high a priority in India’s foreign policy as it should.

On the contrary, there is a view in India that Iran has been insensitive to many issues which are of great concern to India. It has never supported India’s case in the Organisation of Islamic Conference (OIC); rather it has supported Pakistan consistently.\textsuperscript{33} In October 2009, the OIC appointed a special envoy on Jammu and Kashmir, a move seen by observers in New Delhi as part of Pakistan’s efforts to internationalize the issue.\textsuperscript{34} Another important issue, which needs to be factored in any larger debate on India–Iran relations, is Iran’s response to the terrorist attacks on Mumbai on November 26, 2008. The US, Britain and India more or less held Pakistan responsible for the attacks because of its inability to control terrorist groups operating out of its soil. Iran, however, expressed a different opinion.

On December 31, 2009, Iranian Foreign Minister Manuchehr Mottaki said that ‘certain extra-regional powers are carrying out activities that cause instability in South Asia. They have
organized plans that lead to extremism*. The Iranian president also stated in December 2008 that the US may have been behind the attacks. Iran also offered to play a mediator’s role to defuse tensions between India and Pakistan. These statements are not helpful, if long-term cooperation is sought. Thus, there is a need for reciprocity. Moreover, for India there are greater stakes in the Gulf. Given India’s energy interests and the presence of migrant labour, the Arab countries of the Gulf are much more important to India. Therefore, India cannot ignore the importance of Arab countries while formulating its policy towards Iran. Besides, the ambiguity of the power hierarchy in Iran’s political structure makes it difficult to engage with the nodal agency with which it could address various issues and evolve mutually acceptable solutions to sensitive bilateral matters.

The aforesaid details of Indian and Iranian perceptions and misperceptions regarding the bilateral relations should help in formulating a new mechanism to take the existing relations to a new level. Any policy which fails to recognise the problem areas is likely to be detrimental to the strategic interests of both countries.

The most important measures to improve relations:

- Diplomatic overtures by India—like hosting a dialogue of regional countries such as Iran, Pakistan, US, Afghanistan and Russia to address regional security issues. On Iran’s nuclear issue, India can downplay the issue and engage Iran in a much more constructive way.

- The private sector in India needs to be better informed about the government’s policy towards Iran. Similarly, it is important for Iran to spell out its foreign investment policy for Indian companies.

- It is necessary to increase the number of staff in the Indian embassy with knowledge of regional languages and to create Indian information agencies in West Asian countries. This will enable India to formulate its foreign policy based on a regular source of information and news.
• To bridge the communication gap, dialogue between thinktanks, universities and other agencies needs to be enhanced. Creating an India Chair in an Iranian university and an Iran Chair in an Indian university will go a long way in furthering bilateral ties.

• Enhanced high-level visits will create a better environment for maintaining and enhancing the cooperation between the two countries.

• Both India and Iran will have to work towards a better understanding of the strategic concerns of each other, both at the regional and global level.

• Increased people-to-people contact will go a long way in cementing ties between Iran and India.

• For any meaningful bilateral cooperation, both India and Iran will have to go beyond rhetoric. To strengthen Indo-Iran cooperation, it is important that new ideas and mechanisms are introduced, emphasis is laid on regional and bilateral cooperation, and various agreements and MoUs are implemented.

• More importantly, one has to acknowledge that relations between the two countries, if they are to be lasting, will have to be based on reciprocity and mutuality of interests. The future of India–Iran relations under the second terms of President Ahmadinejad and Prime Minister Manmohan Singh will depend on how both countries are able to neutralize the problems which pose challenges for New Delhi and Tehran to take the current level of relationship forward. 38

**The most important strategic factor in relations between Iran and India:**

The two countries of Iran and India have always experienced relatively peaceful relations in the course of history. As an industrialized country, India has savored taste of colonial. Presence of England in this country had been followed with plundering of its resources. Samir Amin distinguished and prominent Egyptian thinker believes: “India had enjoyed very favorable condition before colonial period.” But Iran was never formally colonized and presently intends to
become first power in the region in 2025. So, Iran-India relations should be considered as strategic which is of paramount importance for the two sides. With due observance to the strategic objectives and programs, the two countries of Iran and India have extensive and close relationships with each other.

As understood from the Delhi Declaration, energy and security are the two important reasons that propel India to have close relations with Iran. In recent years, India has been working to deepen its ties to Tehran for two reasons. First, India's economic boom growth that it is counting on to lift hundreds of millions of its people out of poverty requires energy. Indo-Iranian cooperation had "acquired a strategic dimension nourishing in the fields of energy, trade and commerce, information technology and transit". 39 Iran-India relation depends on several important factors: Status of Energy, Historical Background, Economic Exchanges, Common Strategic Objectives and Political Stances. India has made its utmost effort in recent years to boost its relation with Iran.

**India's new approach in relations between Iran and India:**

a. Role of Iran will be very effective in Kashmir Dispute. Presence of the Islamic Republic of Iran beside borders of Pakistan has increased influence of Iran to a great extent.

b. Presence of Taliban in Afghanistan and terrorists affiliated to al-Qaeda especially in recent years has jeopardized security of the Indian subcontinent. India tries to put terrorist groups at the region in tough pressure via nearing itself to Iran.

c. In recent years, Iran has been influenced under the UN Security Council sanctions and also unilateral sanctions of the U.S. and other Western countries. These conditions have caused downward trend of investment rate and absence of large companies in Iranian market. The created gap will be considered as an appropriate opportunity for a powerful country like India with the aim of taking most advantage of this condition. 40
d. Iran’s membership at the Organization of Islamic conference (OIC) will link India to many of the Islamic countries.

e. Preventing its age-old rival i.e. Pakistan in establishing relationship with Iran.

f. India is considered as world’s emerging powers. This country can affect international relations along with China, Turkey and Brazil. Iran tries to degrade significance of the West through substituting the abovementioned countries. Hence, nearing to India has been included at Iran's foreign policy program.

g. As one of the largest owners of oil and gas resources, Iran can play a leading role in the provision of energy, and progressive economy of India.  

**The main reasons of significance of India for Iran:**

As in the Delhi Declaration which emphasize on the military/defence relations and promotes trade and economic cooperation, the two elements in which Iran is very much interested. Iran is looking for a market to export. A large but financially growing Indian market is an extremely good destination. For India, Iranian commodity market is a good and strong consumption market. Iranian tourists have become one of the top nationalities in number to arrive in India in 2010. This is growing trend which will have not only financial gain for India but also it will lead to a better understanding of one another culture, a human face to face contacts.

- International situation of India and high influence of this country at the international organizations and institutions will open a new front for supporting Iran in confronting with the West. Presently, Iran is in dire need of international supports for materialization of its nuclear programs. Most importantly, India is an experienced and influential member of the Non-Aligned movement (NAM) and presently, is after winning permanent membership at the UN Security Council.

- India is a country with export-oriented economy and enjoys high economic growth rate. Iran is after taking economic advantages of this country to provide goods and services which have presently been sanctioned.

- Terminating Afghanistan crisis and providing security of eastern regions of the country.
Specific outlook of Iran to world emerging powers with the aim of establishing balance with the West. As a matter of fact, a glance at the regional powers emerged in recent years; we can observe easily that Iran has established acceptable and amicable relation with Turkey, Brazil, China and Russia. (In recent visit of Medvedev, Russian President, from India, this country supported Iran through issuing a proclamation.)

- Supporting a number of political spectrums of India from Iran's nuclear program,
- Preventing from increased relations of Israel with India,
- India leads giant regional and effective treaty like SARC.
- India can be a lucrative and suitable market for Iran's exports activities. Since this country faces burgeoning population, India can be a lucrative and potential market for Iran's exports products. This concession is of paramount significance as a result of short geographical distance of the two countries.
- Economic reforms have been operated successfully in India and during 10 terms of successful planning system, this country has been turned from a poor country, as importer of foodstuff, into an industrialized country. The Islamic Republic of Iran can take advantage of this country as a suitable pattern in its growing economy.
- If preferable agreements are concluded between Iran and India, Iran's exports volume to India will be increased as much as 22 percent on approx 100 types of goods.
- According to the studies made in this regard, Iran's exports volume to India will witness 11.9 percent growth annually within a 10-year period.
The most important fields of relations between India and Iran since 1990-2010

- Political relationship
- Economic relationship
- Energy relationship
- Cultural relationship
- Security relationship

a. Political relationship:

Political relationship after 1990:

1. Indian Prime Minister Narasimha Rao Visit to Iran in September 1993:

   In September 1993 fourteen years after Iran's Islamic Revolution Indian Prime Minister Narasimha Rao visited Tehran. The highlights of the visit included discussions on the construction of a pipeline to supply Iranian natural gas to India and allowing India to develop transit facilities in Iran for Indian products destined for the landlocked Central Asian republic. It is noticeable that from the early 1990s, India became a major energy importer and thus needed to improve relations with energy exporting countries; a development which could be seen as one of the important motives underlying the improvement of bilateral relations with Iran.

   The quest for friendship and cooperation on both sides sought to clear the mutual distrust between India and Iran. The visit of Indian Prime Minister P.V. Narasimha Rao to Tehran in 1993 was particularly important since Iran rallied round India's stand of non-interference and called upon all the states to desist from terrorism and subversion in the region. President Rafsanjani even called for cooperation between India, Iran and China and viewed that the three major Asian Powers should take initiative to crystallize it in a proper form to have significant role in global politics. Rafsanjani stated: "If the Asian cooperation is going to be achieved India will be one of the most important axis of such an inter-Asian co-operation." He reiterated that this cooperation existed in other continents in multiple ways but had proved futile in the Asian subcontinent. As he remarked: "Very important countries are in Asia as far as population, industry and markets are concerned. If we cooperate, we, in Asia will be able to have a say in international affairs."
2. Iranian President Hashemi Rafsanjani’s Visit to India in April 1995:

The growing affinity in bilateral relations was observed with the visit of President Rafsanjani to New Delhi in April 1995. During the exchange of views at the highest level, Rafsanjani underlined the significance of the need for increasing strategic cooperation between Tehran and New Delhi to remove external intervention and hegemony in the Asian region. He said "co-operation among Iran, Pakistan, India and China will give no pretext for foreign forces to interfere in the region." On the bilateral economic matters, a good deal of success marked the discussions between the two countries. Both Tehran and New Delhi agreed to expedite the process of laying a gas pipeline from Iran to India. The most successful achievement was the signing of a Memorandum of Understanding (MOU) in April 1995 between Iran, India and Turkmenistan on direct transit facilities for Indian goods into Central Asia through Iran.

The Memorandum also contained cooperation in other fields, i.e., "tourism, telecommunication, postal services, prevention of narcotic drugs and psychotropic substances" among the respective governments. It was anticipated that these agreements would form the core of the efforts for regional economic cooperation with the Central Asian Republics. Iran comprehended the geo-political importance of India as its 'strategic neighbourhood' spread over to the Persian Gulf in the west and the South China Sea in the East. So, the Iranian policy makers coined 'Look East policy' in 1997 to improve relations with India, China and Central Asian states to secure access to the Central Asia for natural resource; facilitate the entry of India and the Persian Gulf states to the Central Asian states and serve as a transit point between Central Asia and the Indian Ocean to reap economic dividends for the country. India also offered positive response to the Iranian overture.

Political relationship after 2000:

Indian Prime Minister Atal Behari Vajpayee paid a visit to Iran in April 2001 and the Tehran declaration was signed on 10 April 2001 to achieve a new breakthrough in their bilateral ties. Both India and Iran realized their historical linkages and desired to materialize this opportunity in political, strategic, technical and cultural fields for regional peace and stability. The two sides also avowed to respect the principles of sovereignty, territorial integrity, equality
and noninterference and espouse the thesis of "Dialogue among civilization" for pluralism, diversity and tolerance in the conduct of international relations. They denounced terrorism in all respects and appealed the Comity of the Nations for initiating strong measures to counter international terrorism. They raised concern over the developments in Afghanistan and resolved to assist in the formation of a broad based government for ensuring peace and stability in the country.\textsuperscript{52} The mounting spirit of Indo-Iranian relationship was noticed when President Mohammad Khatami came to India as the Chief Guest in the Republic Day of 2003 and the Delhi Declaration was signed along with the "Road Map to Strategic Co-operation" for a stable, safe and flourishing region.\textsuperscript{53}

However, India's vote for a resolution sponsored by EU-3 (France, Germany and United Kingdom) on the nuclear issue of Iran at the International Atomic Energy Agency (IAEA) Board Meeting in September 2005 raised apprehensions among the foreign policy watchers to persist stable and secured bilateral ties. New Delhi clarified those doubts by saying that India did not want any crisis out of the prevailing situation. The spokesperson of the Indian Ministry of External Affairs said "In our explanation of the vote, we have clearly expressed our opposition to Iran being declared as non-compliant with its safeguards agreements. Nor do we agree that the current situation could constitute a threat to international peace and security.\textsuperscript{54}

He further said "Nevertheless, the resolution does not refer the matter to the Security Council and has agreed that outstanding issues be dealt with under the aegis of the IAEA itself. This is in line with our position and therefore, we have extended our support to it."\textsuperscript{55} Equally, it was perceived that India sought a negotiated settlement based on conciliation. Justifying this Spokesperson also said: "It should also be borne in mind that India has all along been supportive of the EU-3 initiative to negotiate a fair and reasonable understanding with Iran on this issue. Our support to the resolution should also be seen against this background. We have been in close touch with the EU-3, and External Affairs Minister has himself been meeting with and talking to his French, German, and British counterparts regularly in the past couple of weeks, to try and encourage a conciliation approach."\textsuperscript{56} Besides, India also showed concern over this subject and counseled Iran to adopt flexibility.\textsuperscript{57}
Indo-Iranian relations were hampered when India voted along with the twenty seven nations at the IAEA Board Meeting to refer the Iran issue to the United Security Council in 2006. Clarifying India's stand on voting against Iran, the Spokesperson of the Ministry of Affairs said it "should not be interpreted as in any way detracting from the traditionally close and friendly relations we enjoy with [that country]". "It is our conviction that our active role, along with other friendly countries, enabled the tabling of a resolution that recognizes the right of Iran to peaceful uses of nuclear energy for its development, consistent with its international commitments and obligations, while keeping the door open for further dialogue aimed at resolving the outstanding issues within the purview of the IAEA". 58

Subsequently, Minister of External Affairs Pranab Mukherjee paid a visit to Tehran in February 2007 to give a fresh impetus to Indo-Iranian relations. He said that India and Iran have historical bonds and their strength lies over centuries of cooperation. He anticipated that India and Iran can explore the opportunities in various spheres for cementing their ties. 59 Later, President Mahmoud Ahmadinejad visited India in April 2008 and expressed satisfaction over India's "good and appropriate response" to the US diplomacy for raising the nuclear enrichment issue during his trip to New Delhi. He said that "Each vote has its own impact" and Indo-Iranian bilateral relation is "deeper than a vote". "It is related to the past and we are looking forward." 60 He expressed that India and Iran are ready to strengthen wide-ranging aspects to give a new direction to Indo-Iranian relations. 61

Again the growing spirit of friendship was marked with the visit of Iranian Foreign Minister Manouchehr Mottaki to New Delhi on November 16-17, 2009. During his sojourn, he discussed matters on energy security, economic cooperation, and regional as well as common threats on terrorism with the Indian counterparts. 62 India yet again voted along with twenty five nations in November 2009 in favour of a resolution at the IAEA to send the nuclear issue of Iran to the UN Security Council while indicating in the explanation vote that it "cannot be the basis of a renewed punitive approach or new sanctions." 63 New Delhi also reiterated its stand to resolve this matter through dialogue at the IAEA Meet. 64 There was no marked departure in Indo-Iranian relations during this period. Likewise, the Indian External Affairs Minister, S.M. Krishna also showed positive response to Iranian approach during his recent visit to Tehran on May 15-
18, 2010 on the occasion of G-15 summit and shared his views on bilateral, regional and international developments with the Iranian establishment. The developments as well as the recent overtures in bilateral relations signify India and Iran are again poised to promote friendship and co-operation to reap the dividends in an era of interdependent world for mutual benefits irrespective of their reservations.65

Table-5.1: India- Iran diplomatic visits since 199066

<table>
<thead>
<tr>
<th>S.N</th>
<th>Visits</th>
<th>Date</th>
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<tbody>
<tr>
<td></td>
<td><strong>VVIP Visits (From India)</strong></td>
<td></td>
</tr>
<tr>
<td>1.</td>
<td>Shri Narasimha Rao, Prime Minister</td>
<td>September 1993</td>
</tr>
<tr>
<td>2.</td>
<td>Shri K R Narayanan , Vice President</td>
<td>October 1996</td>
</tr>
<tr>
<td>3.</td>
<td>Atal Bihari Vajapayee, Prime Minister</td>
<td>April 2001</td>
</tr>
<tr>
<td></td>
<td><strong>VVIP Visits (From Iran)</strong></td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Akbar Hashemi Rafsanjani, President</td>
<td>April 1995</td>
</tr>
<tr>
<td>5.</td>
<td>Mohammad Khatami, President</td>
<td>January 2003</td>
</tr>
<tr>
<td></td>
<td><strong>Other High Profile Visits (From India)</strong></td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td>P .R Dasmunshi, Minister of Water Resources</td>
<td>February 26-27, 2005</td>
</tr>
<tr>
<td>8.</td>
<td>Rajiv Sikri, Secretary (East), ministry of External Affairs</td>
<td>April 30, May 2, 2005</td>
</tr>
<tr>
<td>No.</td>
<td>Name</td>
<td>Position</td>
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<tr>
<td>9.</td>
<td>Mani Shankar Aiyar</td>
<td>Minister of Petroleum, Natural Gas and Panchayat Raj</td>
</tr>
<tr>
<td>10.</td>
<td>K. Natwar Singh</td>
<td>Minister of External Affairs</td>
</tr>
<tr>
<td>11.</td>
<td>E Ahamad</td>
<td>Minister of State for External Affairs</td>
</tr>
<tr>
<td>12.</td>
<td>Saifuddin Soz</td>
<td>Minister for Water Resources</td>
</tr>
<tr>
<td>13.</td>
<td>Pranab Mukherjee</td>
<td>Minister of External Affairs</td>
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<tr>
<td>14.</td>
<td>E Ahamad</td>
<td>Minister of State for External Affairs</td>
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<td>15.</td>
<td>Murli Deora</td>
<td>Minister for Petroleum and Natural gas</td>
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<td>16.</td>
<td>E Ahamad</td>
<td>Minister of State for External Affairs</td>
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<tr>
<td>17.</td>
<td>T C A Raghavan</td>
<td>Joint Secretary (PAI)</td>
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<td>19.</td>
<td>Shivshankar Menon</td>
<td>Foreign Secretary</td>
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<tr>
<td>23.</td>
<td>E Ahamad</td>
<td>Minister of State for External Affairs</td>
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<tr>
<td>24.</td>
<td>Kumari Selja</td>
<td>MOS for Housing and Urban Poverty Alleviation</td>
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<tr>
<td>25.</td>
<td>T C A Raghavan</td>
<td>Joint Secretary (PAI)</td>
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<tr>
<td>27.</td>
<td>Pranab Mukherjee</td>
<td>Minister of External Affairs</td>
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<tr>
<td>28.</td>
<td>Pranab Mukherjee</td>
<td>Minister of External Affairs</td>
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<tr>
<td>29.</td>
<td>Smt. Nirupama Rao</td>
<td>Foreign Secretary of India</td>
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<tr>
<td>30.</td>
<td>Shri S. M. Krishna</td>
<td>External Affairs Minister</td>
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</tbody>
</table>

**Other High Profile Visits (From Iran)**

<table>
<thead>
<tr>
<th>No.</th>
<th>Name</th>
<th>Position</th>
<th>Start Date</th>
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<tbody>
<tr>
<td>31.</td>
<td>Bijan Namdr Zageneh</td>
<td>Oil Minister</td>
<td>January 6-7, 2005</td>
</tr>
<tr>
<td>32.</td>
<td>Kamla Kharrazi</td>
<td>Foreign Minister</td>
<td>February 21-22, 2005</td>
</tr>
<tr>
<td>33.</td>
<td>Gholam Ali Haddad Adel</td>
<td>Majlis Speaker</td>
<td>February 27- March 3, 2005</td>
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<tr>
<td>No.</td>
<td>Name and Position</td>
<td>Date</td>
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<tr>
<td>34.</td>
<td>Ali Larijani, Secretary Supreme National Security Council</td>
<td>August 301-31, 2005</td>
<td></td>
</tr>
<tr>
<td>35.</td>
<td>Mehdi Safari, Deputy Foreign Minister for Asia, Oceania and CIS Countries</td>
<td>February 23-24, 2006</td>
<td></td>
</tr>
<tr>
<td>36.</td>
<td>Esfandyar Rahim Moshaee, Vice President and President of Iran’s Cultural Heritage and Tourism Organization</td>
<td>March 25-29, 2006</td>
<td></td>
</tr>
<tr>
<td>37.</td>
<td>Mehdi Safari, Deputy Foreign Minister for Asia, Oceania and CIS Countries</td>
<td>August 3-4, 2006</td>
<td></td>
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<tr>
<td>38.</td>
<td>Manouchehr Mottaki, Foreign Minister</td>
<td>November 16-17, 2006</td>
<td></td>
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<tr>
<td>41.</td>
<td>Mehdi Safari, Deputy Foreign Minister for Asia, Oceania and CIS Countries</td>
<td>September 5-7, 2007</td>
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<tr>
<td>42.</td>
<td>Mostafa Pour Mohammadi, Minister of Interior</td>
<td>November 7-8, 2007</td>
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<td>43.</td>
<td>Ayatollah Ahmad Jannati, Secretary, Guardian Council</td>
<td>November 24-December 1, 2007</td>
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<td>44.</td>
<td>Davoud Danesh Jafari, Minister of Economic Affairs</td>
<td>January 14-19, 2008</td>
<td></td>
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<tr>
<td>45.</td>
<td>Sayyed Mohammad Hosseini, MFA Spokesman</td>
<td>February 9-17, 2008</td>
<td></td>
</tr>
<tr>
<td>46.</td>
<td>Esfandiar Rahim Mashaie, Vice President of Culture</td>
<td>April 29-May 4, 2008</td>
<td></td>
</tr>
<tr>
<td>47.</td>
<td>Manouchehr Mottaki, Foreign Minister</td>
<td>November 16-17, 2009</td>
<td></td>
</tr>
<tr>
<td>48.</td>
<td>Dr. Mohammad Ali Fathollahi, Deputy Foreign Minister for Asia and Oceania</td>
<td>August 5-8, 2010</td>
<td></td>
</tr>
</tbody>
</table>

**The Most Important Meeting and Declarations Since 2000:**

1. **Indian Prime Minister Atal Behari Vajpayee’s visit to Iran in 10 April 2001-Tehran declaration signed**

   The Indian Prime Minister, Atal Behari Vajpayee's high profile four-day visit to Tehran in April 2001, which was described by the Iranian President, Seyyed Muhammad Khatami, as "a new chapter in the field of human and international relations," and by the Iranian Foreign Minister, Kamal Kharrazi, as a "turning point" in the "excellent ties" between the two countries,
Mr. Vajpayee affirmed that the depth of Indo-Iranian relation gives India “a very special position” in Tehran.68

During the visit, the two sides signed the Tehran Declaration in which, "both sides agreed to launch a new phase of constructive and mutually beneficial cooperation, covering in particular, the areas of energy, transit and transport, industry, agriculture and service sector. The sides reaffirmed their commitment to strengthen transport and transit cooperation. They also agreed to actively promote scientific and technological cooperation, including among others, joint research projects, short and long-term training courses and exchange of related information on regular bases."69 The Declaration stressed the importance of a compressed the importance of a comprrrnational terrorism at the United Nations, an initiative taken by New Delhi.70 the two sides also agreed to work more closely in restoring peace to the war-torn Afghanistan.71

Text of Tehran Declaration-2001:

The following is the text of the Tehran Declaration signed by the Prime Minister, Shri Atal Bihari Vajpayee and President of Islamic Republic of Iran, Mr. Ayatullah Mohammed Khatami in Tehran on April 10, 2001.72

The Republic of India and The Islamic Republic of Iran hereinafter referred to as the Sides:

- Conscious of the civilisational affinities and historical links between the two countries.

- Noting their shared interests, common challenges and aspirations as two ancient civilizations and as two developing countries.

- Desirous of realising the vast potential of bilateral co-operation in political, strategic, economic, technological and cultural fields, including trade, industry, technology, energy, transportation and agriculture.

- Convinced that strengthened bilateral relations will be mutually beneficial and enhance regional peace and stability.
• Seeking to build upon the desire of the peoples of both countries to develop closer ties.

• The sides affirm that respect for sovereignty and territorial integrity, equality and non-interference in each other’s internal affairs are fundamental principles of friendly relations amongst States.

• Sides affirm that only an equitable, pluralistic and co-operative international order can address effectively the challenges of our era.

• Affirming that Dialogue among Civilizations, as a new paradigm in international relations, provides a conductive ground for constructive interaction and effective co-operation, the sides call upon the international community in this UN year of Dialogue among Civilizations, to rededicate itself to the principles of tolerance, pluralism and respect for diversity and to share its commitment to promote the concept of Dialogue among Civilizations.

• The sides reaffirm their commitment to the goal of achieving general and complete disarmament under the effective international control and in this regard, emphasize the need for conclusion of a multilaterally negotiated agreement on the complete elimination of nuclear weapons within a specific time frame. Both sides express concern over restrictions on exports to developing countries of material, equipment and technology for peaceful purposes and reaffirm, in this context, the right of States to development, research, production and use of technology, material and equipment for such purposes.

• The sides affirm the importance of preservation of peace, security and stability in the region. Mutually beneficial trade and transportation links as well as regional economic co-operation among the countries of the region are essential factors for progress and development of the entire region. The Sides note in particular the importance of secure and peaceful environment to the development of commerce and the promotion of
economic growth in the Persian Gulf and the Indian Ocean regions. The Sides also consider security and stability in Central Asia of vital importance to them.

- Both sides condemn terrorism in all its forms. The sides recognize the serious threats posed to nations states and international peace and security by the growing threat of international terrorism and extremism. They also condemn states that aid, abet and directly support international terrorism and call on the international community to intensify its efforts to combat international terrorism.

- They reiterate their resolve to work to strengthen the international consensus and legal regimes against terrorism, including early finalization of a Comprehensive Convention on international Terrorism.

- The sides agree that the unity, territorial integrity, Independence and sovereignty of Afghanistan is crucial for the maintenance of peace and stability of the region. They agree that a military resolution to the civil conflict in Afghanistan is not possible and the establishment of genuinely broad-based government representing the aspirations of Afghan people is essential for the peace and stability in Afghanistan. They also express their deep concern over the growth of extremism and the threat of terrorism and illegal trade in narcotics emanating from the area of the extremists.

- The sides consider globalization as a challenge of our time. While it should offer certain opportunities for growth and development at present the benefits of globalization are unevenly shared among the nations and much remains to be done to ensure that its benefits be comprehensively and equitably distributed at the global level.

- Flowing from their commitment to promote the socio-economic development and prosperity of their people, the sides agree to launch a new phase of constructive and mutually beneficial cooperation covering, in particular, the areas of energy, transit and transport, industry, agriculture and service sectors.
• The geographical situation of Iran and its abundant energy resources along with the rapidly expanding Indian economy and energy market on the other, create a unique complementarity which the sides agree to harness for mutual benefit. In this context they agreed to accelerate the process of working out an appropriate scheme for the pipeline options and finalizing the agreement reached on LNG.

• The sides reaffirm their commitment to strengthen transport and transit cooperation. In this context and in line with the proper implementation of Inter-governmental Agreement of International North-South Corridor between Iran, India and Russia and Agreement on International Transit of goods between Iran, India and Turkmenistan. They agree to encourage the businessmen and traders of the two countries to better utilise the said corridors.

• The sides agree to actively promote scientific and technological cooperation, including among others, joint research projects, short and long term training courses and exchange of related information on a regular basis.

• The sides emphasized the important role played by cultural interaction in promoting bilateral relation and establishing peace and stability among nations, agree to take necessary steps by the concerned bodies of the two countries in expanding cultural and artistic cooperation in all fields. The sides agreed to facilitate tourism between the two countries.

• The sides reaffirm their commitment to the strengthening and deepening of consultations and to enhancing their coordination on bilateral regional and multilateral issues of common concern. In this regard they will pursue and continue regular structured and comprehensive mutual consultations. They note the useful contribution of the Joint Commission as well as the Joint Business Council and resolve to further enhance trade and economic links, including through facilitation of visits and exchanges.
• The sides welcome the role played by interaction between the Islamic Consultative Assembly and the Indian Parliament as also people to people exchanges in promoting mutual understanding and dialogue and resolve to enhance it further.\textsuperscript{73}

2. Iranian President Mohammad Khatami Visit to India in January 2003 - New Delhi Declaration:

The recent four-day official visit (25-28 January, 2003) by the Iranian President Hojjatoleslam Seyyed Mohammad Khatami has given a further boost to India-Iran bonhomie that started in the 1990s and continued over the years ever since. The fact that the President accepted the invitation to be the Chief Guest at India’s Republic Day demonstrated that Iran and India value each other’s friendship and have relegated their differences, whatsoever, to the background, and have chosen to look forward to a lasting relationship in future. The Indian Prime Minister’s remarks were too apt in this context.

“His visit reflects the importance both our countries attach to the consolidation, expansion and diversification of our bilateral relations. Our bilateral relations have strong historical and cultural roots and there is a specific potential in our common search for equitable globalization and a multi-polar world order.”\textsuperscript{74}

The key to understanding the aim of the visit and its impact on the bilateral relations is the phraseology so effectively used by the Indian Prime Minister: ”consolidation, expansion and diversification of bilateral relations”. In fact, such visits do have tremendous bearing on bilateral relations in the sense that they reaffirm the sense of goodwill and understanding and give renewed pace to the relationship. By pledging to increase the volume of interaction between the two countries, the visiting President has in fact accelerated the pace and velocity of the Indo-Iranian relations. The “New Delhi Declaration” and the “Road Map to Strategic Cooperation”, that the President signed with the Indian Prime Minister on 25 January 2003, was really indicative of the mutual commitment of the two countries “to establish a target-oriented framework to progress on mutually identified objectives”.\textsuperscript{75}
Table-5.2: Research groups in the road map to strategic cooperation in 2003

<table>
<thead>
<tr>
<th>Research groups in the road map to strategic cooperation in 2003</th>
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</thead>
<tbody>
<tr>
<td>1 Transit and Transportation Department, Iran and India</td>
</tr>
<tr>
<td>2 Political groups and international</td>
</tr>
<tr>
<td>3 Security and Defense Group</td>
</tr>
<tr>
<td>4 Advanced Technologies Group</td>
</tr>
<tr>
<td>5 Energy Group</td>
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</tbody>
</table>

Indo-Iran relations have stabilized during the last one decade. It has regained the warmth and flavour of the bygone days— if not by constantly harking back to the golden days of Indo-Persian interaction, but definitely by working purposively together on common interests. And the mutually compatible interests have bound them together in a firm bond of friendship. The relationship between the two countries have finally overcome the distrust induced by the years of cold war politics and the hesitation brought in by the uncertainties of the politics during the early post-revolution period in Iran. Things have looked up since 1990s and the political, cultural and economic engagements between the two countries have paved the way for a mutually beneficial relationship. The progressive additions in the agenda of bilateral engagement suggest the upward locus of the graph of India-Iran relations during the last several years.

The volume of bilateral trade, excluding trade in the petroleum sector, has risen from US$120 million in 1991 to more than US$500 million in the year 2002. And the 12 sessions of Indo-Iran Joint Economic Commission held within 1991-2002 have resulted in discovery of additional areas of economic cooperation between the two countries. Thus expansion of
economic relations and broadening of areas of cooperation to diversify bilateral relations remain the central issues in the present circumstances.

President Khatami reiterated these points in his remarks at Mehrabad airport before he left for India on 24 January 2003. He minced no words when he said that the ties between “the two countries in cultural, political and economic fields have been forged since long past and have continued to become even stronger and more consolidated after the victory of the Islamic Republic”. Emphasizing the need for Tehran and New Delhi to maintain and expand their bilateral relations in various areas, he said that the “role of the two countries and their position in (maintaining) security in the region can become complementary to each other”. Prime Minister Vajpayee was also very eloquent on the complementarity of interests when he said that, “There is a natural partnership between Iran’s abundant energy resources and India’s growing energy needs. We have to work out a mutually acceptable, secure and stable arrangement for transfer of gas. We have also agreed to broaden our cooperation beyond the mere buyer-seller relationship by exploiting investment opportunities in upstream and downstream projects in this sector.”

The sheer size of Iranian President’s entourage and the volume of bilateral agreements showed the importance of the visit. The President led a high-level delegation comprising Iranian Foreign Minister Kamal Kharrazi, Defence Minister Rear-Admiral Ali Shamkhani, Science and Technology Minister Mostafa Moin and Oil Minister Bijan Namdar Zanganeh. On 25, January 2003, the Iranian delegation signed seven agreements apart from the New Delhi Declaration between Prime Minister of India, Mr. Atal Bihari Vajpayee and President of Iran, H.E Hojjatoleslam Seyyed Mohammad Khatami, which laid out the contours of the unfolding strategic cooperation between the two countries.

The declaration recalled and reaffirmed the Teheran Declaration on April 10, 2001 between these very two leaders. The declaration reposed its confidence in the concept of Dialogue Between Civilizations, enunciated by President Khatami and reiterated its relevance for promotion of “International peace and stability, harmony between different religions, ethnic and linguistic groups, cultures and social systems”. It then went on to evaluate consolidation of India-Iran relations and stated affirmatively that the bilateral meetings of the India-Iran Joint
The declaration also underlined the realization at the bilateral level that the “growing strategic convergence” between the two countries, has to be “underpinned with a stronger economic relationship including greater trade and investment flows” and exhorted “the entrepreneurs in both the countries to harness each other’s strengths for mutual benefit and promote the process of economic rapprochement actively, including through expert studies on trade and investment facilitation, holding of exhibitions and seminars, promotion of business travel, and joint ventures”. It mentioned that legal measures like Bilateral Investment Promotion and Protection Agreement, Double Taxation Avoidance Agreement and MoU on Energy Cooperation are being undertaken to boost the business confidence of the entrepreneurs.

The complementarities of interests in the energy sector, the declaration implied would act as the hub of bilateral strategic interaction and reiterated that “Iran with its abundant energy resources and India with its growing energy needs as a rapidly developing economy are natural partners”. This natural partnership, however, needed to be strengthened by cooperation in the fields of cultural exchanges, mutual investments in upstream and downstream activities, cooperation in the IT Sector, exchange of technical expertise and cooperation in the efforts aimed at countering terrorism and drug-trafficking.

The declaration, expectedly quite, covered the issue of Afghanistan and the ongoing war clouds over Iraq. About Afghanistan, the two countries urged the international community to remain committed on long-term basis to reconstruct and develop Afghanistan for a strong and secure Afghanistan is “vital for the stability of the entire region”. The declaration mentioned that the recent trilateral agreement between the Governments of India, Iran and Afghanistan to develop the route, from Chahbahar through Melak, Zaranj and Delaram in Afghanistan and from Delaram to rest of the Central Asian republics, would facilitate regional trade and transit between
south Asian, south-east Asian and Central Asian countries and would contribute to enhanced regional economic prosperity.

There was also mention of the North-South Corridor too and the resolve of the two countries “to develop the full potential of the North South arrangement, its infrastructure, desired certification and customs harmonization, expert studies and regular evaluation to aid its growth”. The commitment of the two countries towards “nuclear disarmament under effective international control” as also their concern about “restrictions imposed on the export of materials, technology and equipment to developing countries and acknowledgement of the right of these countries to research, production and use of technology, material and equipment for peaceful purposes” found their place in the declaration.¹

The agreements on bilateral cooperation were in the following areas:²

- Memorandum of Understanding on Road Map to Strategic Cooperation
- Agreement on Cooperation in the fields of Science and Technology
- Memorandum of Understanding on cooperation in Vocational Training
- Executive Programme of Cultural Exchange for the years 2003-2005
- Memorandum of Understanding on Cooperation in Urban Water Management and Hydrological Studies
- Framework Agreement to operationalize USD 200 million line of credit to Iran
- Memorandum of Understanding on Petroleum and Natural Gas

Text of New Delhi Declaration-2003:

International developments since the adoption of the Tehran Declaration have reinforced their faith in and reconfirmed the values of pluralism, diversity and tolerance within and between societies.
International peace and stability, harmony between different religions, ethnic and linguistic groups, cultures and social systems can best be promoted through dialogue and acceptance of the right to one's own beliefs and values expressed and exercised without injury or slight to those of others and without a desire to impose them on others. In this context, they positively assessed the contribution made by the concept of Dialogue Among Civilizations to address discord and differences in international relations.

They evaluate positively the consolidation of Indo-Iranian bilateral relations since the Tehran Declaration. Meetings of the Joint Commission, the Strategic Dialogue, interaction between the Security Councils of the two countries, discussions on energy and security, and cooperation based on existing complementarities and diverse possibilities, including supplies, exploration, investment, exchange of technical expertise, and other interaction at government and private sector levels have all contributed to deepening of mutual understanding and confidence, which has provided, in turn, the basis for further consolidation.

The two sides welcome the fresh impetus given to Science and Technology cooperation as also to cooperation in education and training since last year. They also note the potential of technologies, such as IT, to improve the lives of people in developing societies and agree to promote cooperation efforts to exploit this potential. They agree to promote fuller utilization of available capabilities for human resource development.

The two sides affirm that their growing strategic convergence needs to be underpinned with a strong economic relationship, including greater trade and investment flows. The Ministerial-level Joint Commission, the Joint Business Council and economic and commercial agreements signed recently in this regard will play a critical role in this regard. They exhort the entrepreneurs in both countries to harness each other's strengths for mutual benefit and promote the process of economic rapprochement actively, including through expert studies on trade and investment facilitation, holding of exhibitions and seminars, promotion of business travel, and joint ventures.

83
They note that the enabling legislations to promote vigorous trade and economic exchanges are primary requirements to promote business confidence between the entrepreneurs of the two countries. Many arrangements have already been concluded in this field. To consolidate the bilateral business environment further, they agree on the need to undertake expeditious negotiations, inter alia, for the conclusion of the BilateralInvestment Promotion and Protection Agreement, Double Taxation Avoidance Agreement and MoU on Energy Cooperation.

India and Iran have a complementarity of interests in the energy sector which should develop as a strategic area of their future relationship. Iran with its abundant energy resources and India with its growing energy needs as a rapidly developing economy are natural partners. The areas of cooperation in this sector include investment in upstream and downstream activities in the oil sector, LNG/natural gas tie-ups and secure modes of transport.

They also decided to explore opportunities for cooperation in defence in agreed areas, including training and exchange of visits.

They agreed to explore mechanisms to preserve and maintain the common cultural heritage, rooted in history, of the two countries. As part of efforts dedicated to preservation of this heritage, they agreed to release a commemorative postage stamp.

Terrorism continues to pose serious a threat to nation States and international peace and security and should be eradicated. States that aid, abet and directly support international terrorism should be condemned. The international community should intensify its efforts to combat the menace of terrorism. They reiterate their resolve to strengthen the international consensus and legal regimes against terrorism, including early finalization of a Comprehensive Convention against International Terrorism. They agree that the combat against international terrorism should not be selective or based on double standards. Iran and India agree to continue joint cooperation to address the issues of international terrorism and trafficking in narcotic and psychotropic substances.
• Both sides stressed that the interests of peace and stability in the region are best served by a strong, united, prosperous and independent Afghanistan. They assess highly the past and continuing cooperation between India and Iran in support of a united, sovereign and independent Afghanistan. They urge the international community to remain committed on long-term basis. To the reconstruction and development of Afghanistan, to controlling re-emergence of terrorist forces, and spread of narcotics from Afghanistan. They agree that stability of Afghanistan is vital for the stability of the region. The recent trilateral agreement between the Governments of India, Iran and Afghanistan to develop the Chahbahar route through Melak, Zaranj and Delaram would facilitate regional trade and transit, including to Afghanistan and Central Asia, contributing thus to enhanced regional economic prosperity.

• The two sides note with satisfaction the operationalization of the North South transit arrangement and the growing interest among other States in the region to participate in it. They reaffirm their commitment to develop the full potential of the North South arrangement, its infrastructure, desired certification and customs harmonization, expert studies and regular evaluation to aid its growth.

• India and Iran support efforts to resolve the situation relating to Iraq peacefully through political and diplomatic means under the auspices of the United Nations.

• The two sides reiterated their commitment to commence multi-lateral negotiations for nuclear disarmament under effective international control. They expressed their concern about restrictions imposed on the export of materials, technology and equipment to developing countries and acknowledged the right of these countries to research, production and use of technology, material and equipment for peaceful purposes.

• The two countries are resolved to exploit the full potential of the bilateral relationship in the interest of the people of the two countries and of regional peace and stability, and recognizing that the 21st 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.

- They directed that a time bound framework be worked out in agreed areas of cooperation, through the existing mechanisms of Joint Commission and Joint Working Groups, so that a firm and substantial economic and political underpinning would be provided for a strategic and long-term orientation to the bilateral relationship. Signed on the 25th Day of January 2003 at New Delhi in two originals, each in Hindi, Persian and English languages.

3. 15th Iran-India Joint Economic Cooperation Commission in Tehran- Nov 2008:

The 15th Iran-India Joint Economic Cooperation Commission Summit was held in Nov. 2008 in Tehran. The inaugural and closing ceremonies of this prestigious summit was held in the presence of high-ranking political and economic officials of the two countries which indicate iron will of the two sides for broadening and deepening economic cooperation. At this summit, high-ranking Indian delegation was attended by the Minister of Foreign Affairs, deputies of the ministers and director generals of the various ministries of that country including sectors of energy, industry and mine, road and railway, port cooperation, technology, scientific, agricultural and tourism sectors and more than 24 economic activists of companies and large banks of Indian private sector in the fields of oil, construction of refinery, petrochemical, gas, industrial bank and Exim Bank along with agricultural companies, Indian traders, merchants and entrepreneurs.

While discussing on the relations of the two countries, Indian Foreign Minister, in his separate meetings with IRI President, Majlis Speaker, Expediency Council Chairman, Secretary of Higher Council of National Security and ministers of Oil and Foreign affairs, placed special emphasis on broadening bilateral ties. Organizing a seminar entitled "Perspective of Iran and India Relations" was of the other programs carried out for the Indian delegation in the presence of the Minister of Foreign Affairs, Majlis representatives, researchers and politicians of the two countries held at the venue of Studies and Research Center of the Ministry of foreign Affairs.
Also, Economic Council Meeting of the two countries was held in Nov. 2008 at the venue of Iran Chamber of Commerce, industries and mines (ICCIM) in the presence of economic activists of private sectors of the two countries and in the presence of Indian Foreign Minister and Iranian high-ranking economic delegation especially Minister of Economic Affairs and Finance (MEAF) and head of Iran Chamber of Commerce, industries and Mines (ICCIM). The closing ceremony of Joint Economic Cooperation Commission Summit of the two countries was held in the presence of high-ranking economic and political officials of the two countries.

In this prestigious ceremony which was held in the presence of the respected Minister of Justice Mr. Elham and more than 10 deputies of various ministers of our country, the ministers of the two countries, while expressing their thanks on successful organizing this round of meeting, placed special emphasis on boosting volume of trade relations of the two countries within the next three years to more than 20 billion dollars. In this line, representatives of the two countries promised to take their utmost efforts for the execution of mutual agreement inked by the two sides. On the sidelines of the meeting, two agreement letters and five letters of understanding were signed and sealed by the officials of the two countries.

List of the Mentioned Documents along with Signatory Officials will be as Follows:

- Signing agreement letter on "Legal Assistance in Criminal Affairs" by Dr. Elham respected Minister of Justice of the Islamic Republic of Iran and His Excellency Mr. Pranab Mukherjee Indian Minister of External Affairs
- Inking agreement letter on "Extradition of Offenders" by Dr. Elham Minister of Justice of the Islamic Republic of Iran and His Excellency Mr. Pranab Mukherjee Indian Minister of External Affairs
- Inking final Memorandum of Understanding (MoU) of the 15th Joint Iran-India Economic Cooperation Commission Summit by Dr. Seyed Shamseddin Hosseini respected Minister of Economic Affairs and Finance (MEAF) and His Excellency Mr. Pranab Mukherjee Indian Minister of External Affairs.
• Signing Memorandum of Understanding (MoU) on "Mutual Promotion and Protection of Investment" by Dr. Alishiri respected Deputy of the minister and General Head of Iran Economic and Technical Contributions and Investment Organization and His Excellency Manbir Singh, Ambassador of India to Tehran.

• Signing and sealing Letter of Understanding on Sister Cities between Iranian Shahid Rajaei Port and Jawaharlal Nehru Port by Dr. Taheri Motlaq, Deputy Minister and Head of Ports and Maritime Organization (PMO) and His Excellency Mr. Manbir Singh as plenipotentiary Ambassador of India to Tehran.

• Signing Letter of understanding on "exhibition cooperation" by Dr. Hosseini respected Managing Director of Iran Exhibitions Company (IEC) and His Excellency Mr. Manbir Singh as plenipotentiary ambassador of India to Tehran.

• Singing Letter of understanding on agricultural cooperation by Dr. Shoaei respected director general of International Relations of the Agricultural Jihad Ministry and Dr. Singh Director General of Agricultural Research Council of the India’s Agricultural Ministery.

4. 16th Iran-India Joint Economic Cooperation Commission in New Delhi- 8-9 July 2010

On 8-9 July 2010 India and Iran held 16th joint commission meeting in New Delhi. A 30-member delegation of Iran led by Shamseddin Hosseini participated in the meeting. The meeting was co-chaired on the Iranian side by H.E. Dr. Seyed Shamseddin Hosseini, Minister of Economic Affairs and Finance, of Iran and on the Indian side by External Affairs Minister Shri S.M. Krishna. The meeting of the India-Iran Joint Commission provided an opportunity to review bilateral economic and cultural cooperation.

The following MoU agreements were signed during the Joint commission meeting:

• Air Services Agreement to increase the number of flights between the two countries.
• Exchange of Sentenced Persons
• MoU on Cooperation in New & Renewable Energy
• MoU on Cooperation in Small Scale Industry between National Small Industries Corporation (NSIC) and Iranian Small Industries and Industrial Parks Organisation (ISIPO)
• Programme of Cooperation on Science & Technology
• MoU on Cooperation between Central Pulp and Paper Research Institute of India (CPPRI) and Gorgan University of Agricultural Science and Natural Resources (GUASNR).

Shamseddin Hosseini, during his Indian visit, inaugurated a business seminar organized by (FICCI) on ‘Investment Opportunities in Iran’. The business delegation accompanying Dr. Hosseini also held meetings with (ASSOCHAM) and (CII).

**Significance of the Meeting:**

• India-Iran Joint Commission meeting will strengthen bilateral relations between India and Iran, especially the long-pending dialogue on energy and trade corridors in Central Asia and greater cooperation and information sharing on counter-terrorism. Besides, the meeting would help remove all barriers in the two-way trade and facilitate the flow of investments.

• Engaging Iran in this kind of joint-commission dialogue can provide India access to Afghanistan and Central Asia, apart from serving India’s energy interests. India’s interests in Afghanistan can be safeguarded if India involves Iran along with Afghanistan for trilateral dialogue. India is constructing Zaranj-Delaram road and the Chabar Port in Afghanistan and for that cooperation from Iran would be vital.

• It was agreed that the 17th Session of the India-Iran Joint Commission would be held in Tehran.

• India imports 12 per cent of its crude petroleum from Iran.
• India-Iran bilateral trade had increased from 9.3 billion dollars to nearly 15 billion dollars in the 2010 compared to last three years.

• The issue of BIPA (Bilateral Investment Promotion and Protection Agreement) and Double Taxation Avoidance agreement was also discussed. If these pacts finalised these will help greater flow of investments and technologies between the two nations and will boost the confidence of the investors.

• America has cautioned India against any dealing with Iran because of U.N. sanctions on Iran. Recently, 35-year-old Indo-Iranian shipping joint venture, Iran-India, has already been placed under sanctions in the latest UN Security Council Resolution on Iran.89

Table- 5.3: ran-India Working Groups and Periodic Meetings90

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<tr>
<th>Iran-India Working groups and periodic meetings since 1990</th>
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<tbody>
<tr>
<td>1. Study Group on bilateral relations (between the Office of Political and International Studies and the Indian Defense Research and analysis)</td>
</tr>
<tr>
<td>2. A panel of strategic dialogue between deputy foreign ministers</td>
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<tr>
<td>3 National Security Council meeting, alternating between Iran and India</td>
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<td>4. Iran-India Working Group on Agriculture</td>
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<td>5. Working group on science and technology to Iran and India</td>
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<td>6. Working Group on Labour and Social Affairs</td>
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<td>7. Iran-India Tourism Working Group</td>
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<td>8. Iran-India Working Group on Cultural Heritage</td>
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</tbody>
</table>
The names of Ambassadors of Iran and India Since the Beginning of Bilateral Relations:

Table-5.4: Profile of Iranian Ambassadors in New Delhi

<table>
<thead>
<tr>
<th>Name Ambassador</th>
<th>Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Ali Motamedi</td>
<td>1948-1948</td>
</tr>
<tr>
<td>5. Abdul Hussein Massoud Ansari</td>
<td>1961-1963</td>
</tr>
<tr>
<td>6. Fereydoun Adamiyat</td>
<td>1963-1965</td>
</tr>
<tr>
<td>10. Mohammad Moazami Goudarzi, Noor</td>
<td>1972-1976</td>
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<tr>
<td></td>
<td>Name Ambassador</td>
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<tr>
<td>15.</td>
<td>Hassan Asadi Lari</td>
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<tr>
<td>22.</td>
<td>Mehdi Nabi Zadeh</td>
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</tbody>
</table>

Table -5.5: Profile of Indian Ambassadors in Iran

<table>
<thead>
<tr>
<th></th>
<th>Name Ambassador</th>
<th>Years</th>
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<tbody>
<tr>
<td>2.</td>
<td>Sherry Tarachnd doctor</td>
<td>1951-1956</td>
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<td>No.</td>
<td>Name</td>
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<td>10.</td>
<td>Kumar Ram Pratap sink</td>
<td>1976-1978</td>
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<td>15.</td>
<td>Mohammad Hamid Ansari</td>
<td>1990-1993</td>
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<td></td>
<td>Some of the MOU signed between Iran and India-1990</td>
<td>Years</td>
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<tr>
<td>1.</td>
<td>MOU executive program of cultural exchange, scientific and technica</td>
<td>2002-2005</td>
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<tr>
<td>2.</td>
<td>MOU for cooperation in information technology</td>
<td>2001Tehran</td>
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<tr>
<td>3.</td>
<td>MOU on combating drug trafficking</td>
<td>1995</td>
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<td>4.</td>
<td>MOU on Tourism between iran and India</td>
<td>1995</td>
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<tr>
<td>5.</td>
<td>MOU on Energy between iran and India in Tehran</td>
<td>2001Tehran</td>
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</tbody>
</table>

Table -5.6 :The main titles of documents signed between Iran and India since1990
<table>
<thead>
<tr>
<th>No.</th>
<th>Agreement Title</th>
<th>Date</th>
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</thead>
<tbody>
<tr>
<td>6.</td>
<td>Trade and economic cooperation agreements</td>
<td>2001Tehran</td>
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<tr>
<td>7.</td>
<td>Training and Technical Cooperation agreement (ITEC)</td>
<td>2001Tehran</td>
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<tr>
<td>8.</td>
<td>MOU on power between Iran and India</td>
<td>2001Tehran</td>
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<tr>
<td>9.</td>
<td>Tehran Declaration on Indian Prime Minister's visit to Tehran</td>
<td>2001</td>
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<tr>
<td>10.</td>
<td>Program of strategic cooperation between Iran and India</td>
<td>2002</td>
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<tr>
<td>11.</td>
<td>Science and technology agreements between Iran and India</td>
<td>2002</td>
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<tr>
<td>12.</td>
<td>MOU for cooperation in water management</td>
<td>2006</td>
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<td>13.</td>
<td>MOU for cooperation in education and vocational</td>
<td>2005</td>
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<tr>
<td>14.</td>
<td>The contract between the Indian and Iranian banks</td>
<td>2008</td>
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<tr>
<td>15.</td>
<td>Customs agreement between Iran and India</td>
<td>2007</td>
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<tr>
<td>16.</td>
<td>MOU trilateral cooperation between Iran and India and Turkmenistan</td>
<td>2004</td>
</tr>
<tr>
<td>17.</td>
<td>MOU trilateral cooperation between Iran and India and Afghanistan on transit and trade</td>
<td>2003</td>
</tr>
<tr>
<td>18.</td>
<td>North-South Corridor agreement between Iran and India and Russia</td>
<td>2002</td>
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The Most Important Transit and Transportation Cooperation:

1. North-South Transportation Corridor

Iran, located by the Persian Gulf, Oman Sea, and Central Asia, is in the center of a perpetual “hot spot” in world affairs. It is situated at the eastern end of the oil rich Persian Gulf and a possible export route for the natural resources of Central Asia. Iran’s geostrategic position allows it to play an important role in connecting India to Central Asia militarily and strategically. India sees Central Asia and Iran, situated at the crossroads of overland trading routes, as potential consumer markets for Indian products. Meanwhile, Iran sees in India a cost-effective source of high technology inputs.

Iran’s significance for India also lies in its strategic location. Iran can be a gateway to Central Asia for India. Moreover, the evolving situation in Central Asia attracts the attention of policy makers in both Tehran and New Delhi. Both countries have observer status in the SCO. To increase connectivity, both countries have taken several steps. Way back in April 1995, a trilateral MoU on trade and transit to facilitate the use of Iranian and Turkmen
Two years later, in February 1997, a tripartite agreement on international transit of goods between Turkmenistan, India and Iran was signed in Tehran. However, the Full potential of this route is yet to be realized. This requires greater initiative by the signatory countries. India and Iran are signatories to the International North–South Transport Corridor (INSTC) agreement signed in 2000 that provides for the transit of goods through Iran and the Caspian Sea to Russia and Northern Europe. The potential will be manifold, with India, Myanmar and Thailand also getting linked by road. This will boost trade between Europe and South East Asia as well. As compared to the route through the Suez Canal and the Mediterranean Sea that is currently used, the INSTC is much shorter and more cost-effective. The Suez Canal route takes 45–60 days whereas this route will take 25–30 days. In fact, the INSTC is 40 per cent shorter and 30 per cent cheaper. From India’s point of view, the North–South Corridor not only helps India bypass Pakistan and yet reach out to Central Asia but also enables it to transport goods at a cheaper cost to European markets.
North-South Corridor project in terms of time and space affords better opportunities for both India and Iran to have access with Europe and Russia. The Corridor links India and Iran with Europe and Russia involving four fold transportation processes. These are:

- Firstly, there would be transhipment of goods from the ports in India to The ports of Bandarabbas and Chabahar in Iran.
- Secondly, there would be transit of goods by the Iranian railways to The ports of Bandar Anjali and Bandar Amirabad of Caspian Sea.
- Thirdly, there would be passage of goods through the Caspian Sea to The Port of Astrakhan in Russia.
- Fourthly, there would be transit of goods through road and railways in Russia across Eastern Europe to Central and Western Europe.  

An optimistic introspection of the project indicates that it would fetch gains for the parties engaged in it. One major advantage of North-South Corridor is that it covers 6,245 kilometers, whereas the present maritime transport route across the Mediterranean Sea and the Red sea is 16,129 kilometers. Undoubtedly, the North-South Corridor would reduce the cost of transportation by thirty percent and transit period by forty percent. Further, if this is connected with the ongoing South-East Asian transport corridor, it would provide outlet to both India and Iran for better economic integration with other regional economic groupings such as European Union (EU) and Association of South East Asian Nations (ASEAN). However, the realization of the project hinges upon the political will as well as interest of the international investors and transport bidders to undertake such mega project.

2. From Chabahar Port to the Afghan Cities of Zaranj

In addition to the aforesaid, the trilateral agreement between the governments of India, Iran and Afghanistan to develop the Chabahar route through Melak, Zaranj and Delaram can facilitate regional trade with Afghanistan and Central Asia, thus contributing towards enhanced regional economic prosperity. In April 2008, during the visit of the Iranian president to Delhi, the issue of Chabahar Port and the railway up to the border with Afghanistan, which would
India is interested in investing in the Chabahar container terminal project as well as the Chabahar–Faraj–Bam railway project. It has proposed expanding the capacity of the port, currently working at its full handling capacity of 2.5 million tons of cargo per year from two active berths, by five times and linking it to the Iranian town of Bam with a railway line. From Bam, which is on the Afghan border, goods can be taken through the Zarang-Delaram road which is linked up with the garland highway connecting all major Afghan cities.

The importance of this project was recently highlighted by India’s foreign secretary by noting that the Chabahar project is ‘at the heart of the common vision that India and Iran have for Afghanistan and the region as a whole, of increased and easier flow of goods, and creation of a network of transport routes and energy pipelines that will bring our people together in an arc of stability, prosperity and peace’. India has already completed 200 km of road in Afghanistan, linking Zaranj and Delaran (which connects to the Iranian border). This route reduces the distance from India to Central Asia by 1,500 km. There is also the possibility to extend this road to Tajikistan and Uzbekistan. If this project is carried forward by India and Iran, this will improve regional trade and transit.
In April 2008, another important initiative was taken by both countries when India and Iran signed an agreement to establish a new rail link between Iran and Russia. The MoU was signed by Indian Railway Board chairman K.C. Jena, and managing director of Iran’s Railway Company Hassan Ziai. India offered assistance to Iran in the field of technical training of personnel, railroad signaling projects as well as the supply of locomotives and spare parts. It is argued that this is an elaboration of the North–South Corridor. The first meeting of the bilateral Joint Working Group on Railways held thereafter in Tehran in May 2008 has identified specific areas of cooperation, including supply of locomotives, participation of Rail India Economic Services (RITES) and IRCON in electrification, signaling and development of dry portland container terminals.

**b. Economic relationship:**

India and Iran, the two developing economies in their respective regions, have been living with deep cultural and civilizational links and also, their long geo-strategic and economic ties have been of much significance till very recently with their heavily economic dependence from technology and raw material transfers to the supply of oil and gas as well as consumer products in each other's markets. In recent years, both countries have also embarked on the structural and economic reforms in order to get the best utilization of their resources and potentials in the global market.

India-Iran economic and commercial links have generally been dominated by purchase of oil by India from Iran. However, in recent years, the setting up of free trade zones in Iran and with the India-Iran-CIS trade corridor taking shape rapidly, the climate for investing in Iran has become very conducive. Drugs, petrochemicals, textiles, garments, information technology and chemicals are some areas where joint ventures are considered to be fruitful for both the partners. In November 2003, Iran has invited Indian Mining Machinery Manufacturers to set up joint ventures in Iran.

India is working on a preferential trade agreement (PTA) with Teheran which is to take the shape of a free trade agreement (FTA) subsequently, strengthening bilateral trade and
defence cooperation became high on the Iranian president's official agenda. India and Iran, jointly with Russia, have also decided to work on doubling their shipments along the North-South corridor by 2005. Thus, these developments provided a whole new world of opportunity emerging with the new trade corridor being set up between India, Iran and CIS.\textsuperscript{108}

In the beginning of 2000, India-Iran Joint Commission had set up a Joint Business Council. This is how a positive intra-regional business climate emerged with the exchange of a number of high-level business delegations started from the beginning of twenty first century. Among these list of some of the important business houses from both side include; Automotive Components Manufacturers Association (ACMA), Indian Oil Company (IOC), tea industry, Federation of Engineering Industries of India (FEI), Ministries of Shipping, Commerce and External Affairs, Gas Authority of India Ltd. (GAIL), APTECH, Maruti Udyog Ltd., Sail Authority of India Ltd. (SAIL), ONGC, Oil India Ltd. (OIL) and Tatas from the Indian side. From the Iranian side delegations from the Ministry of Cooperatives, Ministry of Foreign Affairs, National Iranian Oil Company (NIOC), Ministry of Post and Telecommunications, Industrial Development and Renovation Organisation (IDRO), Pars Khodro, Ministry of Industry and Mines, Ministry of Roads and Transport, Iran India Business Council. The signing of the Tehran Declaration led to several long-standing and successful projects and further cemented the relationship between the two countries, opened a phase of mutually beneficial cooperation measures, joint research projects, long-term training and exchange of information and provided a new impetus to the relations.\textsuperscript{109}

The non-oil trade balance is significantly in favour of India as both countries have tried to create a positive business environment in recent years. Iran's abolishing of a ban on import of tea from India has created a new opportunity for the Indian tea exporters to boost their business. India, too, has relaxed its norms on import of merchandise from Iran. This would encourage the Iranian businessmen to intensify their efforts towards narrowing the trade imbalance between the two countries. The bilateral trade during 2000-2007 between the two shows the increasing trend of commercial relationship between the two countries. Expedition in signing agreements on the preferential trade tariff, double taxation avoidance, protection and promotion of investment and
presence of Iranian banks in India are amongst the many measures necessary for further expansion of the economic cooperation between Iran and India.\textsuperscript{110}

The recent economic developments in Iran have provided fresh opportunities for cooperation between New Delhi and Tehran. During the last three years, Iran's foreign debts have reduced considerably and, at the same time, the country's revenue and foreign exchange reserves have witnessed a significant upswing. Enactment of the Foreign Investment Promotion Protection Act, 2002, the 4 to 10 years tax exemption, particularly in the Special Free Trade Zones, abolition of non-tariff barriers in foreign trade, reduction of taxes from 65 percent to 25 percent, expedition in privatization, establishment of private banks, unification of the foreign currency rate and drop in inflation rate are amongst the positive economic developments taking place in Iran in the course of the country's economic reforms so far. India's investment interests are in Mining, Minerals, Metals-Iron Steel Aluminium, Automotive, Railways, Construction, Oil, Gas, Petrochemicals, Telecommunications, Textiles, Computer/ Information Technology, Power Transmission/Generation/ Distribution, etc.\textsuperscript{111}

The Major Trading Agreements between India and Iran:\textsuperscript{112}

- **Iran Pakistan India (IPI) Gas Pipeline**: India is yet to arrive an agreement on Price of gas and separate transit fee payable to Pakistan.

- **LNG**: LNG agreement has been signed by India and Iran in June 2005 for Supplying 5 million tons LNG per annum by Iran to India. Iran has since been Insisting for increase of gas price.

- **Steel and Mining Sector**: Essar Group—which has set up then-offices in Iran, Is setting up a steel plant in Bandar Abbas for developing 4 million tons steel Plant. TATA Steel also proposes to set up a steel plant at Bandar Abbas with 100 percent ownership. The steel plant will have capacity production of 3 million tons steel per annum.

- **Gems and Jewellery**: A Moll between Gem and Jewellery Export Promotion Council (GJEPC) of India and Asian Gem and Jewellery Trade Promotion Co. (AGJTPC) of Iran was signed on 28.4.2007 at Tehran.
• **ONGC, Hinduja to negotiate with Iran**: Officials from the India’s ONGC Videsh and Hinduja companies have met with Iranian Oil Ministry Officials to Discuss their participation in development of Azadegan and SP Phase 12 gas Fields.

• **MOU for Petrochemical**: India's Company signed a Memorandum of Understanding with National Iranian Petrochemical Company (NIPC) for the construction of a Joint Urea and Ammonia Complex in the Pars Special Economic Energy Zone (second phase of Assaluyeh). The complex nominal production capacity will be 2,200 tons of urea and 3,860 tons of ammonia per day. The estimated budget for The project is 400 million Euro.

**Top Ten items of Export from India to Iran**

- Primary and semi finished iron and steel.
- Machinery and Instruments.
- Manufactures of Metals.
- Drugs, Pharmaceuticals and Fine Chemicals.
- Rubber Manufactured Products except footwear.
- Gasoline.
- Non-alloyed Iron and Steel ingot.
- Non-alloyed Iron and Steel shares.
- Light oils and products other than gasoline.
- Products of Flat iron or steel.

**Top Ten items of Import from the Iran to India**

- Organic Chemicals.
- Metalifers Ores and Metal Scrap.
- Non-Ferrous Metals.
- Sulphur and Unrosted Iron Parts.
- Transport Equipments.
- Methanol.
• Liquid gases (Propane, Butane).
• Fresh or dried Pistachio.
• Other Aromatic Hydrocarbon mixtures.
• Ammonia without water.

The Factors Impacting Trade and Economic Relations Indo-Iran:

• Indian exporters are facing some problems in operation of LCs due to Uncertainties about economic sanctions against Iran, especially those which are Required to be confirmed by third country's banks.

• Transportation of goods from India to Iran directly takes time (approx. one/two Months).

• Iran's new laws on import of only Standardized and Quality products requiring Inspection certificate from the recognized Domestic and Foreign Inspection Agencies is causing delay in release of consignments.

• Four rounds of negotiations on Bilateral Investment Promotion and Protection Agreement (BIPA) were held to finalize the agreement for promoting investment between two countries. A Double Taxation Avoidance Agreement (DTAA) between India and Iran was held at Tehran on 11 to 16th of March.

A Glance at One Decade Trade Exchanges between Iran and India (2001-2010)

Iran has imported approx. 12.14 billion dollars of goods from India as of April 2001 to Feb. 2010. In contrast, 7.66 billion dollars of goods has been exported to India on the same date. Share of India out of Iran's total goods imports volume in the mentioned period stands at 3.9 percent. India has allocated 8.3% of Iran's total exports value to itself in the mentioned date.
Iran and India at a Glance:  

Total trade value exchanged between Iran and India in the said period stands at 19.8 billion dollars. In comparison with trade exchanges, valued at 403.1 billion dollars, transacted between Iran and world during April 2001 to Feb. 2010, trade exchanges share of Iran and India is equaled to 4.9 percent. Although Iran and India trade balance has been turned positive in favor of India in the beginning of 2000s, studies show that trade balance at the end of the said decade i.e. 2010 has been turned positive in favor of Iran. In general, imports and exports volume of goods between Iran and India has always been ascended since the beginning of 2001s up to the present time. Although imports volume from India to Iran has been slumped in some periods, Iran's exports volume has always been experienced growing trend.

Figure -5.1: Iran exports to India and India imports from Iran (2001-2010)
The following diagram shows exports volume of Iran to India and imports volume of India from Iran during 2001-2010.

Diagram -5.1: Iran exports to India and India import from Iran (2001-2010)

The following diagram shows imports volume of Iran from India and exports volume of India to Iran during 2011-2010.

Diagram -5.2 India exports to Iran and Iran import from India (2001-2010)
The study trade balance, imports and exports value between Iran and India as of the beginning of 2001-2010. 117

2001

Over 560 million dollars of goods has been exported from India to Iran, i.e. 3.1 percent. In other words, share of India out of total Iran's imports volume has stood at 3.1 percent in 2001. In contrast, India accounts for 4.4 percent out of Iran's total exports volume to the world which has been equaled to 187 million dollars. Iran and India trade balance in this year has been turned positive in favor of India (25 to 75 percent).

Figure 5.2: Iran exports to India and India imports from Iran(2001)

Petrochemicals, minerals, and meat were of the main goods imported to Iran from India in 2001 while dried fruits, cereals, chemicals and minerals were exported to India from Iran in the said year. In this year i.e. 2001, India was Iran's sixth exports target country and the 11th country which Iran imports goods and commodities from it.

2002

In this year, Iran's imports volume from India increased more than 156 million dollars and hit 716 million dollars. Although India is yet Iran's 11th goods importing country, Iran's total goods imports volume from India has increased. In this year i.e. 2002, India promoted its share in Iranian market, the rate of which amounted to 3.2 percent.
With the improvement of imports situation of Iran from India, exports status is changed a bit more. Iran's exports volume to India stood at approx. 189 billion dollars in 2002, showing 2 million dollars growth in comparison with the previous year i.e. 2001. In this year, India falls one step in table of Iran's exports target market, standing at the 7\textsuperscript{th} rank. In this year, share of India out of Iran's exports volume with 0.3\% slump hit 4.1 percent. Trade balance between Iran and India has been turned positive in favor of India in 2002 (21 to 79 percent).

2003

In 2003, India improved its status at the Iranian market with more acceleration. In this year, share of India out of Iran's imports market promoted to 3.3\%. Under such circumstances, rank of India promoted to the 10\textsuperscript{th} country from among goods exporting countries to Iran. India's imports value to Iran with more than 166 million dollars hit approx. 883 million dollars at large.
In this year, Iran also neared its exports volume to India approx. 296 million dollars. This figure will turn possible through increasing more than 106 million dollars. India is Iran's six export target country and has allocated approx. 5% total export volume of Iran to the world. Like 2001, the trade balance between Iran and India is turned positive in favor of Iran (25 to 75 percent) in 2003.

**2004**

Iran's trade balance is improved to some extent in 2004 and changes from 25 to 75 percent to 28 to 72 percent in favor of India. In the same direction, share of India out of Iran's exports volume increases to 6.9 percent, based on which, this country turns Iran's second exports target. With more than 176 million dollars hike, Iran reaches its total exports value to India as much as 473 million dollars.

Figure-5.5: Iran exports to India and India imports from Iran(2004)

On the other hand, Indian merchants, with more than 337 million dollars hike, boosted their exports volume to Iran more than 1.2 billion dollars, exceeding one billion dollars for the first time as of the beginning of 2000s. In this year, India increases its share, in terms of exports of goods to Iran, once again and reaches its share in Iran's imports market to 2.3 percent. With standing two ranks above table of goods importers to Iran, India is turned into Iran's 8th main goods importing country. The trade balance between Iran and India has been turned positive in favor of India in 2004 (28 to 72 percent).
2005

For the first time as of the beginning of 2000s, India reduced its imports volume to Iran in 2005. With its 107 million dollars slump, India's imports volume to Iran reached to 1.1 billion dollars in 2005. Under such circumstances, status of India fell one rank below from among goods exporting country to Iran and reached to the 9th rank. Also, share of India out of imports market hit 2.8 percent in 2005 with noticeable slump.

![Figure-5.6: Iran exports to India and India imports from Iran(2005)](image)

India accounted for 3.7 percent of total exports volume of Iran to the world in 2005. The rank of India fell one step below at the table from among Iran's exports target markets, standing at the 3rd place. Unlike India which reduced its exports volume to Iran in 2005, Iran reached its exports volume to India with 290 million dollars hike to 763 million dollars. The most interesting point is this that noticeable improvement of the trade balance is in favor of Iran. In 2005, Iran's share out of bilateral trade exchanges promotes to 41% and in contrast, share of India reduces 51% at large in the same year.

2006

India's goods export volume to Iran increased in 2006. The share of India out of bilateral trade exchanges, which had been reduced in 2005 remarkably, was increased again in 2006 and reached to 63 percent. In contrast, share of Iran faced slump as much as 37 percent. In 2006, 6.5 percent of total exports volume of Iran to world has been exported to India. India placed Iran's 4th exports target market in this year. With its approx. 72 million dollar hike, Iran's exports volume to India topped 836 million dollars.
Once again, India improves its share of Iran's imports market and reached its share to 3.5 percent. The rank of India, which had hit 9th rank in 2005 from among goods importers, reached to the 8th once again. In 2006, India boosted its exports volume to Iran 325 million dollars, the figure of which amounted to 1.4 billion dollars. With the studies made in this regard, India boosted its imports rate to Iran once again. The trade balance between Iran and India has been turned positive in favor of India in 2006 (37 to 63 percent).

2007

In 2007, India's imports hike seemed less as compared with its previous years. Also, India's ranking downed one step among goods exporting countries to Iran, touched the ninth country in this regard. With over 17 million dollars hike, India exported 1.4 billion dollars of goods to Iran in this year. The said figure accounted for 3% of Iran's total imports volume in 2007. As compared with its previous year i.e. 2006, India witnessed half a percent (0.5%) growth in terms of Iran's imports market share.

Figure-5.8: Iran exports to India and India imports from Iran(2007)
Iran's exports volume to India has a similar status. In 2006, India accounted for approx. 6.5 percent of Iran's total exports volume and in 2007, India reduced approx. one percent of its share, accounting for 5.4 percent of Iran's total exports volume. with a one-step fall in standing, India placed itself as Iran 5th export target country. with the increased 831,000 dollars, Iran reached its exports volume to India to 837 million dollars.

2008

The trade balance between Iran and India, which was in favor of India in the beginning of 2000s, changed in favor of Iran since 2008. In this year, India increased its share as much as 0.2% in Iran's imports market, the figure of which amounted to 3.2 percent. This country i.e. India is yet considered as ninth goods exporting country to Iran. India increased its exports volume to Iran more than 355 million dollars and reached the said figure to 1.8 billion dollars at large.

In turn, Iran also promoted its exports volume to India more than one million dollars for the first time in 2000s. with more than 334 million dollars hike, the said figure reached to 1.1 billion dollars. India's share and standing of this country from among Iran's exports target markets dates back to 2006. accordingly, India has allocated 6.5 percent of Iran's total exports volume. with the studies made in this regard, India turned into Iran's 4th exports target market. The trade balance of Iran and India has been turned positive in favor of India (39 to 61 percent)
Although India’s share from Iran imports market is improved remarkably from among other world countries, Iran has made its utmost effort to reduce its total imports volume in this year. Accordingly, share of India from Iran’s imports market reaches to 3.4 percent in 2009 and this country is placed at the 8th rank among goods exporting countries to Iran. In turn, Iran’s imports value from India has slumped more than 20 million dollars, reaching to 1.8 billion dollars at large.

Figure-5.10: Iran exports to India and India imports from Iran (2009)

On the other hand, Iran increased its exports volume to India more than 90 million dollars in 2009, aimed at boosting its exports value in this country as much as 1.2 billion dollars. In 2009, India’s share out of Iran exports volume increased one percent (1%), reaching to the highest rate in 2000s. The India, which was considered as Iran’s 4th exports target market in 2009, allocated approx. 7.5 percent of Iran’s total exports value to itself. The trade balance between Iran and India was turned positive in favor of India in 2009 (41 to 59). At any rate, the situation of trade balance has been changed remarkably in favor of Iran in this year.

2010

In this year, 1.6 billion dollars of goods exported from Iran to India which was unprecedented in 2000s. In this period, India allocated 6.9 percent of Iran’s total exports volume to itself, considering Iran’s 4th exports target market. The imports volume of Iran from India was reduced remarkably in this period. Suddenly, India was turned into Iran’s 10th goods exporting country. Under such circumstances, share of India from Iran’s imports market was reduced from
more than 4% to 1.9% in this period. India’s total exports value to Iran has been estimated 1.1 billion dollars as of the beginning of 2001 to 2010. In 2009, imports of goods from India to Iran have been slumped more than 32 percent as compared with the corresponding figure of previous year i.e. 2009. in turn, Iran’s exports of goods to India showed increasing trend, more than 46.5 percent), as compared with the previous year.

Since trade balance between Iran and India had always been turned positive in favor of India as of the beginning of 2000s, we can observe that the trade balance of the two countries has been turned positive in favor of Iran in 2010. (59 to 41) The imports and exports difference between Iran and India exceeds 505 million dollars, the figure of which has been turned positive in favor of Iran as well. India is a developing country and direly needs Iran’s oil. Moreover requiring oil, this country is considered as one of the large importers of raw materials in Asia. Under such circumstances, Iran can take most advantage of this subject. 

Table 5.7: Exports from India to Iran and import by Iran from India(2001-2010)

<table>
<thead>
<tr>
<th>Year</th>
<th>Percents of total imports</th>
<th>Value of imports (Dollar)</th>
<th>Rating</th>
<th>Changes (Dollar)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2001</td>
<td>3.1%</td>
<td>560 781 374</td>
<td>11</td>
</tr>
<tr>
<td>2</td>
<td>2002</td>
<td>3.2%</td>
<td>716 812 377</td>
<td>11</td>
</tr>
<tr>
<td>Year</td>
<td>Percents of total exports</td>
<td>Value of exports (Dollar)</td>
<td>Rating</td>
<td>Changes (Dollar)</td>
</tr>
<tr>
<td>------</td>
<td>---------------------------</td>
<td>---------------------------</td>
<td>--------</td>
<td>------------------</td>
</tr>
<tr>
<td>1</td>
<td>4.4%</td>
<td>188 010 866</td>
<td>6</td>
<td>_</td>
</tr>
<tr>
<td>2</td>
<td>4.1%</td>
<td>189 225 530</td>
<td>7</td>
<td>2 214 664</td>
</tr>
<tr>
<td>3</td>
<td>5%</td>
<td>296 179 150</td>
<td>6</td>
<td>106 953 620</td>
</tr>
<tr>
<td>4</td>
<td>6.9%</td>
<td>473 009 024</td>
<td>2</td>
<td>176 829 874</td>
</tr>
<tr>
<td>5</td>
<td>7.3%</td>
<td>763 755 259</td>
<td>3</td>
<td>290 746 235</td>
</tr>
</tbody>
</table>
The volume of trade between India and Iran has not fulfilled the potential that the two economies have, due to a number of problems like restrictive import regime followed by Iran, non-tariff barriers, absence of short to long term financing arrangements, inordinate delays of opening of LCs, etc. The business organization in India has been much active not only in promoting trade relations and also in identifying the business dynamics in a liberalized environment, specially keeping in view that Iran is well situated for multilateral trade ties in the surrounding regional markets of Central Asian Republics and hence the trade alliance between India and Iran will serve as a gateway to those countries. This would be realized more effectively because the process of economic reforms in Iran which aims at privatization and deregulation needs to be speeded up and the rules governing the inflow of foreign investment are to be reviewed with the intention of providing more incentives to foreign investors.

Thrust sectors of business synergy between India and Iran as identified by FICCI are Information technology, Biotechnology, Energy, Gas, Power generation, Engineering, Food processing and Textile machinery. India has substantial share of Iranian imports in the following categories: Iron ores and concentrates, oil cakes, tea, yarn, organic and in-organic chemicals like sulphonamides, heterocyclic compounds, unsaturated acyclic monocarboxylic acids; drugs and Pharmaceuticals like antibiotics; insecticides.
In this age of new WTO regulations, India could consider to supply to Iran a number of agricultural products including wheat, rice and sugar. Since Iran is also agriculture-based economy like India, there is ample scope to find each their market. For example, Iran needs to import 5 million tonnes of wheat and 1.7 million tonnes of rice for its growing population as the annual wheat consumption in Iran stood at 11 million tonnes and it was forecasted in early 2009 that only 6 million would be produced domestically. On the other hand, India has technology in various fields and a developed industry and agriculture. We can cooperate with Iran in developing its industry and agriculture. For example, India could train Iranians in its agricultural institutions and Iranians could also make use of the vast Indian skilled and semi-skilled labour for expanding their industrial sector.  

**Table 5.9: The Iran-India Joint Economic Commission (JEC) since 1990**

| 1. | Iran-India Business Cooperation Committee |
| 2. | Iran and India's Oil and Gas Committee |
| 3. | Committee on Transport and Communications, Iran and India |
| 4. | Cultural Committee of Science and Technology of Iran and India |
| 5. | Cooperation Committee for Agriculture and Rural Development in Iran and India |
| 6. | Technical Committee on industrial cooperation and investment in Iran and India |
| 7. | Iran-India Consular Committee |
Impact of UN Sanctions on Indo-Iran Economic Relations:

However, amid the optimism of Indo-Iranian economic relations in the 21st century, one major hurdle is the shadow of UN economic sanctions on Iran. As far as Iran is concerned, it is not a new experiment for this Islamic republic, as United States imposed the numerous economic sanctions after the hostage crisis of 1979-1981. This could not stop Iran from attracting the global energy market because Iran quickly found new costumers and substituted its customer base. During the 1990s, US concerns about Iran's nuclear program lead to an additional round of sanctions which further weakened its economic strength.

After the US President Barack Obama signed a bill in May 2010, imposing harsh sanctions on Iran that includes cutting off Iran's access to refined petroleum imports, and bans US banks from doing business with foreign banks that provide services to the Revolutionary Guards, India and Iran in July 2010, stepped up increasing bilateral cooperation in the economic sector, which can be considered as a challenge to the unilateral sanctions imposed by Washington to Teheran. India claims that Iran is an important partner as well as an important source for hydrocarbon resources and that it is keen to further strengthen existing ties. Iran is also one of India's largest suppliers of crude oil, and India in turn is also a major supplier of refined petroleum products for Iran. However, the recent studies have also shown that Sanctions are expected to cut only 25 to 50 percent of Iran's petroleum imports. This could be compensated by reducing domestic consumption, as well as increasing domestic refining capacity. 121

However, the impact of UN sanction can be expected particularly on India's energy sector which is dominant part of Indo-Iranian economic relations. For example, a joint-venture between India's state-owned Oil and Natural Gas Corporation and the Hinduja Group has obtained a 40 percent stake in Phase 12 of Iran's South Pars gas field. The agreement for the project, which is, in total, valued at US$ 7.5 billion, was announced in December 2009. Iran had previously assigned 60 percent of the project to the Indian pair, however reduced the share due to concerns over slow progress and US pressure on India. 122 Moreover, mis impact is seen on the prospects of Indian oil companies in Iran because Iran Sanctions Act (ISA) provides for sanctions against persons, including foreign firms, who invest more than US$ 20 million in Iran's energy sector in any 12-month period. A consortium of state-owned oil companies— OVL, IOC, OIL—are
developing the Farsi block in Iran. It had submitted a US$ 5 billion master development plan in September 2009 to produce gas from the field. Though India has voted against Iran at the IAEA, it has continued to have energy links with Iran and has conveyed its opposition on imposing sanctions against Iran.  

The Obama administration has threatened to slap sanctions against 41 oil firms that include ONGC and Indian Oil Corporation for having energy ties with Iran. With regard to Indian companies' stakes in Iran's energy sector, officials from the India have been of the view that the sanctions would not have an impact on their investments as they have not violated the US law. The Indian consortium comprising OVL-IOC-OIL, which have US Sanctions on Iran have been awarded exploration rights in the Farsi block and the South Pars Phase-12 development, have not invested more than US$ 20 million in any one year, and the barrier will be broken only when Iran awards them the contract to develop the field or if the Indians made investment in the South Pars fields.

However, in June 2009, India's Reliance Industries Ltc halted gasoline exports to Iran to avoid possible restriction on sales in the United States, which has increased pressure on companies selling gasoline to Iran. For example, Reliance's decision to terminate exports to Iran came after several US lawmakers urged the Export-Import Bank to suspend the extension of US$ 900 million worth of financial guarantees to RIL to help it to expand its Jamnagar refinery on the grounds that it was assisting Iran's economy with the gas sales.

In order to limit the impact of recent UN sanctions against Iran on Indian economy, India's Ministry of External Affairs proposed "creative mechanisms" in order to protect Indian firms from affects of the UN sanctions. In this context a consortium with companies from Russia, China, and or Kuwait was proposed by the Ministry so that it become difficult to single out single countries or firms, as this new corporate entities would have no financial ties to the US or EU and also enable India to secure its energy interest with Iran. This clearly showed India's keen interest despite the growing international isolation of Iran over its nuclear weapons programme.
In a major push, the Indian government laid out the red carpet for Iranian minister of Economic Affairs and Finance, Seyyed Shamseddin Hosseini, who came India with a 30-member delegation to re-energizing business relations and to attend the 16th session of the joint commission on July 8-9. 2010. Huseini invited Indian firms to invest in infrastructure, oil, gas, petrochemicals, mining, automobiles, transport, machinery, chemicals, Pharmaceuticals, textiles and agriculture in Iran. He also promised to facilitate access for Indian firms to trade with landlocked Central Asia—Armenia, Azerbaijan and Georgia—besides Russia.

India is not only interested in seeking investment pacts with Iran but also targets to double its trade volume. Iran-India bilateral trade has increased in recent years, totalling US$ 14 billion in 2010—a US$ 1.4 billion increase over the previous year's numbers. The country has sought to buy oil and gas from Iran to help feed its energy needs, generated by the country's rapid development. However, India remained noncommittal on finalization of IPI Gas Pipeline due to a combination of factors, including price disputes with Pakistan, anti-Iranian pressure from the United States, security concerns, and the possibility of less expensive domestic alternatives particularly by the China.

c.Energy Relationship:

Energy cooperation between Iran and India has been the major incentive for two states to come closer. According to the New Delhi Declaration (January 2003), “India and Iran have a complementarity of interests in the energy sector which should develop as a strategic area of their future relationship. Iran with its abundant energy resources and India with its growing energy needs as a rapidly developing economy are natural partners.”

This complementarity of interests was recognised even in the Tehran Declaration, which stated, “The geographical situation of Iran and its abundant energy resources along with the rapidly expanding Indian economy and energy market on the other, create a unique complementarity which the sides agree to harness for mutual benefit.” This energy cooperation between Iran and India is, at its core, a producer-consumer relationship that promises to serve both countries’ immediate and long-term needs.
India, in recent years, has emerged as one of world’s largest consumers and importers of petroleum products. It has experienced a growing energy supply-demand gap as its domestic production of oil and gas has failed to keep pace with rising consumption needs. Estimates suggest that India’s demand for natural gas will increase fourfold by the year 2010, as share of natural gas in India’s energy basket is expected to increase sharply and, with this increase, dependence on imported natural gas will grow as well.

To be precise, India’s gas import dependency is expected to jump from 53 percent in 2001 to 91 percent by 2025, while the oil import dependency is expected to reach 78 percent in the same period. For India, energy relations are even more vital in that energy security is seen as absolutely essential if India is to achieve great power status. Hence, India’s quest to diversify its foreign sources of supply. 131

Iran, on the other hand, is endowed with enormous energy resources, and is therefore keenly interested in exporting its surplus natural gas to India. Iran has 5 percent of world’s crude oil and 14 percent of world’s natural gas reserves. In fact, it has the second largest natural gas reserves in the world after Russia, estimated at 23 trillion cubic meters. Therefore, Iran has figured prominently in India’s strategy to establish and expand its energy relationship with the Gulf countries. 132

As far as the practical dimension of cooperation in this regard is considered, the two sides established a Joint Working Group (JWG) on energy transport in 1999, with a view to determining how to make this complementarity work to the advantage of both sides. 133 An important development to that end took place in June 2005, when India and Iran signed a multi-billion dollar deal under which Iran will supply India with 7.5 million tons of liquefied natural gas annually for 25 years beginning 2009. The deal also envisaged Indian participation in the development of the Yadavaran and Jufeyr oilfields in Iran. 134

Besides, India and Iran have been discussing the construction of a gas pipeline via Pakistan since early 1990s. However, the idea has not come to fruition, initially due to India’s reluctance to have the pipeline pass through Pakistani territory, Pakistan’s assurances regarding
the security of the pipeline notwithstanding. More recently, Indian interest in the project seems to
have waned, which many attribute to the US offer of civil nuclear energy to India. The US is
believed to have demanded the abandonment of the project as one of the quid pro quos for the
civil nuclear deal. The Indian stance has led Pakistan and Iran to decide to go ahead with the
project even without India.\textsuperscript{135} Although India still maintains that it is determined to implement
the pipeline project and will continue efforts to reach a tripartite agreement on the project,\textsuperscript{136} there is a perception that India does not want to categorically abandon the project until
the Indo-US nuclear deal is passed by the US Congress. India, therefore, participated in the Iran-
Pakistan-India Joint Working Group’s meeting in Islamabad from May 22-23, 2006.\textsuperscript{137}

Energy is undoubtedly the common meeting point for India and Iran. Tehran, with its
huge hydrocarbon resources, and New Delhi, with its increasing demand for energy, can be
partners in carrying forward the existing cooperation in the energy sector to more meaningful
levels. According to a 2006 Energy Information Administration (EIA) report, Iran’s oil reserves
increased by five per cent from 125.8 billion barrels (bb) in 2005 to 132.5 bb in 2006\textsuperscript{138} and as
per 2009 EIA reports, Iran has 136.2 bb of oil reserves, with Saudi Arabia having the most at
266.7 bb and Canada the second largest at 178.1 bb. Iran holds the second largest gas reserve
estimated at 992 trillion cubic feet (tcf) after Russia, making it the largest natural gas producer
in West Asia.

The largest natural gas development project in Iran is the offshore South Pars fields
discovered in 1990, estimated to contain between 350 tcf and 490 tcf of reserves. Iran has set a
goal to raise natural gas production to between nine tcf and 10 tcf per year by 2010. This
amounts to more than double its 2006 marketed production of 4.4 tcf.\textsuperscript{139} However, given the
sanctions imposed on Iran, this target may be difficult to achieve.\textsuperscript{140} In addition, Iran has the
second largest deposits of copper, the largest deposit of zinc and the ninth and tenth largest
deposits of iron ore and uranium, respectively.\textsuperscript{141}

Iran’s importance for India’s energy security is undisputable. India’s imports of crude
oil and petroleum products in 2007–2008 were worth US$10.96 billion and its export of gasoline to Iran was worth US$850 million. India is the third largest buyer of Iranian crude oil. More than 12 per cent of India’s oil imports come from Iran. India has signed an agreement with Iran to purchase five million tonnes of liquified natural gas (LNG) per annum for 25 years from the second half of 2009. This agreement, however, could not be implemented due to a dispute over prices. Some media reports attribute India’s vote against Iran at the IAEA as the cause for non-implementation of the LNG deal. However, Indian and Iranian officials are of the view that this deal can be renegotiated. During the recent visit of Iran’s national security chief Sa’id Jalili to Delhi, prime minister Manmohan Singh said that energy cooperation was the most important area for expanding economic ties between India and Iran.

On the Iran–Pakistan–India (IPI) gas pipeline, India continues to reiterate its interest to take part in the project. Due to technical, security, political and pricing problems, the deal has been on freeze for almost three years. India has not been attending tri-lateral meetings since 2007. In this context, the Iranian ambassador in India said in February 2010 that while the doors are open to India to join the IPI, Iran will not wait indefinitely. Iran and Pakistan have signed the final agreement in Turkey in May 2010 to launch the Iran–Pakistan gas pipeline, with a provision for India to join the project at a later stage. Both countries have signed the operational agreement and the heads of agreement.

The latter deals with details regarding the transportation of gas to India, if it joins the project. Under this provision, Pakistan will have the right to charge transit fees for transportation of gas to India calculated in accordance with international practices. In March 2010, India indicated its willingness to hold talks on the IPI project. On the sidelines of the 12th International Energy Forum, India’s petroleum minister Murli Deora met Iran’s deputy minister of international affairs H. Noghrehkar Shirazi and proposed bilateral talks in May 2010. India proposed the meeting of the Joint Working Group of both the countries on the pipeline project and is waiting for Tehran to decide the dates.
Tehran has yet to respond to this proposal. During the foreign minister’s visit in May 2010, it was conveyed to the Iranian officials that India’s main concerns on the project relate to security of the pipeline that will pass through the volatile Baluchistan province in southwestern Pakistan, as well as differences over pricing.\footnote{147}

In the oil and gas sector, India’s ONGC Videsh Ltd (OVL) has successfully executed a contract to explore the Farsi oil block. It was awarded the development contract for this block in November 2008 and it submitted the development plan in 2009. OVL is interested in exploration and development of Phase 12 of the South Pars and Azadegan oilfields. In December 2009, after tough negotiations, Iran signed an agreement with OVL and ALPS (Hinduja Group) combined, providing a 40 per cent stake in this project. ONGC and ALPS, along with Petronet LNG, have also signed a pact to buy a 20 per cent stake in Iran’s LNG, that is building a $4.32 billion plant on the southern coast to convert gas from SP-12 into LNG for export. Phase 12 is the largest of 28 phases in which the South Pars gas field in the Persian Gulf is divided.

According to some media reports, SP-12 is expected to produce three billion cubic feet of gas per day and two-thirds of this will be converted into LNG for exports. However, the IEA report of 2009 indicates that each phase is expected to produce one billion cubic feet per day.\footnote{148} Iran has offered to sell six billion tonnes of LNG per year to India. Petropars is a subsidiary of the National Iranian Oil Company, which will hold a 40 per cent stake in SP-12 and the remaining 20 per cent will be with Sonangol of Angola.\footnote{149} A consortium of three Indian companies—ONGC Videsh Ltd., Indian Oil Corporation Ltd. and Oil India Ltd. has plans to invest about US$5 billion to develop Iran’s Farzad gas field in the Persian Gulf.\footnote{150}

The oil and gas sector offers possibilities of setting up mutually beneficial projects. India and Iran have successfully collaborated in the past in setting up the Madras Refinery project, the Kudremukh iron ore project and the Madras Fertiliser project, as well as the Irano-Hind Shipping Company. Iran can possibly invest in the energy sector in India, such as in an oil storage facility. The early conclusion of the double taxation avoidance agreement, bilateral investment promotion and protection agreement and the preferential
trade agreement will facilitate investments and joint ventures.

**Iran-Pakistan-India pipeline Gas peace:**

The Iran-Pakistan-India pipeline has been a victim of deteriorating relations with Iran on the one hand and adverse relations with Pakistan on the other. Conceived as a pipeline with great potential for the three countries, India signed a MOU with Iran on the pipeline in 1993. India had its concerns about the pipeline's route through Pakistan right since the beginning of the project. The 2775-km land pipeline was supposed to start from Assaluyeh fields in Iran, pass through Balochistan in Pakistan and end at the Indian border at Banner, Rajasthan. The Initial cost was estimated at US$4 billion, which was later increased to US$ 7.6 billion. According to the feasibility study by BHP Billiton in 2003, the project fundamentals were strong and it could provide long-term affordable energy supply. The Indian cabinet approved of the IPI project in 2005. There were seven tripartite meetings and India participated in six of them till 2007. The sticking points for India were pricing, transit fee for Pakistan and Pakistani assurance of security of supply.

Iranian proposal was to supply gas at US$ 4.93 per mbtu (million British thermal unit) at oil price US$ 60 per barrel and to remain the basis of pricing of gas for the entire 25-years of contract. However, later it sought modification of this proposal and asked for revision of the pricing every three years. India also had the problem of fixing the transport and transit fee with Pakistan. India stopped participating in the discussions since September 2007 and said that it had its concerns regarding safe and secure transit through Pakistan. India wanted Iran to be responsible for safe passage of gas through 1,035 km. pipeline in Pakistan and would pay for the fuel only when it is delivered at Indian border, however, it was not acceptable to Iran. Pakistan and Iran finally signed the Heads of Agreement (HOA) and Operational Agreement that would pave way for construction of a gas pipeline on March 16, 2010 in Istanbul, and the sovereign guarantee agreement on May 28, 2010, in Islamabad.

During the negotiation stage in 2008, with India reluctant to join without its concerns being addressed, Iran and Pakistan had also toyed with the idea of inviting China into the project. However, after initial reactions that it was studying the project, China has largely maintained
silence over the project. Media reports in December 2010 suggested that India was still interested in joining the pipeline project if the gas pricing issue was resolved.  

Map-5.3: Iran-Pakistan-India Natural Gas Pipeline Route

![Map-5.3: Iran-Pakistan-India Natural Gas Pipeline Route](image)

Table-5.10: The most Important Oil Fields of Cooperation between Iran and India

<table>
<thead>
<tr>
<th></th>
<th>The most important oil fields of cooperation between Iran and India since 1990</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Cooperation in refinery</td>
</tr>
<tr>
<td>2</td>
<td>Pipeline Security</td>
</tr>
<tr>
<td>3</td>
<td>The oil storage</td>
</tr>
</tbody>
</table>
Nuclear Research Co-operation between India and Iran:

In the past, India had extended its co-operation to Iran on civilian nuclear programmes. In the year 1991, India sought to sell Iran a 10 megawatt research reactor - to be installed at Moallem Kalyach¹⁵⁷ and may have also considered selling Iran a 220 megawatt nuclear power reactor. While both were to be placed under the acceptable safeguards, the United States pressurized India not to go through with the sales, fearing that Iran would use these facilities to make weapon grade fissile materials.¹⁵⁸

In fact, India had trained Iranian nuclear scientists in the past according to the statement of the Indian officials.¹⁵⁹ Indian External Affairs Minister Yashwant Singh explained that India "has and would continue to help Iran in its controversial effort to generate nuclear energy".¹⁶⁰ Yashwant further explained "we have a long record on peaceful uses of nuclear energy". He also added that India is collaborating with Iran on civilian nuclear energy although he provided no details as to what this would be. However, the Indian officials later clarified that co-operation in the peaceful uses of nuclear energy with Iran has only been under the International Atomic Energy Agency Technical (IAEA) cooperation programme. The officials denied having any ongoing programme with Iran.¹⁶¹

Subsequently, when J.N. Dixit, India's National Security Adviser visited Tehran and met President Khatami, he stated that New Delhi would always support Tehran's peaceful use of
nuclear technology. During the occasion, Iran reiterated its commitment to co-operate with IAEA.\textsuperscript{162}

Two Indian Scientists, YSR Prasad and C. Surendar who had provided technical assistants to Iran's nuclear program had submitted their reports to the Government of India. These reports led to New Delhi becoming cautious about nuclear co-operation. In Sept. 2004, USA imposed sanctions upon them under Section 2 & 3 of the Iran Proliferation Act 2000 of the USA. India objected to US sanctions against its scientists, saying that YSR Prasad had visited Iran only under the aegis of the IAEA Technical programme. India stated that one of the scientists Dr. C. Surendar had never visited Iran either during his service or after his retirement. Dr. YSR Prasad had given advice only on safety related aspects with the nuclear Power Plant Bushehr that was under the IAEA safeguards.\textsuperscript{163}

No legal bar, either by the UN Security Council or the IAEA, against expanding Iran-India nuclear cooperation on a whole range of civilian nuclear activities pertaining to medical, industrial, agricultural, or environmental purposes. Yet, the application of unilaterally enforced, generalized prohibitions on nuclear cooperation with Iran by the Indian government is in contravention of the limits and scopes of the UN resolutions and have, as a result, frozen the possibility of a civilian nuclear agreement between the two countries within the parameters of NPT and IAEA. For India, which has so far signed seven such agreements, such as with Mongolia, Kazakhstan, and more recently with Argentina, the "Iran proliferation concerns" remain the dominant reason why it does not even contemplate a similar agreement with Iran.\textsuperscript{164}

In his recent meeting with Iran's president Mahmoud Ahmadinejad, Brazil's president, Lula de Silva, has stated, "We recognize Iran's right to develop a peaceful nuclear program in compliance with international accords." \textsuperscript{165} Certainly, various top Indian officials including Prime Minister Dr. Manmohan Singh have repeatedly echoed a similar sentiment, and Dr. Singh has even told the Indian Parliament (in February 2006) that India is opposed to "Iran being declared in non-compliance with its safeguard agreements." Since then, several developments favouring Iran have made it more incumbent, logically speaking, for India to come down on Iran's side more forcefully irrespective of how it may raise some eye brows in the west.Briefly:\textsuperscript{166}
• The 2007 UN National Intelligence Estimate has concluded that Iran's nuclear program has been peaceful since 2003.

• The IAEA has repeatedly confirmed the absence of any evidence of Military diversion from Iran's peaceful nuclear program, this after Extensive inspections that have found "consistency" in Iran's nuclear Declarations.

• All the six "outstanding issues" that were the primary reasons for Referring Iran to the IAEA have been resolved in Iran's favour as a result Of an IAEA-Iran Work plan, as per the February 2008 report of the IAEA; according to the concluding paragraph of this work plan, Iran's Nuclear dossier would be treated as "normal" after the completion of the Work plan.

• Iran has initiated the idea of a "fuel-for-fuel" swap and has agreed in Principle to the framework of an IAEA proposal regarding the exchange Of Iran's low-enriched uranium (LEU) for high-enriched fuel required by the small medical reactor in Tehran, and as of this writing the negotiations regarding this matter are on-going.

As regards the future prospect of Iran-India nuclear cooperation, it is bound to be impacted by the developments above-mentioned, the net result of which is, theoretically speaking, to open the door a jar on this cooperation, without necessarily overhauling the present export control regime by the Indian government, only altering it by introducing timely adjustments that address the problems of unbounded prohibitions incongruent with the UN resolutions mentioned earlier on the one hand and, on the other, the importance of bringing India's Iran policy closer in line with the letters and spirits of NPT standards and IAEA norms, not to mention India's NAM commitments.

**India voted against Iran’s nuclear agency:**

On September 24, 2005, soon after the signing of the Indo-US framework agreement and Ahmedinejad's assumption of office (August 3, 2005), India voted with the US in the IAEA for the implementation of the non-proliferation safeguards agreement in Iran. In this particular voting at the IAEA meeting of the Board of the Governors, Russia and China abstained while
India chose to vote along with US and the West. The US termed this support 'significant'. India said that its vote was meant to avoid a major confrontation between Iran and the international community. India urged that Iran must fulfil its obligations as a signatory to the Nuclear Non-proliferation Treaty (NPT) and held that the passage of the resolution could not be the basis of a "renewed punitive approach or new sanctions" against Iran.

India has publicly supported Iran’s right to peaceful nuclear technology, but now former Indian External Affairs Minister Pranab Mukherjee has said that Iran must pursue a nuclear enrichment program “in accordance with its own international commitments and obligations, and must satisfy the international community that its program is indeed peaceful.” Although India voted in 2005 to take the issue of Iran’s enrichment activities to the UN Security Council, it has since repeatedly insisted on a peaceful resolution to the conflict and stated it will not support any threats of violence made against Iran for its nuclear program.

On December 31, Iranian Foreign Minister Manouchehr Mottaki expressed his country’s disappointment to his Indian counterpart Somanahalli Mallaiah Krishna over India’s vote in favor of a recent resolution by the IAEA regarding Tehran’s nuclear program. In his letter, Mottaki drew a parallel between Iran’s nuclear program and India nuclear tests. Krishna, however, responded by saying that the two cases lack similarity and that India’s non-proliferation record is free from blemishes. Krishna added that New Delhi has always kept its commitment towards the International Atomic Energy Agency.

India and Saudi Arabia have together backed ongoing international efforts to resolve the controversy over Iran's nuclear program through dialogue and have requested that Tehran respond positively to efforts that could remove "doubts.” In a declaration issued after a March 2010 meeting between visiting Indian Prime Minister Manmohan Singh and Saudi King Abdullah, the two leaders called for continuation of these efforts.

In March 2010, the Indian government stressed that it now perceives additional sanctions against Iran as counterproductive. Moreover, during a visit to Washington, Indian Foreign Secretary, Nirupama Rao, announced her government’s opposition to any sanctions that would negatively affect the Iranian people, saying that " continues to be our view that sanctions that…
cause difficulties to the ordinary man, woman and child would not be conducive to a resolution of this question."\textsuperscript{174}

Although India has voted in favor of imposing UN sanctions against Iran for its nuclear program, the two countries have continued to pursue a cordial diplomatic relationship.\textsuperscript{175} As two powerful countries in close proximity, India and Iran share geopolitical interests as well as commercial interests, which arise from Iran’s capacity to provide India with the energy it requires. According to Iranian President Mahmoud Ahmadinejad, Iran and India “must get prepared through strengthening bilateral ties for big changes in the world and filling the power gap in the region.” Highlighting possible future avenues of cooperation, both countries are also observers of the Russia and China-dominated Shanghai Cooperation Organization (SCO).\textsuperscript{176}

\textbf{Table-5.11:India’s Export Data in Value Terms to Iran is as under:}\textsuperscript{177}

<table>
<thead>
<tr>
<th>Year</th>
<th>Non-oil Exports</th>
<th>Export of Petroleum products (Excluding crude oil)</th>
<th>Total Exports</th>
<th>% Growth $ value</th>
<th>Exchange Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003-2004</td>
<td>Rs.2103.32 cr (US$466.58 m)</td>
<td>Rs.2115.53 cr (US$ 469.28 m)</td>
<td>Rs.4218.85 cr. (US$ 935.86m)</td>
<td>42.79</td>
<td>(US$ 1 = Rs.45.08)</td>
</tr>
<tr>
<td>2004-2005</td>
<td>Rs.2562.72 cr (US$ 586.57 m)</td>
<td>Rs.2970.11 cr (US$ 679.81 m)</td>
<td>Rs.5532.83 cr. (US$ 1266.38 m)</td>
<td>35.32</td>
<td>(US$ 1 = Rs.43.69)</td>
</tr>
<tr>
<td>2005-2006</td>
<td>Rs.3607.52 cr (US$ 815.07 m)</td>
<td>Rs.1653.72 cr (US$ 373.64 m)</td>
<td>Rs.5261.24 cr (US$ 1188.71 m)</td>
<td>-6.13</td>
<td>(US$ 1 = Rs.44.26)</td>
</tr>
<tr>
<td>2006-2007</td>
<td>Rs.4116.27cr. (US$934.88 mn)</td>
<td>Rs.2448.55 cr. (US$ 556.11 mn)</td>
<td>Rs.6564.82 cr. (US$ 1490.99mn)</td>
<td>25.43</td>
<td>(US$ 1 = Rs.44.03)</td>
</tr>
<tr>
<td>2007-2008</td>
<td>Rs.4408.12 cr. (US$1092.31mn)</td>
<td>Rs.3436.71 cr. (US$ 851.60 mn)</td>
<td>Rs.7844.83 cr. (US$ 1943.91)</td>
<td>29.97</td>
<td>(US$ 1 = Rs.40.356)</td>
</tr>
<tr>
<td>2008-2009</td>
<td>Rs.6828.14 cr. (US$1477.74mn)</td>
<td>Rs.47.37.03 cr. (US$ 1056.17 mn.)</td>
<td>Rs.11565.17cr. (US$ 2534.01 mn.)</td>
<td>30.36</td>
<td>(US$ 1 = Rs. )</td>
</tr>
<tr>
<td>2009-2010</td>
<td>Rs.7918.89 cr. (US$1672.26mn)</td>
<td>Rs.888.53 cr. (US$ 180.80 mn.)</td>
<td>Rs. 8807.43cr. (US$ 1853.17 mn.)</td>
<td>-26.87</td>
<td>(US$ 1 = Rs. )</td>
</tr>
</tbody>
</table>
Table-5.12: India’s Comprehensive import data in value terms from Iran is as under:178

<table>
<thead>
<tr>
<th>Year</th>
<th>Non-Oil Products</th>
<th>Crude Oil and Petroleum Products</th>
<th>Total Imports</th>
<th>% Growth $ value</th>
<th>Exchange Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003-2004</td>
<td>Rs. 1226.10 cr. (US$ 271.98 m)</td>
<td>Rs. 7510.33 cr. (US$ 1666 mn)</td>
<td>Rs. 8736.43 cr. (US$ 1937.98 m)</td>
<td>17.80</td>
<td>(US$ 1 = Rs.45.08)</td>
</tr>
<tr>
<td>2004-2005</td>
<td>Rs. 1843.14 cr. (US$ 421.87 m)</td>
<td>Rs.10813.27 cr (US$ 2475 m)</td>
<td>Rs. 12656.41 cr. (US$ 2896.87 m)</td>
<td>49.48</td>
<td>(US$ 1 = Rs.43.69)</td>
</tr>
<tr>
<td>2005-2006</td>
<td>Rs. 3110.05 cr. (US$ 702.68 m)</td>
<td>Rs.18234.98 (US$ 4119.97 m)</td>
<td>Rs.21345.03 cr. (US$ 4822.65 m)</td>
<td>66.48</td>
<td>(US$ 1 = Rs.44.26)</td>
</tr>
<tr>
<td>2006-2007</td>
<td>Rs. 3802.42 cr. (US$863.60 mn)</td>
<td>Rs. 30713.05 cr. (US$ 6975.48 m)</td>
<td>Rs.34575.47 cr (US$ 7839.08 m)</td>
<td>62.62</td>
<td>(US$ 1 = Rs.44.03)</td>
</tr>
<tr>
<td>2007-2008</td>
<td>Rs. 3671.45 cr. (US$ 909.77 mn)</td>
<td>Rs. 40274.48 cr. (US$ 9979.80 m)</td>
<td>Rs.43945.93 cr (US$ 10889.57 m)</td>
<td>40.95</td>
<td>(US$ 1 = Rs.40.356)</td>
</tr>
<tr>
<td>2008-2009</td>
<td>Rs.5031.38 cr. (US$1128.11 mn)</td>
<td>Rs.50790.46 cr. (US$ 11248.63 mn)</td>
<td>Rs. 55821.84 cr. (US$12376.77 mn)</td>
<td>13.10</td>
<td>(US$ 1 = Rs. )</td>
</tr>
<tr>
<td>2009-2010</td>
<td>Rs.5566.43 cr. (US$1178.76 mn)</td>
<td>Rs.49069.13 cr. (US$ 10362.04 mn)</td>
<td>Rs. 54635.56 cr. (US$11540.85 mn)</td>
<td>-6.75</td>
<td>(US$ 1 = Rs. )</td>
</tr>
</tbody>
</table>

**d.Cultural relationship:**

It is more than half century that India is enjoying its independence. During this span, the cultural relations between India and Iran have always been cordial. The visit of the heads of both the countries has brought both the countries closer and the relations are stronger than ever. When Nehru visited Iran with his daughter Indira, he mentioned several times in his speeches that it was his earnest desire to visit Iran. Because among all the nations of the world, the Indians have been influenced by the Persian civilization more than any other civilization of the world. The soul of Persia came to India, which exists in the form of Taj Mahal, the masterpiece of Persian art and architecture. The building of the Taj is a body in India in which the soul of Persia has incarnated. We should try now more than ever I to popularize Persian language and literature in India. No doubt, that Persian is the language of Iranians. But, in the last few centuries this has become part of language and culture.
Thus, it is interesting and illustrative that India and Iran two nations and two civilizations had continuous contact and interaction over the centuries. These contact led to the spread of ideas across most of Asia. While India's influence Iran in several respects with its own contributions, Iran acted as both an originator of new ideas as well as a facilitator of ideas from other parts of the world, especially West Asia and Central Asia to India and visa versa. The Cultural and ethnic relations between Iran and India have a long history. There has been continuous interaction between the two peoples of Iran and India. The Following Paragraphs will Substantiate this Fact:

- The common values between these two countries were because of Aryan ancient civilization and vast communications of people and mutual relationship. This has bring about an apt condition for cultural relationship for the two countries.

- The Sikh traders had built a Gurudwara in Zahedan in 1927. It is said that the town was earlier known as Dozdab (water of thieves), but was later renamed by the visiting Shah as Zahedan (town of Zahids -worshipers) after he saw the Sikhs with flowing beards. A Gurudwara was also built in Tehran in 1950. An Indian School was established in Tehran in 1952.\(^\text{179}\)

- The Indian community built a Hindu temple in the southern port city of Bandar Abbas during Qajar period. The then ruler of the area Mohammad Khan Sa'ad-ol-Molk granted the construction permit. The property is presently with the Iranian National Cultural Heritage Organisation.\(^\text{180}\)

- The presence of Zoroastrians and Persians in the top levels of economy, politics, military and culture and long-lasting commons with their homeland Iran, brought about a remarkable situation for these kinds of collaborations between Iran and India.

- Indian cinema has a large audience in Iran. Early Iranian cinema had close links with India. Ohanian, the director of the first Iranian silent film, Abi VA Rabi, (1929), left Iran for India and continued his academic career in Calcutta. Subsequently he returned to Iran in 1947, where he died seven years later. Abdul Hossein Sepenta, the father of Persian talkies, was born in Tehran in 1907. As a young writer and poet, Sepenta went to India in
the mid-1920s to study ancient Persian language and history. In Bombay, his friendship with professor Bahram Gour Aneklesaria (an expert in old Iranian languages) encouraged him to consider the new and developing medium of film.\textsuperscript{181}

- Apart from official level contracts between India and Iran, some cultural and academic societies in India have been rendering yeomen service in promoting Persian language and literature and building bridge of fellowship, friendship and understanding.

- Iran Society of Kolkata was founded by Dr. Mohammad Ishaque, a renowned scholar of Persian. The society was founded in 1944 with the object of promotion of the study of Persian language and literature, history and philosophy, art and sciences pertaining to Iran, and for the maintenance of a cultural liaison between the two countries so as to make the Society a center of intellectual collaboration and cultural understanding between India and Iran. The crowning glory of the Society is the publication of bilingual-English Persian -quarterly literary journal, the Indo-Iranica, which adorns the shelves of almost all the libraries of the university in India and abroad and engaged in promoting Iranians studies and Culture.\textsuperscript{182}

- Holding Eide Norooz (New Year) in India by the Iranian embassy and participating Indian Persians in these kinds of ceremonies are some reasons of these common aspects.

- India and Iran have exchanged cultural delegations regularly and there exists a Cultural Exchange Programme between the two countries. Bharat Ratna Bismillah Khan gave concerts in Tehran in 1992. A hall at the prestigious Bahman Cultural Centre in Tehran is named after Ustad Bismillah Khan.\textsuperscript{183}

- Establishment of Persian classes, and holding common religious ceremonies with the Muslim in that country namely the birth ceremony of prophet Mohammad(pbuh) and holding seminars about the common characters of the two countries and bookmen of India can be some of these cultural activities of Iran in that country.
• Iran has two Cultural Centres in India - New Delhi and Mumbai. The first Iranian Consulate had been opened in Mumbai in the mid 19th century. As a sequel to the exchange of early visits by the leaders of Iran and India, culture houses were established in Bombay (now Mumbai) in 1956 and in Delhi in 1957. In the Culture Houses, regular classes are conducted on Persian language and literature and cultural exchanges are organised by sponsoring visits to Iran by eminent scholars and teachers of Persian. The other cultural activities are holding of exhibitions on various aspects of Iran's history and culture, old books of Persian in India, specimens of ancient calligraphy in India and Iran, and arranging exchange of musicians and other artists. The Iran Culture Houses, also distribute free of cost a large number of publications, including books, magazines and periodicals, to schools, colleges and Universities in India where Persian language is taught.  

• The following the proposal of previous president Khatami on Civilization Talk a top rank of Indian officials approved and supported this proposal and held a civilization talk conference in Delhi in 2000 with the presence of Indian officials and scientists and an official board from Iran with the leadership of Mohammad Ali Najafi the advisor of Iranian president. Late that year in the Asian civilization talk conference in Tehran the advisor of Indian foreign minister and the accompanying board attended the conference. India also independently held civilization talk conference in 2003 with the presence of supreme officials of different countries and the message Iranian president was read to all.

• In the early 20th century, several Iranian publications were printed in India. These included Habl-ol-Matin newspaper (published in Calcutta for 40 years), Ahang, and the sermons of Iqbalol-Dolleh. The first Iranian Persian weekly was published from India. During the days when the Indians were fighting for the freedom of their country the relation between India and Iran existed. The leaders of both these countries had their contacts with each other at different occasions.

• Some Iranian professors of Persian are on the faculty of the Osmania University, Hyderabad, and the Delhi University. Legendary Persian poets Hafez, Sa'di, Ferdowsi, Rumi and Omar Khayyam continue to be widely read in India. Works by Mahatma
Gandhi, Nehru, Tagore, Indira Gandhi, V.S. Naipaul, R.K. Narayanan and other Indian writers have been translated into Persian. Thereby both the Persian and Indian language and literature have enriched.

- All India Persian Teachers Association was established in 1977 in New Delhi. In this connection it is to be noted that more than thousand Persian teachers are teaching this language in various colleges and universities in India.

- Student exchange officially has started in 1968 between the two countries. Sanskrit department in Iran and Persian department in India were established based on the cultural agreements. Teaching Persian dates back to hundreds of years ago in this country and was one of the outstanding languages. Lots of universities in India are now teaching Persian and Indian government spends a great deal of money to maintain these departments. Persian is also taught in Sunni religious schools. Persian language is one of the important aspects of cultural collaborations. Cultural exchange schedule between two countries distinguishes the framework of these collaborations. Sport topics, art, tourism, radio & television, press, educational books, journalism, cultural heritage are some aspects of these collaborations in cultural exchange schedule.

- Indian universities are a popular destination for Iranian students for higher studies. Several high ranking Iranian officials and professionals have studied in India. There are a large number of Iranian students (7500) studying in universities at Mumbai, Rune, Bangalore, Mysore, Hyderabad, Chandigarah and Delhi. There is a large Iranian community settled in India, including students who stayed back after completing their studies. There has been a tradition of prominent Iranian football players having played in Indian clubs and coached Indian teams.

- There have been several high level visits from both sides over the past five decades. Prime Minister Nehru had visited Iran along with his daughter Indira Gandhi in 1959. President Radhakrishnan visited Iran in 1963. Prime minister Indira Gandhi visited Iran in 1974. Prime minister Narasimha Rao visited Iran in 1993. On the Iranian side, President
Rafsanjani visited India in 1995. The present Supreme Leader of the Islamic Republic, Ayatollah Khamenei had visited India in 1981 as a member of the Revolutionary Council. His writings include "The role of Muslims in the independence struggle of India". President Khatami visited India in 1994 as the then Head of National Library. Prime minister Atal Bihari Vajpayee visited Iran in April 2001 and President Khatami was the special guest of honour for the Republic Day of India in 2003.

- Islamic Republic of Iran has an embassy in Delhi and consulate general in Mumbai and Hyderabad. Iran also has culture houses in the cities of Delhi, Mumbai. I.R.I.B and Islamic Republic of Iran’s journalism has an office in the capital of India. India has an embassy in Tehran and consulate general in Zahedan and Bandar Abbas.

- A Street in Tehran is named after Mahatma Gandhi who is held in very high esteem by the common man in Iran. During his recent visit to Iran, Prime Minister Vajpayee inaugurated a square in Shiraz renamed after Maulana Abul Kalam Azad. A street in Hyderabad also is named Imam Khomaini near the Consulate General of Islamic republic of Iran in Hyderabad.188

- In 2007, in the trip of Mashee the president’s advisor to India, a contract was signed by the president of cultural heritage, tourism, Iranian handicrafts, and cultural relationship council to hold cultural weeks in Tehran, Shiraz, and also in Delhi and Mumbai.

- India has welcomed the far-sighted initiative of President Khatami in calling the year 2001 as the year of "Dialogue Among Civilisation. An important India-Iran seminar on this theme was held in New Delhi in November 2000. India participated at a senior level in a seminar on Dialogue Among Asian Civilisations, held in Tehran in February 2001.189

- India over the years has emerged as one of the favourite tourist destinations for Iranian tourists and every year around 40,000 Iranians visit India for various purposes.

- India and Iran maintain regular cultural and educational exchanges. A MoU was signed in January 2008 between the Indian Council for Cultural Relations (ICCR), New Delhi and
the Iranian Cultural Heritage, Handicrafts and Tourism Organization (ICHHTO) on holding of “Days of Culture” in two countries. Accordingly, the Iranian cultural week was held in New Delhi and Mumbai in April-May 2008. India held its “Days of Culture” in Tehran and Shiraz from May 10-17, 2011. India is to set up a Cultural Centre in Tehran. Iran has two Cultural Centers in Delhi and Mumbai. There are about 8,000 Iranian students studying in India. India provides 67 scholarships every year to Iranian students under ITEC, ICCR, Colombo Plan and IOR-ARC schemes.

The Most Important Activities of Iran Culture House in India:

- Implementing the Cultural Agreements between Iran and India.
- Enrichment and expansion of the cultural relations between the two countries.
- Introducing Iran’s Islamic culture and civilization, as well as enlightening the cultural policies of the Islamic Republic of Iran by presenting the correct information.
- Establishing and expanding bilateral cultural relations with the India Cultural Organizations.
- Supporting and guiding Iranian studies and research in universities, by establishing, reactivating and developing the Iranology Centres and Academic Societies, for introduction of the historical role of Iran’s culture and its influence upon India.
- Propagation and development of Persian language and literature in India.
- Introducing Iran’s luminaries and renowned cultural and social personalities, and presenting their exclusive works and thoughts.
- Expansion of the possibility of dialogue and discussion with Indian societies and scholars of religions.
- To realize the above-mentioned obligations, the Culture House of the Islamic Republic of Iran, cultural weeks, quiz competitions, film festivals, Persian language classes as well as
academic seminars. The object of holding such programmes is to acquaint the people of India with the arts and cultural works of the Islamic Republic of Iran.

- In India Many exhibitions are held on Iranian books and photography, Islamic calligraphy, paintings, miniature paintings, Iranian handicrafts such as glass work, pottery, carving and engraving, fabric designing, wood-work and inlaid work, carpet weaving and designing.

- The library of the Culture House of the Islamic Republic of Iran, Mumbai has more than five thousand books on different subjects. Most of the books are in Persian language and deals with Persian language and literature and Islamic Studies. It also has more than five hundred audio, video cassettes, CDs and DVDs of Iranian films and music. Many of the Mumbai colleges approach the library to get film cassettes for their Film Appreciation Societies. It supplies VHS film cassettes and DVDs to National Archives, Pune and to some TV channels when they request.

- In the past Culture House of the Islamic Republic of Iran, has also organized exhibitions on the Holy Quran Manuscripts, Quran Softwares, cover and page decoration along with the Quran memorizing and recitation competitions. Other than this, for two consecutive years Quiz competitions on Islamology and Iranology are published in the two widely read Urdu and English newspapers and the winners of the Lucky Draw were awarded prizes by the Culture House.

- One of the important activities of the Culture House (as of before Islamic Revolution) is to hold Persian language classes and to encourage its learning at the university level. To meet this aim much advertisement is given in the news papers to learn Persian. Iranian teachers are appointed to teach Persian. Tests are taken and after passing the tests, certificates are given from the Culture House. It also encourages students by awarding suitably at different grades of the studies at university level. Recently classes for Conversational Persian have also started by the Centre. Since September 2001, more than 450 students have been awarded certificates for passing the various grades of Persian Language examination.
• Holding cultural and academic seminars for exchange of thoughts and introduction of Iranian and Indian culture is another activity of the Culture House. The main object for holding such gatherings is to review the common cultural relations and subjects. In the near past the Culture House of the Islamic Republic of Iran organized a series of seminars in Mumbai in association with the prestigious institutions of Mumbai. There were seminars on Indo-Iran Relations, on Ferdowsi and his Shahnameh, on Omar Khayyam, on Al-Biruni, on Amir Khusrau, on Sadi Shirazi, on Hafez Shirazi, on Influence of Persian on Indian languages and on Imam Khomeini and Husaini Movement. The papers read at the seminars later get published in a book form.

• Culture House of the Islamic Republic of Iran, is now in process of organizing some more programmes such as a two days national seminar on Moulana Jalaluddin Rumi, seminar on Hafez and Tagore, and many Iranian Film Festivals in Pune, Bangalore, Chennai. Such programmes are held in association with Mumbai University, with K. R. Cama Oriental Institute, with Ismail Yusuf College, Jogeshwari, with Burhani College and Zoroastrian College, with the Deccan Muslim Education Society-Pune, with Deccan College-Pune, with Anjuman-I-Islam-Mumbai, and with Y. B. Chavan Pratishthan for Film festivals.

• Iranian Musical group Hannaneh was invited to Mumbai, their performance was appreciated immensely by the Indians. Other than the Iranian films, Iranian music is always in much demand by the Indians and the resident Iranians. Sessions on Indo-Iranian Classical Music are getting organized with local Indian Institutes. These programmes are always well attended by the admirers of music and culture. Working on the cultural exchange programme, a band of Indian Qawwals was sent to Iran to perform there.

Development cooperation in the field of Cultural Heritage and Tourism:

The October (2011) Head of Iran Cultural Heritage, Handicrafts and Tourism and Minister of Tourism of India's cultural and tourism relations stressed the need to develop cultural and tourism relations between the two countries. According to Announcement of Saturday's Cultural Heritage, Handicrafts and Tourism in the Nineteenth General Assembly
meeting on the sidelines of the World Tourism Organization held, 'Rohollah Ahmad zade' with reference to the history and continuity of deep historical and cultural ties between Iran and India, called for accelerated In the implementation of bilateral agreements in the field of tourism and cultural heritage and continued holding of the relevant technical committee will be emphasized. Holding joint cultural week, exploring joint projects in the country's ancient monuments, joint meeting between artists and cultural activists in Iran and India and formed a joint working group to examine ways of bilateral cooperation in tourism development work, including issues that the meeting was adopted.

India Tourism Minister also described Iran and India's role in cultural exchanges in the strategic region. He mentioned the two countries' relations in the tourism field as well and growing, and pointed out: Iran and India in the historic Silk Road, the actors have long and successful experience of bilateral cooperation, the two countries on favorable conditions for the development cultural affairs and tourism has. India Minister of Tourism called Iran influential state actors in the field of intercultural interactions and said: the common interests of both nations, the prospects of bilateral cooperation in the tourism industry have been growing in the state.

e. Security Relationship:

The establishment of the Indo-Iran Joint Commission in 1983 was instrumental in so far as forging New Delhi's defence and military ties with Tehran were concerned. As the Iran-Iraq war drew to a close in 1988, Iran felt the need to rebuild its conventional arsenal and initiated the process with purchases of tanks, combat aircrafts and ships from Russia and China. Further, Iran reportedly asked for Indian assistance in 1993 to help develop new batteries for three Kilo-class submarines it had purchased from Russia. The submarine batteries provided by the Russians were ill suited to the warm waters of the Persian Gulf, and India possessed substantial experience operating Kilos in warm water. In addition, Iran is also inclined for acquiring Indian assistance with other upgrades to Russian-supplied military hardware, crucially including MiG-29 fighters, warships, subs, and tanks. 193
Since 1990 the end of the Cold War, New Delhi has been slowly but surely forging a comprehensive relationship with Tehran based on energy and commercial cooperation, infrastructure development in Iran and beyond, and purported military and intelligence ties. Iran holds particular importance for India as it provides unique access to Afghanistan and Central Asia, two theatres in which India seeks to project greater influence. As New Delhi promulgates a "look-east" policy to develop and sustain a multifaceted presence in the greater Middle East, Iran unquestionably is an instrumental player in this set up.

The two nations display a range of converging interests encompassing regional and international issues that include countering terrorism, the fluid security situation in Afghanistan and energy security—acknowledged by India's Ministry of External Affairs on March 28, 2009 when it released a statement stating the same. During discussions between National Security Advisor MK Narayanan and Iran's Secretary of the Supreme National Security Council Saeed Jalili, while he was on a visit to India, cooperation in combating terrorism flowing from the region assumed prime importance. Recently, Indian External Affairs Minister, SM Krishna, condemned the terrorist attack in Iran's south-eastern province of Sistan-Baluchestan terming it as 'savage.' As many as 41 people including top commanders of the Islamic Revolution Guards Corps (IRGC) were killed in this attack for which, Pakistan-based Jundallah terrorist group claimed responsibility.

India and Iran's strategic partnership has significantly put in place military and energy deals valued at over US$ 25 billion. The broad range of cooperation involving all three military services is quite a turnaround in the strategic situation in Southern Asia in the last two decades. In fact, in its 2005-06 Annual Report, Ministry of External Affairs in New Delhi claimed that Indo-Iranian cooperation had "acquired a strategic dimension flourishing in the fields of energy, trade and commerce, information technology and transit." One of the chief issues of Delhi Declaration was the establishment of Strategic defence partnership. In 2001, Indian Defence Secretary Narain met with his Iranian counterpart Shamkhani to explore arm sales to Iran. According to the Indian press, India has trained Iranian naval engineers in Mumbai and at Visakhapatnam. Reportedly, Iran was also seeking combat
training Tor missile boat crews. Iran also anticipated that India can provide midlife service and upgrades for its MiG-29 fighters and retrofit its warships and submarines in Indian dockyards. India helped Iran develop batteries for its submarines, refit and maintain Iran's T-27 (anks and selling Iran the Konkurs anti-tank missile. 199

India and Iran conducted their second naval exercise on March 3-8, 2006, overlapping with President Bush's trip to Afghanistan, India, and Pakistan. A spokesman for the Indian Navy's Southern Command reportedly explained that Indian naval instructors briefed nearly 220 sailors. "India and Iran have enjoyed good maritime relations that include high-level political and military visits, joint-naval exercises, naval technology cooperation, and maritime infrastructure developments symbolized by port development in Chahbahar. Naval cooperation between the two sides dates back to the mid-1990s when the Indian Navy helped the Iranian Navy to adapt four Russian-built Kilo-class submarines for warm water conditions in the Persian Gulf. 200

In November 2009, India started Iranian military training program, provided satellite services, and joint naval maneuver in Persian Gulf, first of such maneuver done in March 2003. 201 "The complexities of Indo-Iranian ties could be attributed to the 'American angle' that looms large over this equation as New Delhi walks a tightrope whilst its ties with the United States (US) burgeon". Hence, while these two states have been talking about "strategic relations" for some time with few concrete results, they have instituted a strategic dialogue that has met four times between October 2001 and early 2007. This dialogue is the forum designed to explore opportunities for cooperation in defence in agreed areas, including training and exchange visits based on the 2003 New Delhi Declaration. 202 Some analyst used the timing and symbolic importance of such an exercise, to argue that India's foreign policies would not be dictated by Washington. 203

The New Delhi Declaration called upon the two states to broaden their strategic collaboration in third countries—a clear reference to Afghanistan. Significantly, the New Delhi Declaration sought to upgrade defence cooperation between India and Iran specifically in the following areas: 204

- Sea-lane control and security.
- Discomfort with mounting US military presence in Persian Gulf.

239
• Indo-Iran joint naval exercises.
• Indian assistance to Tehran in upgrading its Russian made defence systems-something that has not yet come to fruition.
• Establishment of working groups on terrorism and counter-narcotics.

The other example of such autonomous symbolism in India's foreign policy came in March 2007 when Washington conducted its war games in the Persian Gulf-its largest show of force in the region since the 2003 invasion of Iraq involving USS Eisenhower and USS Stennis. This coincided with the visit of the Iranian Naval Chief to India-a reflection of the importance that Iran attached to its growing defence ties with India. Additionally, a naval cadet training ship visited India, and in 2007, the Indian government allowed a limited number of Iranian officers to participate in joint training courses with officers from several other countries.

On the other hand, some Indian strategic analyst argue that the presence of Indian engineers at Chabahar and of Indian military advisors and intelligence officials in Iran confers to India a significant access to Iran. This access has tremendous import for India's ability to project power vis-à-vis Pakistan and Central Asia. It clearly provides India an enhanced ability to monitor Pakistan and even launch sub-conventional operations against Pakistan from Iran. As Chansoria argues, commencing a defence dialogue could be envisaged, which could be progressed based on international and regional developments, providing opportunities for greater cooperation with Iran.  

Military Cooperation:

The band of opportunities is not necessarily sequential or time constrained and could be envisaged in the following fields:

• Assistance in modernisation of defence forces.
• R&D assistance in defence research.
• Strategic defence dialogue.
• Defence infrastructure development.
• Training and exercises.
• Maintenance assistance, supply of spares and ancillaries.
• IT application at the armed forces.

**Army Cooperation between India-Iran:**

- Course at the National Defence College (NDC) and Defence Services Staff College (DSSC).
- Training of UN peacekeeping operations.
- Joint anti-terrorist exercises.
- Offer assistance in training as well as maintenance and repair of key Russian equipment like Kilo submarines and MIG-29 fighters.
- Maintenance and training support for Iranian T-72 Tanks, BMP and II infantry carrier vehicles.
- Selling Advanced Light Helicopters (ALH) and jet trainer aircraft.

According to reports appearing in September 2007, Iran has been negotiating with India to purchase advanced radar systems designed for fire control and surveillance of anti-aircraft batteries. Iran is seeking an unspecified number of Indian radar systems called Upgraded Support Fledermaus from the Indian state-owned Bharat Electronics Ltd (BHEL). However, New Delhi faces intense pressure from Washington to not to sell the radars to Iran, as it is convinced that the request is part of Iran's military effort to protect its nuclear weapons facilities in question. The upgraded Super Fledermaus is mono-pulse radar used in 35-mm air defence batteries and designed to detect low-flying objects, such as unmanned air vehicles (UAV).

The digital system contains a built-in simulator as well as a signal jammer. Crucially, BHEL has gone on record and confirmed Iran's request for these upgraded radars. Executives at the plant stated that Iran sought the same fire control and surveillance radar that the company upgraded for the Indian Army way back in 2001. India and Iran are ancient civilisations whose relations span centuries. Both nations are perfectly capable of managing all aspects of their relationship with the appropriate degree of care and attention and neither country needs any guidance on the future conduct of bilateral relations. Thus, in a move that could radically alter the geopolitics of the region, Indian and Iranian defence cooperation shall prove to be a significant pointer towards emerging strategic calculations in the Persian Gulf and the Arabian
Sea. Defence cooperation between the two nations would serve as an essential tool of foreign policy thereby strengthening mutual trust and enhancing security and stability in the region. 209

Table -5.13: Interactions between the two National Security Councils – NSA

<table>
<thead>
<tr>
<th>Date</th>
<th>Name</th>
<th>Place</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. June 24-27, 2002</td>
<td>Dr. Hassan Rowhani</td>
<td>Delhi</td>
</tr>
<tr>
<td>3. February 25-27, 2004</td>
<td>Dr. Hassan Rowhani</td>
<td>Delhi</td>
</tr>
<tr>
<td>5. August 30-31, 2005</td>
<td>Dr. Ali Larijani</td>
<td>Delhi</td>
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<tr>
<td>7. March 28, 2009</td>
<td>Dr. Saeed Jalili</td>
<td>Delhi</td>
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Table -5.14: Strategic Dialogue / Foreign Office Consultations

<table>
<thead>
<tr>
<th>Date</th>
<th>Name</th>
<th>Place</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. October 15-16, 2001</td>
<td>Mohsen Aminzadeh, DFM</td>
<td>Delhi</td>
</tr>
<tr>
<td>2. October 19-21, 2002</td>
<td>Kanwal Sibal, FS</td>
<td>Tehran</td>
</tr>
<tr>
<td>3. July 21, 2003</td>
<td>Mohsen Aminzadeh, DFM</td>
<td>Delhi</td>
</tr>
<tr>
<td>4. May 1, 2005</td>
<td>Rajiv Sikri, Secretary (East)</td>
<td>Tehran</td>
</tr>
<tr>
<td>5. December 16-17, 2-7</td>
<td>Sivshankar Menon, FS</td>
<td>Tehran</td>
</tr>
<tr>
<td>6. December 17-18, 2008</td>
<td>Mehdi Akhoundzadeh by fm for Asia and ceania</td>
<td>Delhi</td>
</tr>
</tbody>
</table>
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