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INDIA-IRAN RELATIONS: ASSESSING PROSPECTS AND CHALLENGES

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INDIA-IRAN RELATIONS: ASSESSING PROSPECTS AND CHALLENGES

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Relations between India and Iran have evolved into a complex state of entente over time. The regional security calculus that connects India to Iran through the Gulf of Oman and global geopolitical interests have frequently overshadowed the strong civilizational ties between the two countries. This, in turn, has led to apprehensions in India's and Iran's bilateral engagements, based in part on the lack of continuity in the conduct of cross-border relations. When India regained its independence after the end of British colonial rule over the subcontinent in 1947, it immediately lost its old geographic boundaries with Iran as a result of the partition and creation of the state of Pakistan. Subsequent geopolitical shifts drifted India and Iran farther apart. India sought to maintain its Non-Alignment Policy after independence, but Iran joined the US-led regional military alliance, the Central Treaty Organisation.⁽¹⁾

Despite India and Iran differing on regional issues, the two countries have attempted to engage on multiple occasions. The Indian Ocean Rim Association (IORA) and Indian Ocean Naval Symposium (IONA) for maritime security cooperation have served India's goal of fostering bilateral relations with Iran. They have permitted New Delhi to take on a more proactive role in regional affairs. As a result, on December 22, 2019, India's External Affairs Minister (EAM) traveled to Tehran to signal his country's renewed intention to engage with Iran. India's outreach to Tehran took place despite sanctions against Iran imposed by the United States.⁽²⁾

As the United States moves towards becoming a key strategic partner for India, New Delhi's approach towards Iran needs to be evaluated by taking into consideration the parameters that might affect its relationship with Tehran. This is important more so because Tehran remains an important partner in helping New Delhi reach its desired economic and strategic interests. This paper examines the complex relationship between India and Iran to identify various parameters that affect their bilateral relations. The research delves into areas of convergence and divergence in the India-Iran relationship to better assess the economic and geopolitical factors affecting the bilateral engagement between the two countries. Furthermore, it attempts to understand the limitations on India and Iran in expanding their strategic and economic partnership, as well as the role the United States plays in defining constraints in the India-Iran bilateral relationship.

I. Security, Defense and Strategic Considerations in India-Iran Ties

Defense and strategic parameters, given the dynamic nature of regional security issues, have been the most important aspects of bilateral relations between India and Iran in the recent past. Both countries have converging interests in maintaining stability in Central Asia and fighting militant groups in the region.⁽³⁾ This convergence has partly encouraged New Delhi to maintain constant engagement with Tehran even when tensions between the two or external pressures have escalated to a level that might bar such engagement.

What has helped India and Iran maintain engagement is the acceleration of bilateral ties following the initiation of the Indo-Iran Joint Commission in 1983. The commission was instrumental in forging military cooperation with Iran.⁽⁴⁾ It was signed three years after the Iran-Iraq war broke out though there was no evidence suggesting that India had provided any kind of assistance to Iran during the war which ended in 1988.⁽⁵⁾ After the war, Iran started to rebuild its conventional military arsenal with support from Russia and China. Even at that point in time, no major purchase was reported from India. However, in 1993 Iran turned to India for help in developing batteries for the Kilo-class submarines Tehran had purchased from Russia.⁽⁶⁾ The Indian navy helped Iran modify Russian produced Kilo-class submarines in order to improve their operating efficiency in the warm waters of the Arabian Gulf.⁽⁷⁾

This early defense cooperation between India and Iran evolved when a new Memorandum of Understanding (MoU) was signed in 2001.⁽⁸⁾ The MoU, known as the Tehran Declaration, reflected the concerns the two states had over the need to contain extremism emanating from Afghanistan. Kabul, at the time, was a critical factor in determining the security calculus for the South Asia region.⁽⁹⁾ The declaration reaffirmed commitment from India and Iran towards achieving disarmament as a long-term goal.⁽¹⁰⁾ It also led to deeper understanding between India and Iran over the need to help secure a prosperous economic region in the Indian Ocean. Iran and India have since developed institutional mechanisms to pursue converging objectives.⁽¹¹⁾ Iran has also remained inclined to asking India for technical help to update its Russian supplied military hardware, and optimistic that New Delhi would extend support for Iran's acquisition of conventional military equipment.

Bilateral defense ties between India and Iran took a leap forward after President Mohammad Khatami was invited as a guest of honor to India's Republic Day in 2003.⁽¹²⁾ Subsequently, the two countries expanded cooperation on multiple levels in the defense sphere. In March 2003, India and Iran conducted their first joint naval manoeuvres in the Arabian Sea.⁽¹³⁾ They also extended cooperation to each other on maritime security and engaged in other joint naval exercises in subsequent years.⁽¹⁴⁾ India developed a number of intelligence outposts in Iran,⁽¹⁵⁾ and both engaged actively in regional security forums such as the IORA.⁽¹⁶⁾ However, with respect to the sale of Indian arms and shared military technology cooperation with Iran, New Delhi remained under pressure from Washington to halt such sales and cooperation.

An important aspect of India-Iran cooperation in recent years has revolved around the issue of developing the Chabahar Port. After the visit by India's EAM to Iran in December 2019, New Delhi and Tehran agreed to speed up the Chabahar Port project.⁽¹⁷⁾ The project was discussed as early as 2003,⁽¹⁸⁾ but it received a major push when India and Iran signed an MoU for the development of the port in 2015.⁽¹⁹⁾ The port is located in the Sistan and Balochistan Province in Iran, and is considered as a gateway for India to widen its trade opportunities.⁽²⁰⁾ The fact that New Delhi sees Chabahar as a strategic counterweight to Pakistan's Gwadar Port, built and managed by China under Beijing's Belt and Road Initiative, underscores the importance of Chabahar for India.⁽²¹⁾ The Iranian port also aptly fits with India's attempts in the recent past to enhance economic opportunities through Iranian transit routes to Central Asia and Afghanistan. In the wake of deteriorating India-Pakistan diplomatic relations, and Pakistan's denial of connectivity through its territory to India, New Delhi sees developing the Chabahar Port as an opportunity to compete with the growing Chinese presence in Central Asia.⁽²²⁾

The Chabahar project gives India direct access to Iran. This has the potential of diversifying New Delhi's oil trade options at lower transportation costs, if not

impeded by the sanctions imposed by the United States on Iran. Trade relations between India and Iran could be boosted with the completion of the Chabahar Port, with fertilizers, chemicals, cereals, and other commodities likely to be exchanged. Chabahar gives an opportunity to India to link to the North-South Transport Corridor supported by several countries including Iran, Afghanistan and Russia extending New Delhi's access to markets in Central Asia, Russia and Europe. It is estimated that once Chabahar is linked to the North-South Transport Corridor, India's trade with Eurasia could reach \$170 billion.⁽²³⁾

India will face challenges working with Iran as it did in the past. In 2003, for example, India agreed to develop the Shahid Beheshti Port in Chabahar when Pakistan blocked India's access to Afghanistan. However, the port project did not start due to Western sanctions on Iran. Despite the convergence of interests between India and Iran around joint economic partnerships, Tehran is apprehensive about over-depending on India for trade as the United States could pressure New Delhi to halt cooperation with Tehran. Iran also limits itself in its dealings with India, given Tehran's amicable relations with Beijing and Pakistan.⁽²⁴⁾ In 2018, the foreign minister of Iran reiterated that his country would seek investments in Chabahar not just from India and Afghanistan, but also from Pakistan and China.⁽²⁵⁾ This statement pointed to Iran's intent to reach out to other partners for trade opportunities which could complicate India's prospect in the Chabahar project given New Delhi's apprehension about increased Chinese presence in the region.

II. Understanding the US Position on Developing the Chabahar Port

The United States has reimposed tight economic sanctions on Iran since May 2018, after pulling out of the Iranian nuclear deal, otherwise known as the Joint Comprehensive Plan of Action (JCPOA), citing Washington's disapproval with respect to Iran's role in the Middle East region.⁽²⁶⁾ According to reports, the sanctions which form part of the US maximum pressure strategy against Iran has forced 1.5 million barrels of Iranian oil out of the global market.⁽²⁷⁾ Sanctions have been imposed on more than 70 financial institutions affiliated to Tehran. The US-led sanctions are predicted to have a destructive effect on the Iranian economy.⁽²⁸⁾

A number of close US allies have raised concerns or overtly disagreed with recent US policy decisions regarding Iran. Some countries from Europe, while disapproving of US policies, have looked for alternative financial mechanisms to engage with Iran while it remains under unilateral sanctions. The United Kingdom (UK), France and Germany put forward proposals to bypass US sanctions on Iran. The European Union (EU) subsequently announced the launch of the Instrument in Support of Trade Exchanges (INSTEX) to trade with Iran and facilitate non-USD transactions.⁽²⁹⁾ In early 2019, the foreign ministers of Britain, Germany and France issued a joint statement, insisting that "INSTEX will support legitimate European trade with Iran, focusing initially on the sectors most essential to the

Iranian population – such as pharmaceuticals, medical devices, and agri-food goods.”

These EU moves to facilitate trade with Iran indicate the differences in the West on how to deal with Iran.⁽³⁰⁾ Europe remained apprehensive over the abrupt decision by the Trump administration to place more pressure on Iran. The US decision also concerned its other active partners like India. India was one of eight countries to receive a sanction waiver to purchase oil from Iran.⁽³¹⁾ India was in constant contact with US officials when its waiver ended in May 2019 in order to continue importing Iranian oil. However, India substantially reduced oil imports from Iran as a result of US pressure to comply with its sanctions regime.⁽³²⁾

Despite these developments, India and the United States have in the recent past drawn closer by working on converging areas of mutual interest to develop a shared strategic front in South Asia. The Chabahar port project may have escaped to date the consequences of the tough sanctions on Iran. The United States gave assurances to India that the development of Chabahar port would be exempt from certain US-led sanctions on Iran.⁽³³⁾

In addition, the port provides alternative strategic trade routes for Afghanistan, another US partner, by allowing Kabul to access warm waters. The Chabahar project is important for developing the Afghan economy. President Trump's keenness to reduce US military expenditures in Afghanistan can be executed if Washington continues to back regional investment in the Afghan economy, which Chabahar can help facilitate.⁽³⁴⁾ The port will help Kabul widen the scope of its trade potential with India.

The Trump administration in November 2018 extended sanctions exemptions for the development of Chabahar port due to its acknowledgement of the importance in reviving Afghanistan's economic prospects. The United States certainly understands India's intent and role which to an extent converges with US interests in the region especially with respect to domestic developments in Afghanistan. India's record in assisting Afghanistan has been promising. India has committed over \$2 billion for the development of infrastructure, power, agriculture, health and education in Afghanistan. India also has long-standing cultural ties with Afghanistan strengthened by its humanitarian assistance to the country. Washington has realized India's investment in Afghanistan and is hopeful that India will play a stabilizing role as US forces leave Afghanistan. India had also signed a Strategic Partnership Agreement with Afghanistan in 2011 pledging to train and assist in capacity building programs for Afghanistan's National Security Forces. India's assistance remains crucial as the US exit strategy hinges on transitioning security responsibilities to capable Afghan military forces.⁽³⁵⁾

Despite the US exemption for the Chabahar port project, US support for it might wane. The fact is that the Chabahar project could benefit Iran, which is unacceptable for President Trump. The US administration has been overtly

highlighting the concerns it has over Chabahar in this regard, and there is a strong possibility Washington could revoke its support for the port project at any point of time. In November 2018, US envoy to Afghanistan John Bass warned Afghan officials that trade exemptions through the Chabahar port would continue if traders were cautious of not violating sanctions imposed on certain Iranian businesses or individuals.⁽³⁶⁾ Against the backdrop of rising tensions with Iran, if the United States were to suspect a violation of its sanctions regime by Afghan traders, it could prompt tougher action by Washington to impede the development of Chabahar.

III. Opportunities and Constraints in India-Iran Energy Ties

India is heavily energy-dependent for meeting its military and civilian needs. Given its size and population, the country became the third-largest energy consumer in the world in 2013.⁽³⁷⁾ India is therefore preconditioned to depend on energy which directs its policy toward the Middle East given its geographic proximity to the region. In the case of Iran, the country holds strategic significance for India as a potentially important energy partner. Until 2006, Iran was indeed India's second-largest supplier of crude oil. But as a result of multilateral sanctions on Iran, the country became only the seventh-largest supplier to India in 2013-2014.⁽³⁸⁾

Iran's geographical proximity and civilizational ties with India, and a large Indian diaspora residing in different parts of the Middle East, highlights the significance of India's engagement with the region. In an attempt to accelerate India's engagement with its western neighbors in the Gulf region, the administration of Prime Minister Narendra Modi launched the Link West policy in 2014. Although there have been major improvements under the Link West policy with respect to India's engagement with the Gulf Cooperation Council (GCC) countries,⁽³⁹⁾ Iran's place and significance in this policy requires more scrutiny especially in light of the US sanctions regime, and the escalation of tensions in the region between Iran and US allies in the Gulf.

One of the most important aspects of bilateral relations between India and Iran is energy trade. The medium sour variant of Iranian crude oil is especially useful for India as most of its refineries are calibrated to receive this high quality oil.⁽⁴⁰⁾ Despite such an advantage in importing Iranian oil, challenges arise from a regional security perspective if India were to rely exclusively on Iranian oil, given the US maximum pressure strategy against Iran, which in turn has significantly increased the share of non-OPEC countries in the Indian crude oil basket.

India-Iran energy trade is historically relatively low and often impeded by disagreements. In December 2010, the Reserve Bank of India withdrew from the Asian Clearing Union currency swap mechanism by succumbing to US pressure not to import oil from Iran.⁽⁴¹⁾ This move held up \$5 billion in payments to Iran by Indian oil companies. Iran subsequently warned that it would cancel all deals with India if the payments lapsed. India paid nearly 75 percent of the due sum

through the German-based bank *Europaisch Iranische Handelsbank* in February 2011. But soon later, the *Europaisch Iranische Handelsbank* stopped receiving payments from India. As a result, India turned to the Turkish financial institution *Halkbank* in July 2011 to deliver the remaining sums to Iran, but the bank was unable to help India as the US sanctions on Iran in February 2013 impeded the process.⁽⁴²⁾ US pressure on India again forced New Delhi to reduce its oil imports from Iran by 11 percent in 2012. The following year, oil imports from Iran dropped, reflecting the pressure imposed on India by the United States to end its energy imports from Tehran.

In 2012, the Indian company *Oil and Natural Gas Corporation Videsh Limited's* (OVL) decision to halt the development of the *Farzad-B* gas field with Iran amidst the intensification of US sanctions indicated the growing strains in bilateral relations between New Delhi and Tehran. The OVL discovered gas reserves in the *Farzad-B* block in the *Farsi* field of Iran in 2008, and Tehran agreed to buy the gas.⁽⁴³⁾ In 2010, OVL submitted a revised Master Development Plan for producing 60 percent of the 21.68 tcf of gas reserves in the field. However, delays in starting the development caused tensions and consequently in September 2014, Iran re-listed the *Farzad-B* gas field in its energy bids, citing delays from OVL. The discussions between OVL and Tehran continued and in 2018-2019, the *National Iranian Oil Company* (NIOC) presented a proposal for the development of the gas field and offtake of raw gas at landfall points by the NIOC. The reinstated US energy sanctions on Iran in November 2018 affected any potential deal as most of the viable service providers for the *Farzad-B* gas field are American companies and they had to comply with the sanctions.⁽⁴⁴⁾

In general, Indian oil imports from Iran have dropped in the last decade.⁽⁴⁵⁾ Tensions in US-Iran relations will continue to significantly influence and shape the future of India's oil imports from Iran. What is clear so far is that soon after the US waiver to India ended in May 2019, Indian buyers could no longer be optimistic about Iran extending credit lines and free shipping services.⁽⁴⁶⁾

Interestingly in 2018-2019, despite US pressures on India to cut its oil imports from Iran, India bought 479,500 barrels of crude oil per day from Iran which was in fact higher than the 2017-2018 fiscal year purchases.⁽⁴⁷⁾ As per the data from the *Directorate General of Commercial Intelligence and Statistics*, India's oil imports from the United States increased in 2019.⁽⁴⁸⁾ The data reveals that the United States supplied nearly 4.5 million tonnes of crude oil during April to August 2019 as compared to 2.6 million tonnes of oil during April to August 2018. This also indicated a shift in India's energy policy which historically has largely depended on oil imports from its traditional suppliers in the Middle East.⁽⁴⁹⁾

It is clear that although there is vast scope for active engagement between India and Iran, bilateral relations have witnessed low points due to external pressures imposed on the United States. This led to Tehran having certain apprehensions

and concerns despite the fact that India and Iran were intent on widening their strategic and economic relations. The tangible outcomes of such an intent are dependent on US policy towards Iran and Tehran's behaviour in the Middle East.

IV. Indian Shias and Their Link to Iran

India's large Shia community attracts Iran to an extent to its eastern neighbor. Nearly 40 million to 45 million Shias live in India. This large population entices Iran to gear its foreign policy toward using the sectarian card. There is evidence that Indian Shia clerics follow the founder of Iran's 1979 revolution, Ruhollah Khomeini. Some Indian Shia organizations share a strong bond with Tehran. In May 2019, the representative of the Leader of the 1979 revolution Ali Khamenei in India, Hojatoleslam Mahdi Mahdavi-pour, delivered donations worth \$715,000 to Iran's flood victims through the Imam Khomeini Relief Foundation based in Iran.⁽⁵⁰⁾

The Imam Khomeini Memorial Trust (IKMT) in Kargil (Jammu and Kashmir) is another example of Iran's influence among the Indian Shia community. The IKMT was inspired by the Iranian revolution and is mostly run by young Shia scholars trained in Iran. The organization's aim is to propagate the values and principles preached by Khomeini. The IKMT also holds rallies and political demonstrations on issues pertaining to the Muslim community in India. A number of educational and welfare organizations are part of the IKMT, mostly operating in the Ladakh region of Jammu and Kashmir.⁽⁵¹⁾

According to a WikiLeaks cable in 2006, a prominent Shia cleric based in Lucknow, Maulana Kalbe Jawad, the Secretary-General of the Majlis-e-Ulama-e-Hind (MUD), an organization of Shia clerics in India, was alleged to be a paid spy for Iran.⁽⁵²⁾ Jawad was known for holding one of the largest ever anti-US-Israel-Denmark rallies in Lucknow that was attended by over a million people in 2006.⁽⁵³⁾ When India voted against Iran in a resolution passed by the UN atomic watchdog the International Atomic Energy Agency (IAEA) censuring the country over its nuclear program and further demanding that it stop uranium enrichment in November 2009, differences and contentions emerged over India's position among Shia clerics in the country. Jawad protested against India's position and took a strong stand against the National Congress party which was in power at the time.⁽⁵⁴⁾

Another sign of the relationship between Tehran and the Indian Shia community is their solidarity with Iran. After the United States killed Qassem Soleimani, the head of Iran's elite Quds Force on January 3, 2020, people from the Chiktan district in Ladakh joined protests against the killing. The protestors chanted slogans like 'Solidarity with General Qassem Soleimani,' 'Down with America' and 'Down with Israel.'⁽⁵⁵⁾ Aga Syed Mohammed Mosavi, a Kashmiri Shia cleric joined the protest and strongly criticized the United States, expressing his solidarity with Iran.⁽⁵⁶⁾ Several other protests were also reported to have taken place in Kashmir after Jumma prayers on January 3, 2020. Solidarity protests were also observed in

Lucknow, the capital of Uttar Pradesh, where protestors chanted slogans against America and called General Qassem Soleimani a martyr.⁽⁵⁷⁾

Although, these recent developments indicate that Tehran retains considerable influence among India's Shia community, it rarely has threatened the mainstream political dynamics in India. Protests and rallies organised by popular Shia groups have never been successful in directly influencing Indian decision-makers and have largely remained symbolic.

V. India's Balancing Act With Iran

India faces a critical challenge in balancing its own interests with those of other powers in the Middle East. Washington has disagreed with India over its bilateral ties with Iran. This contentious issue in Washington-New Delhi relations has pushed India to reconsider its relations with Iran on many occasions. Moreover, it has revealed India's limitations in asserting strategic autonomy in its own economic decision-making. This was clearly apparent when it cut down importing Iranian oil due to US pressure.

In 2005, as per the India-United States Civil Nuclear Agreement, New Delhi agreed to separate its military and civilian nuclear facilities and place all nuclear facilities under IAEA safeguards, as a result of which the United States agreed to engage in civilian nuclear cooperation with India.⁽⁵⁸⁾ But India-Iran relations suffered against the backdrop of this agreement, hitting a low point when India at the IAEA in 2005 backed a European Union sponsored resolution against Iran that condemned the country for non-compliance with the Nuclear Non-Proliferation Treaty (NPT).⁽⁵⁹⁾

The National Congress-led United Progressive Alliance (UPA) government in 2005 tried to appease the United States in its campaign to curb Iran's nuclear program and it was criticized by opposition parties for this. India's leftist parties which are sceptical about India's relationship with the United States condemned any pressure from Washington on New Delhi to reduce or end its engagement with Iran. Under pressure from the UPA, the then Indian Prime Minister Dr. Manmohan Singh rejected requests to visit Tehran. Also, the then President Mahmoud Ahmadinejad was prevented from visiting New Delhi. But in 2008 the Indian government accepted a visit from Ahmadinejad who visited New Delhi in April 2008.⁽⁶⁰⁾ In 2018, tensions resurfaced between Washington and New Delhi after India found itself walking on a tightrope when the United States reinstated sanctions against Iran. The sanctions placed India in a precarious position attempting to balance its relations with both the United States and Iran.^{(61)*}

The fact that Iran and India have different perspectives towards the Gulf states has been another challenge for New Delhi. Tehran does not enjoy friendly ties with major Gulf states. New Delhi, however, has continued to strengthen its partnership with Saudi Arabia and the UAE. The Comprehensive Strategic Partnership signed by India and the UAE in 2017 and Saudi Arabia's growing investments in India

clearly revealed New Delhi's commitment to forge deeper security and economic partnerships with the two Gulf states.⁽⁶²⁾ Following a visit by Saudi Arabia's Crown Prince Mohammed Bin Salman bin Abd al-Aziz Al Saud to India in February 2019, Delhi and Riyadh re-affirmed their cooperation in intelligence sharing. Saudi Arabia's proposition to invest \$100 billion in India's petrochemicals, infrastructure, and mining sectors underscored the strong partnership between the two countries. The two oil giants Saudi's ARAMCO and UAE's ADNOC are also exploring potential partnerships in India.⁽⁶³⁾

As a result of the aforementioned, India's engagement with Iran is tricky. New Delhi has not publicly commented on any of the recent regional conflicts that have developed between Iran and its Gulf Arab neighbors, and has maintained a neutral position. New Delhi hopes that such neutrality will give India leverage to independently engage with different power brokers in the region. In a similar vein, India has engaged with Israel in order to maintain regional neutrality. The India-Israel relationship has prospered recently, and New Delhi has also kept a consistent position on Palestine affirming its support for the Palestinian cause.⁽⁶⁴⁾ Through its commitment to a policy of non-intervention in regional conflicts, India has gained the trust of regional powers in the Middle East. At the same time, leaning towards a non-interventionist policy reflects India's hesitancy in involving itself in any conflict in the region that could possibly affect its non-partisan stature.

VI. Limitations and Challenges in India-Iran Relations

The bilateral relationship between India and Iran has evolved into a diverse partnership nurtured by a long history of cultural connections. But India's economic and geopolitical priorities with Iran are complicated by US sanctions. India's engagement with Iran has coincided with New Delhi strengthening cooperation with the United States and its allies in the region.

Iran faces limitations and challenges in pursuing ties with India as well. Iran's quest to emerge as a leader of the Islamic world restrains Tehran from supporting India against Pakistan on issues such as Kashmir in international forums like the Organisation for Islamic Cooperation (OIC) where Iran has raised concerns and apprehensions over Indian military action in Jammu and Kashmir.⁽⁶⁵⁾ Pakistan's increasing role in assisting and training some of the armed forces of a number of Arab regional states like Saudi Arabia, the United Arab Emirates and Bahrain has also prompted Tehran to engage with Islamabad so as not to completely mislay its strategic priorities with Pakistan with which it shares a long border.⁽⁶⁶⁾ Iran's amicable engagement with both China and Pakistan drives its own kind of balancing act with India at a point in time when the India-Pakistan relationship has deteriorated and India remains highly sceptical about the growing Chinese presence in South Asia.⁽⁶⁷⁾

Iran's active engagement with China has been vital to the Iranian economy. Chinese investments and trade exchanges with Iran are critical at a time when Tehran seeks options to stabilize its economy by bypassing US-led sanctions. Since the United States reimposed sanctions on Iran in 2018, Chinese and European companies who won the bid to supply equipment for the development of Chabahar port are now reluctant to do so. Chinese and European companies have been reluctant to supply cranes fearing US sanctions. Shanghai Zhenhua Heavy Industries Company Limited, a Chinese crane company which was to supply rail-mounted quay cranes for the project in Chabahar has hesitated.⁽⁶⁸⁾ Chinese and European companies like Shanghai Zhenhua Heavy Industries Company Limited and Cargotec OYJ that had won the bid to deliver much needed machinery for the development of Chabahar do not want to complicate and endanger their business dealings with the United States and are cautious with respect to doing business in Iran after the US sanctions.⁽⁶⁹⁾

Iran being a key energy exporter to India in the past and a potential corridor to markets in Afghanistan and Central Asia is a crucial economic partner for Delhi. The limitations and challenges facing India and Iran have affected their bilateral relations. Analysts have observed the slow-paced bureaucracy in New Delhi in addressing the country's limitations and challenges, as well as the delays in formalizing agreements and investment deals that impede the India-Iran economic partnership.⁽⁷⁰⁾ Such realities might give more leverage to other countries like China and Russia in making strategically vital investments in the Chabahar port, instead of India.

VII. The Path Forward

India's engagement with Iran is driven by several factors, and over time India has faced challenges and limitations in its attempt to strengthen and broaden relations with Tehran. India's close engagement with the United States, Israel, and the Arab monarchies puts pressure on New Delhi's approach towards Iran. Tehran's position on the Kashmir issue, with it criticizing the Indian government's decision to revoke Article 370 of the Indian Constitution ending the special legal autonomy of Kashmir remains a concern for India. Iran's engagement with China and the fact that Iran could be China's partner in a region where many see China's rise as a threat creates certain other concerns for New Delhi. India fears losing its own influence in South Asia due to growing Chinese investments and trade in the region. It is clear that Tehran is keen to extend business cooperation with other powers like China in the face of tough sanctions by the United States, and this further complicates India's relations with Iran.

Another challenge for India in developing its ties with Iran is the domestic dynamics of the Indian ruling party and how its policies could be challenged by opposition parties. Many leaders from the opposition have questioned the Bharatiya Janata Party (BJP) led government with respect to bringing down oil

imports from Iran to zero. A national spokesman for the National Congress took to Twitter criticizing the Modi government for succumbing to the US pressure on India to cut off Iranian oil imports.⁽⁷¹⁾ The Communist Party of India⁽⁷²⁾ and the All India Majlis-e-Ittehadul Muslimeen⁽⁷³⁾ criticized the government too, questioning the validity of Indian strategic autonomy under the Modi administration. Strong domestic pressure remains a crucial concern for any government in power in India, as some foreign policy decisions that New Delhi takes could be used by the opposition to criticize the government in power consequently influencing popular opinion about the credibility of the BJP government.

Many of the roadblocks in the India-Iran relationship have been due to external pressures imposed by the United States. With the US presidential elections on the horizon in November 2020, it remains to be seen if a new US government would follow the same policy of sanctions against Iran as the Trump administration. If the United States revamps its policy on Iran and renews waivers for countries like India to import oil from Iran, a change in the status quo could be observed. Several US presidential candidates from the Democratic Party including Bernie Sanders,⁽⁷⁴⁾ Elizabeth Warren⁽⁷⁵⁾ and Joe Biden have been very critical of Trump's Iran policy and have criticized Trump's decision to pull out from the JCPOA. If any of these democratic candidates win, it could possibly result in a new US approach towards Iran.

Conclusion

The bilateral relationship between India and Iran has moved forward for strategic and economic reasons. India has actively engaged with Iran to secure energy sources considering that Iran is the most viable option in this sphere given its geographic proximity to India. Even though both countries have tried to foster greater engagement within the field of defense, the tangible results of such cooperation have been limited because of US pressure on India to halt such cooperation with Tehran.

In recent years the Chabahar project has been one of the most important aspects of bilateral relations between India and Iran. However, with the US sanctions and pressures, India's investment in this port will be full of complexities despite a waiver from the United States. India and Iran have converging interests in forging better connectivity to Central Asia and have a keen interest in developing Chabahar port for this reason. Both countries also have similar concerns with respect to the stability and security of South Asia as any vulnerability to the security architecture of this region would consequently affect the economic interests of both countries. The two countries also have a shared position on the need for maritime security and have developed mechanisms to achieve this goal through forums like the IORA which was formally launched in 1997 with an aim to bring together the 22 coastal states bordering the Indian ocean promoting closer strategic and economic cooperation.^{(76)*}

A major concern regarding bilateral relations between India and Iran is with respect to India's neutrality in the face of tensions. While India engages with Iran, New Delhi also has insisted on engagement and cooperation with several Gulf states including Saudi Arabia and the UAE. India's engagement with Israel also reflects New Delhi's desire to stay neutral in the tensions between Iran and Israel. Although India maintains its traditional position of supporting the Palestinian cause, it is clear from the visits between Prime Minister Narendra Modi and Prime Minister Benjamin Netanyahu that Tel Aviv and New Delhi share a strong intent on establishing a prudent partnership.

Another important issue with respect to bilateral relations between India and Iran is the US policy on Iran. India has been under constant US pressure over New Delhi's decision to remain engaged with Iran. India has also been keen on getting closer to the United States in order to better balance against China's rising power in Asia. India's growing concern over China's increasing presence in the Indian Ocean region also remains unsettling for New Delhi which further draws it closer to the United States. In this regard, the India-Iran connection is overshadowed by Tehran's and New Delhi's respective relations with other big powers such as the United States and China. India has in the recent past experienced a strategic benefit of moving closer to the United States as both the United States and India share apprehensions and concerns about the growing Chinese presence in the Indian ocean region.

In spite of certain apprehensions and concerns, India's growing relationship with the United States and with Israel, along with a long history of friendship with Iran, while also having a bond with the Gulf Arab states, gives New Delhi to an extent a distinctive influence in the Middle East as a valuable geopolitical partner for everyone. Despite the fact that India has faced setbacks in expanding cooperation with Iran, India's perceived neutrality by other states might help in the future as New Delhi could be a potential mediator for dialogue and consultation in times of crisis with Tehran.⁽⁷⁷⁾ So far, India has only been keen on addressing issues connected to its security, including the safety of the large Indian diaspora residing in the Gulf region, and has completely refrained from further involvement in regional conflicts.

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