

US FACTOR IN INDIA-IRAN RELATIONS: POST 9/11 ERA



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Department of Politics and International Relations

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2012



Accession No TH 9467

MS

327.3

ABU

1 - Foreign relations



In The Name of Allah The Most Gracious
The Most Merciful

DEDICATION

This thesis is dedicated to my father, who taught me that the best kind of knowledge to have is that which is cultured for its own sake. It is also dedicated to my mother, who taught me that even the largest task can be accomplished if it is done one step at a time. Finally, this thesis is dedicated to all those who believe in the richness of learning.

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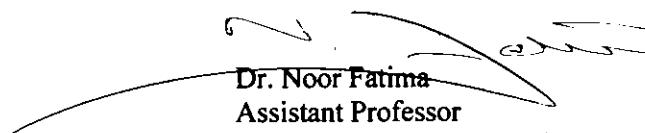
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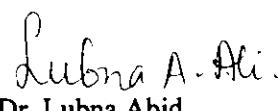
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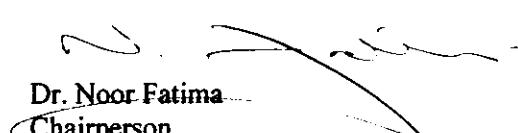


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ABSTRACT

India and Iran are two of the oldest civilizations and both shared historical affinities. But their relations faced ups and down during different eras of the history. After partition of sub continent, during cold war scenario both countries were part of Non -aligned movement (NAM), but practically their foreign policies were moving in two opposite directions. As India was inclined towards Soviet Union and Iran was perceived as client state of United States. After Islamic Revolution in Iran (1979) another phase of India-Iran relations embarks on. Unlike majority of non-Muslim states India welcomed Iranian revolution heartedly. Such Tehran's stance was valuable for Iran and they established economic and trade relations with New Delhi during the critical juncture. Iran gave immense importance to India as a one of the largest population of the world especially when Iran was facing American sanctions. The process of mutual relations was further influenced by the end of the Cold War.

And during the transitional period of new world system both countries emphasized on bilateral and regional cooperation. With the end of the Cold War and collapse of Soviet Union, on the one hand India lost its ally and on the other hand USA as a winner of the Cold War moved towards unilateralism which influenced foreign relations of other states. In such post Cold War environment Iran adopted pro-active regional policy to improve its relations with different countries including Indian, especially when she opened its doors for Iran. This policy facilitated Iran to encounter western and American pressure.

Furthermore, post 09/11 era re-awakened US preponderance in international politics. Incident of 9/11 has significantly changed international and domestic environment of state to state relations.

The present research endeavored to find out the major areas of convergence and divergence in Indo-Iran relations and analyzed the critical role played by US affecting their relations in post 9/11 era (2001-2010). This research analyzed the dynamics of the Iranian and Indian relations by keeping in view the US as a most significant influential factor. Post 9/11 era rearranged US relations with different countries and South Asia becomes initial theater for 'war on terrorism'. This enabled America to eliminate grey areas and declared affairs in the form of black and white which depicted dissection of countries into 'Friend and rival'. Such as US declaration of these

words "you're either with us' or against us" created great challenges for India particularly her policy towards Iran. Since in this era Iran was declared by US as a part of 'axis of evil and 'rogue state' (2002) and on the other hand United States gave importance to India as an emerging power and declared her as its strategic ally and India also realized importance of United States and its allies in regional and international affairs. Under such kind of relationship a lot of challenges were seen in Indian foreign policy towards Iran for instance; she voted against Iran twice (2005-2006) in International Atomic Energy Agency (IAEA). Meanwhile, India faced US pressure while pursuing Iran-Pakistan-India gas pipeline (IPI) and also faced reservations in the development of Chahbahar port. But in spite of these steps taken by India under US pressure against Iran, India is still considering Iran as an important regional power and willing to have collaboration with Iran in different areas because Indian leadership knows importance of Iran as a second largest crude oil supplier to India. In this regard, on different issues India refused to follow US and western sanctions against Iranian oil trade (February, 2012)

From the perspective of the post 9/11 scenario the research would be helpful in understanding the status of Indo-Iran relations, hindrances and possibilities lying between them. Furthermore, the growing relations of the countries and their foreign policies have certain objectives and due to the unavoidable process of globalization no country can live in isolation. The present study found the links and type of relationship between India and Iran as both are the most important countries in their spheres, having different ideologies and background. Despite these differences interdependence pushing India and Iran towards closer relationships and they emphasizes on importance of their needs in bilateral growing relationship. But due to the prominent factor of US their relations are facing problems. Facts are showing that Indo-Iran are more concerned with their national interests and pursuing bilateral relations in spite of hurdles created by United States. Despite these facts the role of United States in Indo-Iran relations cannot be ignored. Growing American interference in Indo-Iran relations can create challenges for these countries. However, further development of Indo-Iran ties may create challenges for United States foreign policy goals in regional and international affairs.

Acknowledgement

I express my deepest sense of gratitude to Almighty ALLAH the One to be praised, whose blessing and exaltation flourished my thoughts.

I offer the humblest thanks from the deepest core of my heart to His beloved Holy Prophet Mohammad (PBUH) the ocean of knowledge, guidance and Messenger of peace for the whole universe.

This dissertation would not have been possible without the guidance and the help of several individuals who in one way or another contributed and extended their valuable assistance in the preparation and completion of this study.

Words are countless to admire my thesis supervisor; I owe a deep sense of gratitude to my worthy and respectable supervisor Dr. Syed Qandil Abbass for his inspiring guidance and encouragement during my studies at university as well as during the research. He has been so much generous in making useful suggestion during all the phase of study.

Words cannot say the gratitude that I feel for my mother who's who affectionate and prayers have always been the key to my success, whose hands always raised for my bright tomorrow; her hands may never fall down. Words are not sufficient to pay attribute to my affectionate father whose devotion made me to achieve such a success. He always prayed for my success health and brilliant future. I express my deepest thanks to my parents whose love and sacrifices are invested and written on every page.

My gratitude to my teachers; Sir Rizwan Akhter, Ma'am Amna Mahmood, Dr. Manzoor, Dr Noor and Ma'am Nasreen Akhter, whose encouragement and academic support has been the source of inspiration throughout the preparation of my thesis till the viva-voc.

I am also thankful to my friends; Dilshad, Nick Robinson and Antony Bagalue who have given me help and encouragement of different kinds in course of my research .All of them are affectionately and warmly remembered

LIST OF ABBREVIATION

(AEOI) Atomic Energy Organization of Iran

(BP) British Petroleum

(IPI) India-Pakistan-Iran gas pipe line

(CARs) Central Asian Republics

(CPPRI) Central Pulp and Paper Research Institute of India

(CSIS) Center for Strategic and International Studies

(CTBT) Comprehensive Test Ban Treaty

(GUASNR) Gorgan University of Agricultural Science and Natural Resources

(GCC) Gulf Cooperation Council

(IAEA) International Atomic Energy Agency

(INA) Iran Non-Proliferation Act (INA)

(ISIPO) Iranian Small Industries and Industrial Parks Organization

(JBC) Joint Business Council

(JCM) India-Iran Joint Commission Meeting

(JWG) Joint Working Group

(LNG) Liquefied natural gas

(MOU) Memorandum of Understanding

(Mmscmd) Million Metric Standard Cubic Meters Per Day

(NAM) Non-Aligned Movement

(NIOC) National Iranian Oil Company

(NSIC) National Small Industries Corporation

(NPT) Nuclear Non-Proliferation Treaty

(OIC) Organization of Islamic Countries.

(SAARC) South Asian Association for Regional Cooperation

(TNRC) Tehran Nuclear Research Center

(WANA) West Asian and North Africa

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CHAPTER 1

BACKGROUND AND THEORATICAL FRAMEWORK

1.1 INTRODUCTION

India and Iran share civilization affinity and do not share any enmity till today. India and Iran have had also sometimes cold and warm relations in every era. Therefore, the factor is always different but in every situation somehow they tried to sustain it. Hence, this dissertation has analyzed Indo-Iran relations post 9/11 era; that in which level both are successful to maintain their bilateral relations. And how US factor affecting their relations is also analyzed critically.

In a complex and fluid geopolitical settings India and Iran are the important regional actors. Toward a multifaceted and mutual partnership, both played very crucial role in recent years. In terms of security interdependence between Persian Gulf and the sub-continent, their relations have grown, due to the growing relationship and with the development of slowly and steady relationship.¹ It is obvious that both have difference in religion as well as about the ideology and practice. And also geographic location is not as much closer. Despite these differences Indo-Iran both considered each other importance.

¹ John Calabrese, "Indo – Iranian Relations in Transition" *Journal of South Asian and Eastern studies* xxv, no.5 (summer 2005)

On the subject of the geographical location Iran is situated in Southwest Asia, the Middle East. It is bordered on the Eastern side of Iraq and Turkey, Western side of Afghanistan and Pakistan and Southern side of Azerbaijan, Armenia and Turkmenistan. Along the Persian Gulf, Iran's huge oil reserves lie in the southwest.² Population of Iran is 891,220 (July 2011 EST). And Shia covers 98% of total population and Sunni covers 2%. The largest lake of the world, Caspian Sea is at the North of Iran. The Persian Gulf as well as Oman Sea is at the South of Iran. Nearly 500 miles apart, at their closest point are the borders of India and Iran. With unique traits and dynamics, both states are commonly observed in the West as located in two separate geopolitical arenas. Iran is important because of its three tier relations with West Asia, Persian Gulf and with Iraq.³

On the other hand India lies in Southern Asia, bordering the Arabian Sea and the Bay of Bengal, between Burma and Pakistan. Total population of India is 189,172,906 (July 2011 EST.) The basic hidden factor of both countries' relation is their historical affinities and experiences which they commonly shared. And even during cold war, their relations also fall in different dimension but broaden beyond to the same degree in terms of South Asian security environment and West Asia as strategic interests were taken into account.⁴

² National Geographic, *Iran Facts*, <http://travel.nationalgeographic.com/travel/countries/iran-facts/> (accessed on October 10, 2010)

³ Calabrese, op.cit, 25

⁴ ibid

Hence, India-Iran location plays a very important role and has significance in each sphere. India is growing regional power in South Asia and Iran in the Middle Eastern region. The rich resources have made Iran a key player for India in order to meet its need and to influence in the neighboring countries. Whereas, Iran as it is emerging power in its sphere needs to be out from isolation and influence all matters.

Iran and India share Indus Valley civilizations since prehistoric times but later on their relations became weak with the advent of the British supremacy in 1757. But after 1947 they re-energized their relations in a different way.⁵ In 1950 India and Iran established their diplomatic relations. Since independence in 1956 Shah of Iran visited India and later in 1959 Indian Prime Minister Pundit Jawaharlal Nehru visited Iran. And this had led various visits during Shah's reign.⁶ Furthermore, about Indo-Iran relations, India's first Prime Minister Jawaharlal Nehru had said that;

“He doubted if there are any two countries in the wide world which have had such close and long historical contact as Iran and India”⁷

He further said in his first visit to Iran;

“Even as we take pride in the great past of Iran and India, we have to inevitably come to grips with the present and peep into the future”⁸

⁵ Harsh V. Pant, “ India and Iran: An “Axis” in the Making? ,” *Asian Survey* 44 , No. 3, (2004), 370, <http://www.jstor.org/stable/4128591>, (accessed October 10, 2010)

⁶ “India-Iran relations”, *Ministry of Commerce & Industry, Government of India, mea.gov.in/mystart.php?id=50044479* (accessed on March 08, 2011)

⁷ EAM Speech, “India and Iran; Ancient Civilizations and Modern Nations” PM’s statements at the G-20 Summit in Washington, *Strategic Digest*, Vol. 38, No.12, December 2008, 1557.

During Cold War period Indo-Iran's relations were not satisfactory due to many factors such as a rivalry between Soviet Union and USA, India-Pakistan wars, Iranian Islamic revolution (1979), Soviet invasion of Afghanistan and India's closeness with the Soviet Union. Post Islamic revolutions period when Shah was overthrown by revolutionary forces, USA perceived Iran as a major threat to its interest. Because collapse of Shah's Regime (US puppet government) and establishment of Islamic government in Iran, resulted Iranian hostage crises (post 1979 period) etc. which had direct impact on Iran's foreign relations.⁹ But with the passage of time the relations between Indo-Iran improved and many agreements were signed between them. Iran gained international attention in the Persian Gulf in 1980's because of two reasons: first was due to Iranian Islamic revolution and second was due to the Iran- Iraq war. These two reasons suited world political and economic interests.¹⁰ In the twentieth century Iran has come up with a new form of foreign policy since after the Iranian revolution.¹¹

Post 9/11 era had brought many challenges to Iran such as declaring Iran as a part of 'axis of evil' and 'rouge state' by the USA. This had affected Indo-Iran relations because Iran was considered as evil by the major power and also sanctions were announced for those who would set forth any relations with Iran. Seeing that USA perceiving herself as super power which can influence the foreign policies of different countries. USA has growing closeness with India

⁸ ibid

⁹ Paul Rogers, "Military action against Iran: impact and effects," briefing papers, (2010), Oxford research group.

¹⁰ Graham E. Fuller, *The center of the universe* (USA: Westview Press, 1991), 1.
¹¹ ibid, 24.

while increasing problematic relations with Iran creates hurdles on Indo-Iran's relation. By keeping these factors in view this study has analyzed the US factor in Indo-Iranian relations and their preferences by studying their historical background and events taking place.

Indian import of Iranian crude oil has traditionally been maintained by India-Iran economic and commercial ties. As study has showed that in 2009-2010 about \$ 10 billion trade had been done between India and Iran.¹² As current EU embargo against Iran which will be implementing from the June 2011, that will also likely to be affected Indo-Iran trade relations and India has rejected EU sanctions by keeping in view mentioned earlier factor.¹³ Iran's growing isolation would be a great challenge for Indo-Iran ongoing relations because West wants that India should join Western sanctions which were taken against Iran but India's economic interests and needs demand to have its relations with Iran. In this regard to finalize its directions India has to take cards into her hand. On the other side India had also joined hand with Iranian nuclear programme that it would destabilize the Middle East region.¹⁴

1.2 SIGNIFICANCE OF THE STUDY

Due to the changing nature of international relations which is sometime possible due to the some major events (9/11) and also sometime due to the

¹² India-Iran relations", *Ministry of Commerce & Industry, Government of India, mea.gov.in/mystart.php?id=50044479* (accessed on March 2011)

¹³ Harsh V. Pant, "India's Iran Challenge India walks delicate tightrope on Iran, Sunni-Shia relations and domestic politics", YaleGlobal, <http://yaleglobal.yale.edu/content/indias-iran-challenge> (accessed on February 12, 2012)

¹⁴ibid

unavoidable process of globalization. It is also witnessed that such events affects relationship of countries which sometimes contradict with past relations between countries. Due to this countries shape their relations on the basis of their needs and interests. By looking over India-Iran relations and US factor involving in their relations seek the core significance of this research. Primarily, it has a significant contribution in analyzing all dimension of India-Iran relationship. This research brought further some new understanding about where and how India is maintaining her relations at a same time with US and Iran. In this regard, it primarily fostered to appraise between India-Iran relations by keeping in view historical ties. Presently India considered Iran as an important player as its energy needs are concerns and on the other side India is also having strategic ties with US (global player). In this case to evaluate the future relations of India and Iran is clearly distinguished.

The research would be helpful for researchers as well as the students to analyze the dynamics of the Iranian and Indian relations by keeping in view the US factor. From the perspective of the current scenario the research would be helpful in understanding the current status of both countries relation and hindrances and possibilities lying between them.

Furthermore, the growing relations of the countries and their foreign policies have certain objectives and due to the process of globalization no country can live in isolation. The reason behind selecting this topic was to find out the links and type of relationship between India and Iran as both are the most important countries in their spheres, having different ideologies and background. Despite

these differences India and Iran are coming closer and but they emphasize on the importance of growing relations. But due to the prominent factor of US their relations are facing problems. The research will be helpful for the policy makers to find the possibilities and divergence of their relationship and this will be analyzed in the light of the US factor.

1.3 PROBLEM STATEMENT

India-Iran relations had not been very close since Cold War period; despite all they shared civilization affinities to a high level. The international politics did not allow them to have cordial relations. And post-Cold War period both realized to develop their relations due to the changing nature of international politics, alliances and as growing energy needs were considered. Both states have a lot of opportunities to promote bilateral relations including India and Iran's proposal to work on Iran – Pakistan – India (IPI) gas pipeline in order to meet energy crisis, Indo-Iran states can promote economic, social and political relations in a better way if they are not subject to intervene by the USA factor.

During the research, the researcher would be looking at answering the following questions:

1. What is the status of Indo-Iran relations after 9/11 era and why does India figure in Iran's foreign policy priority?
2. What are the political inclinations between Iran and India in post 9/11 period and how does US factor influence India and Iran relationship?

3. Why is India providing economic and technical assistance to Iran to develop the operational activities of the Chabahar Port?
4. What are the future prospects of Iran and India's relations? And how India – Iran's relations will evolve in future by keeping in view the US factor?

The main research question would be:

5. Why India and Iran in-spite of having cordial relations are far from being known as nexus?

1.4 HYPOTHESIS OF THE STUDY

Iran and India are having common interests and both are engaged in mutual relations on different levels, study has showed that their relations are not still on the required level which is hypothetically because of American concerns about their mutual relations in post 9/11 era.

1.5 REVIEW OF LITERATURE

This research has focused on the question that the cordial relation between Iran and India relations are not on that level which would be admirable and exemplary.

This issue is not unique and is already addressed by many different authors such as Harsh V. Pant has argued in his article “India and Iran: An “axis” in the making?” that Indo-Iran relations during Cold War between was not on a

large level due to the changing nature of the international politics and also due to the Cold War demand to join any bloc. In this way Iran had chosen the western bloc. India was neutral at time and adopted a ‘non alignment’ foreign policy at that time. The relations were complex when in 1950s India supported the Arab world leader of Egypt Jamal Abdel Nasser, as Iran had clashes with Egypt at that time. Therefore, this made Iran to set up relations with Pakistan. Indo-Iran relations were only limited to trade and commerce at that time. In 1970s and 1980s both countries’ relationship remained more fragile. In 1979 the Iranian revolution was one of the most important reasons behind that because India had supported Russian intervention during this year.¹⁵ The writer added that another reason that Iran and India’s relation did not enhance was the Iranian revolution in 1979. At that time Iran had become focus of attention of the international powers which illustrated a sense of superiority to others (post Shah Regime).¹⁶ And further argued that Indo-Iran relations were weak due to the Iran’s support on issues such as Kashmir issue, on the status of Muslim in India and in 1990s India’s role during Iraq invasion of Kuwait. The writer has argued further that transformation in foreign policies of countries came soon after the Cold War due to the changing nature of international affairs.¹⁷

The author further described in his article that Islamic fundamentalism increased after Khomeini regime. During this time India revived its policies towards Iran and tried to remove all its misunderstandings. In 1993 after

¹⁵ ibid, 370.

¹⁶ ibid

¹⁷ ibid, 370

becoming Narasimh Rao as a Prime Minister of India he visited Iran since after Iranian revolution (1979). This was the most important aspect in their relations. Then in 1995 Iran's President Akbar Hashemi Rafsanjani visited India and many important areas were negotiated. The author further argued in his article that when USA started redefining its policies towards India and Iran at the same time President Khatami's visit to India in 2003 paved more attention in US political discussion.¹⁸

Another author Ragen Harshe in his article "India- Iran relations under globalization" describes reason that during Khomeini decree, the state was selected to be "main instrument of Islamisation".¹⁹

Asma Shakir Khawaja in IPRI Journal wrote an article on "Iran-Pakistan-India Gas Pipeline Project: Paving the Way for Regional Cooperation", expressed her opinion that cordial relationship of India and Iran was based on mutual cooperation despite they were having different political and ideological system. Only a few miles from the Iranian border with Pakistan a road for the construction was allowed to India to build. Afghanistan, Central Asia, Russia and Europe will be easily accessible by India through the proposed North- South corridor. Also Suez Canal will easily be approached. This road map will be beneficial in terms of those natural resources of Central Asia and Middle East can easily be

¹⁸ ibid, 371.

¹⁹ Ragen Harshe, " India's Iran relations under Globalisation", *JSTORE*, (2011),<http://www.jstor.org/stable/4405757>, \: 2101 (accessed on December 12, 2011)

approachable to India because Iran will become main passage for India through which it can excess to the natural resources.²⁰

The literature review reflected that the questions which were raised earlier that the factor affecting India-Iran relations have not addressed the core issue behind the problem and it is still under discussion. Researcher believes that despite India having cordial relation with Iran, there is a US factor which is the hurdle on the way between Iran and India in the further development of relationship.

1.6 THEORETICAL FRAMEWORK

Theories have always been applied to explain state to state relationship and state behavior. Under a political philosophy sometimes a state make a policy and then works. A political philosophy is an ideology that shapes how a state will proceed in establishing its relations with other states and how it will make decisions concerning political issues. Political philosophy includes liberalism, conservatism, realism, communism, fascism etc.²¹

The study is conducted by one of the major variants of theory of Realism i.e. Classical Realism in international politics. As theories, concepts, ideas and paradigms are generated and modified from time to time and place to place in different social environment, therefore, their significance and interpretation is relative and different in philosophical variation. Hence, in a broader contour of

²⁰ Asma Shakir Khawaja, "Iran-Pakistan-India Gas Pipeline Project: Paving the Way for Regional Cooperation," *Islamabad Policy Research Institute* 6 I (winter 2006): 116, <http://ipripak.org/journal/winter2006/articles.pdf> (accessed on October 20,2010)

²¹ Anthony O' Hear, *Political philosophy*, (London: University press, 2006), 25-65.

theories, this study will follow the Realist school of thoughts. Realism is also famous by the name of Political Realism. This study will follow the Classical-Realism assumptions as a theoretical framework and will look upon the Classical Realism's assumptions which was adopted as a state policy of USA in the form of 'Containment' as a strategy tool in order to contain particular country. Therefore, point is to be kept in mind that it is not possible to apply all assumptions of any theory in a given study. Before going to describe how containment justifies Classical Realism it is important to shed light on Realism.

In 1939 E.H Carr laid the groundwork of Realism school of thought in international relations. It also faced criticism at that time, but its proponents supported it by giving different logics and arguments.²²

A principle actor in the international arena is state that is considered by the Realist school of thought. Because state preferred its self first with respect to security, national interest and power struggle.²³ Therefore Classical Realism also justifies these points. This dissertation's topic as 'USA factor in India-Iran relations: Post 9/11 era, suggested that USA considering herself as hegemonic, possess the great power capabilities. For this reason to secure her with reference to maintain its position and interests for longer term, it could adopt such policies that favour her. In this regard the Containment policy is adopted by USA to contain those factors which endanger its security and existence. Thus

²² John J. Mearshimmer, *The Tragedy of great Power Politics*, (London: Norton and Company, 2001), 46

²³ Korab-Karpowicz, W. Julian, "Political Realism in International Relations", *The Stanford Encyclopedia of Philosophy*, (Fall 2010): 89, <http://plato.stanford.edu/archives/fall2010/entries/realism-intl-relations/> (accessed on December 20, 2010)

‘Containment’ would be the main line of argument of this proposed study. Containment is the term used by USA to control nations, in order to describe to prevent countries from communism.²⁴ In order to avoid that fear there are policies and strategies were implemented to contain such movements during Cold War to contain Soviet Union. This had clearly justified by James Kitfield in his article “Iran Nuclear Crisis Forges Coalition for Containment “published in National Journal, that:

“Containment has been the United States’ option in dealing with an opponent”²⁵

This demonstrates that if any regime by force or arms could not be changed for what they are asked for then the Containment will be the best suitable method in order to contain that specific country.²⁶

As a part of Truman doctrine, Containment was adopted by President Truman.²⁷ During the Cold War the Containment was a foreign policy which was followed by the United States. In 1947 this new trend was brought by George F. Kennan who was the founder principle of Containment policy. He said that:

²⁴ ibid

²⁵ Mearshimmer, op.cit,46.

²⁶ ibid

²⁷ Robert Wilde, “Containment,” (March 19, 2005),
<http://europeanhistory.about.com/od/glossary/g/glcontainment.htm> (accessed December 22, 2010)

“Communism needed to be contained and isolated, or it would spread to neighboring countries”²⁸

George F. Kennan (then diplomat and U.S. State Department advisor on Soviet affairs) at that time had introduced this term into public discussion. Hence, urgent aid to Greece and Turkey in terms of economic and military was the first implication of Truman Doctrine. This was the practical accomplishment seen as a Strategy of Containment found in the Truman Doctrine of 1947.²⁹

1.6.1 THEORATICAL MODEL

Indo-Iran domestic relations play influential role but sometimes both influence bilateral relationship and sometime one of them influences their bilateral relationship. In the case of Indo-Iran bilateral relations, studies show that domestic environment has very minor influence on their relationship rather it should be a supportive. But external environment extremely influences their bilateral relationship. For example USA is at this time dominant power and influencing world politics. In USA foreign policy goals India and Iran are dealing in a two opposite extremes. As US is following Containment policy towards Iran but on the other hand it has strategic alliances with India.

²⁸ Kennedy Hickman, “Containment,” (May, 10, 2010),
<http://militaryhistory.about.com/od/glossaryofterms/g/Containment.htm> (accessed October 10, 2010)

²⁹ The Containment Policy Period: 1950s, *Digital history*,
http://www.digitalhistory.uh.edu/database/article_display.cfm?HHID=485 (accessed October 21, 2010)

Model of the study has focused on that how US factor has effected Indo-Iranian relation directly and indirectly. This would be understood by taking an example of Cold War where Containment was used as strategy to contain communism during Cold War. Where the tensions between the USA and Soviet Union were at a great level at that time and US had applied the containment strategy to control Soviet Union. Therefore, Post-Cold War period changes were made in the form of that Containment was regarded into "Dual Containment" as a USA state policy. Dual Containment refers to the containment of Iran and Iraq. Hence this study has discussed Containment with especial reference to Iran had created such problems which restrain other countries to make cordial relations with Iran. As 'Dual Containment' means containment of Iraq and Iran. For this reason, the USA efforts to contain Iraq resulted in terms of regime change.

Soviet Union was replaced and Iraq was another factor for the US where containment policy was applied in order to contain Saddam Hussein's regime since the independence of Kuwait. This was possible by stable enforcement of sanctions and by military operations.³⁰

James Kitfield in his article "Iran Nuclear Crisis Forges Coalition for Containment" published in National Journal shed light on different views on Containment with special reference to Iran, that:

³⁰ James Kitfield, "Iran Nuclear Crisis Forges Coalition for Containment," *National Journal*, (December 17, 2010), http://www.globalsecuritynewswire.org/gsn/nw_20101217_8257.php (accessed on December 12, 2010).

"Containment as equivalent to détente, or accommodation, with a regime they find abhorrent." ³¹

Others viewed containment as:

"A formal containment strategy would concede nuclear arms to Iran and thus devalue the threat of military action to destroy its nuclear facilities." ³²

To contain Iran, economic, political and military (nuclear deterrence) are the basic principles of Containment strategy. Thus containment in respect to Iran holds the following approaches,

1. Political approach which deals that through diplomatic efforts to isolate Iran from rest of the world and to restrict Iran to play influential role in the geo-politics of South West Asia. This would help USA to contain Iran by supporting many groups which are against the regime in Iran by adopting covert actions.
2. Military approach means to bring constrains in military progress of Iran and to sanction Iran so that it would not be a militarily powerful and stop Iran from the acquisition of nuclear weapons which includes ballistic missiles or weapons of mass destruction. It also includes military deployment around the Persian Gulf in order to enforce the red lines, restrain Iran to deter attack on American allies.

³¹ ibid

³² ibid

3. Economic approach means to bring such reforms (economic sanctions) so as to bring constrain in economic progress of Iran.³³ Goals of containment include restricting Iran within its boarder to stop its activities to harm America's allies and destabilize the region.³⁴

By analyzing the above study the line of argument for proposed research would be that "USA containment of Iran". As the 'Containment policy' of USA suggests containing Iran in such a way that it is isolated from the rest of the world (as India is important point by this proposed study) by adopting different tools such as: economic, political and military.

There are two diverse approaches of US foreign policy in dealing with India and Iran. As one angle it falls in USA foreign policy towards India and second follows in USA foreign policy towards Iran. Keeping in view one extreme of USA-India relations the study will look upon the various factors how USA is trying and to keep India and Iran apart from making a close ties by using different strategies in the form of favours such as: Indo-US nuclear deal along with Most favored nation (MFN) status was also to be noted and present its efforts regarding India permanent seat on the U.N Security Council (UNSC).³⁵ And second extreme deals with USA-Iran relations, which are totally opposite to the former. Thus USA does not wish to let cordial relation developments between India and Iran.

Study shows that once Iran was an important ally of United States during Cold War such as USA supported Iran against Soviet Union, supported Shah of

³³ Ahmed, Majid, "The Iran," United State Institute of peace, (Washington), <http://iranprimer.usip.org/resource/containing-iran> (accessed on January 15, 2011)

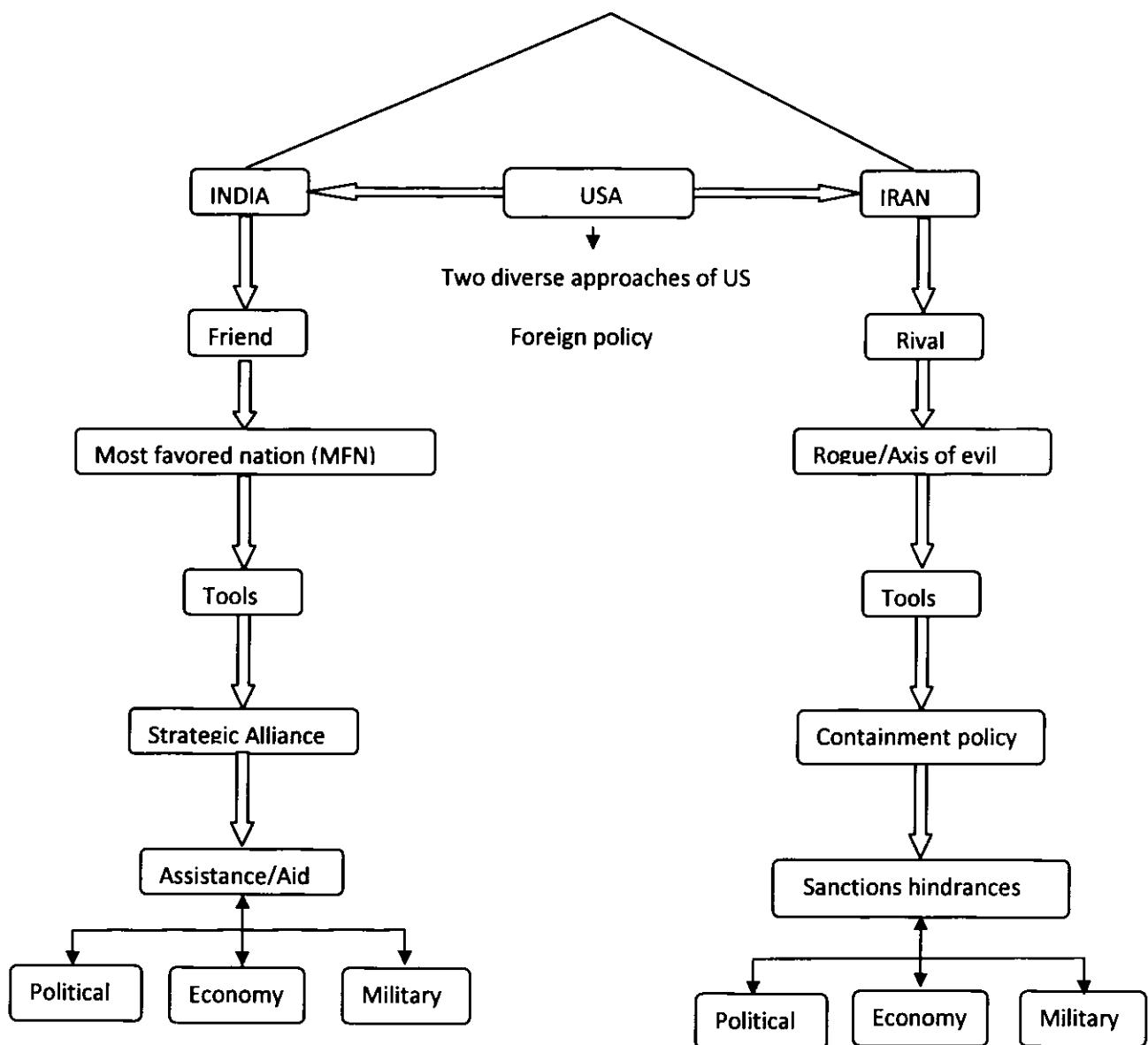
³⁴ ibid

³⁵ ibid

Iran and via military aid. But after the collapse of Shah's regime in 1979, there is a continuous hostility between the two states till now.³⁶ This has reflected in the model (created by the author herself) that USA declared Iran as a part of "rogue state which was replaced by an "Axis of evil" (2002) by the President Bush and to contain Iran USA is trying to adopt methods to isolate Iran from the India and how USA had created hurdles on the way to Indo-Iran relations. And in addition the study will find how India and Iran relations will develop by disregarding US involvement? Hence on the basis of facts and different events as discussed above this study proposed a model, which is drawn below.

³⁶ Keith Porter, "The US-Iranian Relationship," *US Foreign policy*, <http://usforeignpolicy.about.com/od/countryprofile3/p/usiranprofile.htm> (accessed on December 21, 2010)

Theoretical Model



However, US policy of Containment with especial reference to a part Indo-Iran is the important part of USA policy. The research will be looking upon the various factors that how USA is trying to contain Iran by following Containment policy and how it is instructing India to refrain from Iran.

1.6 AIMS AND OBJECTIVE OF THE STUDY

The study aims at analyzing role of USA especially after 9/11 in Indo and Iranian relations. As India-Iran relation are going on one line but that line was disturbed by the US factor. The alliances are based on the statement that the both India and Iran share the norms and values so they can stand together in order to meet their interest. Both unanimously defined their interests and mode of relationship in post 9/11 era, but US factor has been involved in their beneficial relationship. The objective of this study is to find out that how US as an intervening factor continuously disturbing India-Iran relations in the light of growing development in the relationship of USA with India while opposite policy dealing with Iran directed many changes in India-Iran relations. Such as India-US nuclear deal is the one of the major example in this context. The descriptive portion of the research will help the students of the related field in getting the knowledge of the US factor in Indo-Iran relations and cooperation's during post 9/11 period till to date.

1.7 RESEARCH METHODOLOGY

This research is descriptive and analytical. Primary and secondary sources are consulted. A primary source consists of the statements, interviews taken from

online sources and Govt. official websites. The secondary sources are also cited such as different books, newspapers and articles published in various journals and in magazines. Different libraries such as National Library of Islamabad, Library of International Islamic University Islamabad, Quaid-e-Azam University's Library, National Defence University's Library, National Library Islamabad and Allama Iqbal Open University's Library visited for research purpose.

CHAPTER 2

INDIA-IRAN RELATIONS: HISTORICAL BACKGROUND

2.1 INDO-IRAN RELATIONS: PRE 1947 PERIOD

To analyze the current status of Indo-Iran relations it is necessary to have a look on the past. For any country's current relations, it is necessary to look upon its historical experience because it plays a vital role in reshaping of future relations. The study below will analyze the historical links and ties with the facts that how India and Iran experienced their relations during different phases of the history.

Indo-Iran relations could be traced back in Hindus oldest literature which is also called of Indian Hinduism thought Veda. According to the Vedas and the Avesta the Indian and Iranian both called themselves Aryans during prehistoric time. It is also believed that many gods were worshipped by the Indian and Iranian such as Mithra, Vayu etc. The Iranian language has many similarities with the

Vedic languages. Iran was also believed as the first of 16 “good lands” according to the Vendida, which was created for the Aryans by Ahura Mazda.³⁷

Relations existed at that time between Vedic Indian and Iranians from their scriptures. In this regard they were called one people originally who were living in Central Asia and later migrated to India and Iran. The Indo-Aryans and Indo-Iranian languages are included in the family of Indo-European languages on the basis of earlier mentioned characteristics. It was believed that the Iranians came to Iran and worshipping of Mezda (god) was quite before the 6th century BC, earlier than the rise of the Achaemenid dynasty in Western Iran. In the Vendidad it was written that in Eastern Iran and in adjacent regions Avestan religion was followed. Around 2000 B.C the evolution of the Vedic religion and culture could be traced. The Aryan civilization began about 1000 years before the Iranians came into Iran and Mazda religion began there. Later from Western India, Indo-Aryans moved to Afghanistan and Iran with the purpose that was believed due to trade (something else). In the 2nd Millennium B.C. Indo-Aryans went to Northern Mesopotamia with their languages and gods and established the powerful kingdom of Mitanni there.³⁸ Hence, people living in Iran to the West of Sind are also known as Aryans.³⁹

As recorded in history, that the first diplomatic relations between the two countries founded in 625A.D when a great Chalukyan king of South India named

³⁷ Verinder Grover, edi. *West Asia and India's foreign policy* (New Delhi: Deep and deep publications, 1998), 196-197.

³⁸ ibid, 197-199.

³⁹ ibid, 260.

as Pulkesi II defeated King Harsha and sent an ambassadorial delegation to King Khusro Parvez of Iran and when they returned back from there an embassy was sent to the Indian King.⁴⁰

In terms of heirs of great civilization as both are considered to share mercantile traditions and form part of the broad and far-reaching maritime-overland Eurasian commercial corridor. The most important thing in their relations is that they never had traditional enmity and nor they were stranger to each other. Culturally India and Iran were linked through Citadel - palace of Golconda (one of the great monuments also known as Qutb Shahi dynasty). It was supposed that this dynasty was governed for one hundred and sixty years and was begin from Persia.⁴¹ Post and pre eras of the rise of Islam both had a strong relation in economic, political and cultural fields. Hence, it is quite interesting that they did not have any historical enormity nor they live in isolations.

Territorial and maritime advancement by foreign powers had affected Indo-Persian relations. It could be analyzed that in the later part of fifteen century with the arrival and dominance of Portuguese navy had halted sea trade between Persia and coastal India. In nineteenth century the further advancement of European over trade with India and with Far- East were on the prospect then at that time the Persian Safavid dynasty struggled to resist them. This struggle ended in 1857 after British supremacy over India. As a result, India- Iranian commercial interaction

⁴⁰ ibid

⁴¹ Calabrese, op.cit, 28

decreased due to the British rule over India.⁴² This has one hand decreased their interaction but on the other hand India's link towards Iran and Central Asia had been effectively securing. It is also noted that due to the imperial "Great game" Iran also suffered, in terms of Anglo-Russian rivalry.⁴³ Many factors were evolved during different phases of history which lower their relations but regardless of all that there had been no clashes and enmity were seen. Hence, these elements led them to consider their relations in future.

The Pahlavi regime happened to be one of the golden periods for Indo- Iranian relations throughout the history of India and Iran. King Raza Shah overthrew Ahmad Shah Qajar in 1926 and Raza Shah become king of Iran. In order to strengthen its economy, King Raza Shah appealed to all Iranians which were migrated to different parts of the world including India to settle back in Iran and work for the betterment of economic stability. Special appeal was made to the Parsees who lived in India that they could come and settle down there, with their religion and that will be secured and fully protected.⁴⁴ Later half struggle of independence in sub-continent had also brought decrease in progress of their relationship. This could be also regarded as factor for their low level relations.

2.2 INDIA-IRAN RELATIONS: COLD WAR ERA (1947-1979)

Post-World War II period had brought many changes as many countries got independence and world had witnessed power struggle in the form of two

⁴² ibid

⁴³ Enayatollah Yazdani, "Essay: Dynamics of India's Relations with Iran in the Post-Cold War Era: A Geo-Political Analysis," *South Asia: Journal of South Asian Studies* 30, Issue. 2, (2007): 352.

⁴⁴ Grover, op. cit, 261-262.

different blocks. As countries got independence, for such kind of newly states needed to have international relations and interactions with other countries for the recognition. For the progress in relationships Bandung Conference in 1955 was one of the important conferences which brought many Asian countries together. Pundit Jawaharlal Nehru was forefront leader who called Bandung Conference. The aim behind this conference was to ensure peace and stability in the region due to the worst holocaust of the Second World War. This cemented the greater value in Iranian hearts. This could be analyzed that Mahatma Gandhi, Tagore and Nehru became the household figure in Iranian writings. Mahatma Gandhi's and Pundit Jawaharlal Nehru's autobiographies were to be first time translated in Persian language. This led towards the cultural visit by Iran to India in 1944 at the invitation of Indian government and both had exchanged great goodwill.⁴⁵

Coming toward twentieth century both countries relations could not flourish due to the domestic and external environment and also it was believed that territorial proximity between both countries disrupted after the partition of subcontinent in 1947. Regardless of these hurdles, both were attached due to the Religious (Islamic) factor. In 1950s Shah of Iran as a first head of the state visited Pakistan and India. This had brought Indo-Iran some extent closer. As a result, Iran started diplomatic relations with India and signed a treaty of friendship. Hence, this treaty was signed in 1950, which was called "Perpetual peace and friendship". Tensions between West and South Asia increased when the Cold War was on its peak in 1950s and this had affected Indo-Iran relations once again. At

⁴⁵ ibid, 263.

that time both countries preferred survival in terms of securing their independence and to make stability certain by adopting different dimensions, such as; India adopted policy of non-alignment (NAM) and Iran allied with the US.⁴⁶ Indo-Iran relations had many ups and downs, sometimes remaining warm and sometimes cold. Even though they always started their efforts to consolidate their relations in a better way like an example, in 1959 Shah of Iran visited India. Further warming trends in Indo-Iran relations came due to the Shah's westernization and during 1962 Indo- Sino war viz-a viz external political support towards India. But again in 1965 and 1971, Indo- Pakistan wars affected Indo-Iran relations because of Iranian support towards Pakistan.⁴⁷ India was not happy due to Iranian support towards Pakistan but keeping aside that both wished to develop their relations.⁴⁸ Therefore, Indo -Iran relations effected due to the wars took place between India and Pakistan and Iran's support toward Pakistan. But the important point was that regardless of these tensions there were no enmity existed.

1960s considered the important era in the development of India and Iran relations. As, in 1965 with the development of a Joint- Indian-Iranian (JII) development of the Madras refinery in India had increased their relations significantly than before. Because Iran viewed that a sudden rise of Iran as a financial power would pave the ways to grow their relations with other countries including India.⁴⁹

⁴⁶ Calabrese, op.cit, 42.

⁴⁷ John Calabrese, op.cit, 43

⁴⁸ Yazdani, op.cit, 354

⁴⁹ Maqsudul-Hasan Nuri, "India and Iran: Emerging Strategic Co-operation?," *Islamabad Policy Research Institute*, III, No.3, (2003): 83.

Another step taken by India and Iran in order to strengthen their economic relations received a major boost in January 1969 when Shah of Iran visited India and decision took place for the Indo- Iran Joint Commission for Economic, Trade and technical cooperation. Hence that year was very important as in that year 1968-69, their trade was doubled. This can be seen in the figures that in 1967-68 the Indian exports to Iran went up from Rs. 102 million to Rs. 214 million and later during the same period 1968-69 it was Rs. 388.9 million to Rs. 863.7.⁵⁰ Iran Shah's high capital investment cooperation was evident as an aid to Eastern zone countries in 1974 to 1975 led to Iranian importance more than before. As, for the emergence of Iran as a regional power as well as a great source of regional bargaining power, it is believed that Shah's vast petro- dollar wealth was led the ways for the progress in its intensive resources of diplomacy in the region.⁵¹

In 1973 an issue that had created tense situation between India and Iran was the issue over Helmand River which was between Afghanistan and India and Iran was favoring Afghanistan. Hence, trade with India was five times greater in the years of 1965-70 after the establishment of Indian- Iranian development of the Madras refinery in India.⁵²

On 22 February, 1974 an agreement was signed between India and Iran called "the Protocol of the Indo-Iran Economic Co-operation Agreement". From Indian side it was headed by Foreign Minister Swaran Singh and from Iran's side Minister of Economy Hushang Ansary. The basic aim of this agreement was to

⁵⁰ Verinder Grover,edl. *West Asia and India's foreign policy* (New Delhi: Deep and deep publications, 1998), 288

⁵¹ Nuri, op.cit, 83.

⁵² Talat Parveen, *Iran's policy towards the Gulf* (New Delhi: Concept publications, 2006), 82-84.

supply an extra 1 million tons of crude oil.⁵³ As the economy is the important thing for the countries in order to progress and to flourish. Their trade relation mostly had been accomplished through Moscow, earlier to the collapse of Soviet Union.⁵⁴

However, India-Iran's relations were at low level due the Cold War intensity and along with the alliances they formed during that time. But along with the challenges and opportunities of that time their relations were not converted to any conflicting side. As India headed Non-Aligned Movement apparently and indirectly favored Soviet bloc was also a reason behind their low level relations during that time.

2.2.1 INDIA-IRAN RELATIONS: POST IRANIAN ISLAMIC REVOLUTION (1979-1990)

Iranian Islamic revolution in 1979 played a significant role in shaping of Iranian foreign policy. Because such kind of changes occurred after a centuries and such events set a footprint for a longer term.

Iranian Islamic revolution took place when widespread demonstrations and strikes were seen in 1979 which led to the overthrow of US client state.⁵⁵ It is also believed that the Iranian Revolution run under the leadership and supervision of

⁵³ Grover,eds. op.cit, 275-276

⁵⁴ ibid

⁵⁵ Max Fisher, "The Decline of American Client States", *The Atlantic*, <http://www.theatlantic.com/international/archive/2011/09/the-decline-of-american-client-states/245592/> (accessed on September 27, 2011)

the Ayatollah Khomeini.⁵⁶ Earlier for more than three decades Iran was ruled by Shah Mohammed Reza Pahlavi. He remained strong ally of the US for the containment of communism with respect to Soviet Union. And USA fully supported this regime and also provided Iran sophisticated modern weapons and jetfighters whose worth was more than \$15 billion. Hence, in 1979 Shah was overthrown by Ayatollah Khomeini and declared Iran as an Islamic state. He believed that Islamic values were threatened by the West. Thus, no more foreign interference in Iran would be accepted.⁵⁷ Therefore, Iranian foreign policies changed completely on a large scale and it was bit challenging for other states to conclude their relationship with Iran. Because on one hand, Iran was remained the firm ally of USA during Cold War, on the other hand suddenly US changed its attitude towards Iran and imposed sanctions. In this case rejecting the USA policies were not tolerable by the United States as well as its allies.

Indo-Iran relations in post 1979 period were not flourished, as it is believed that the first reason was one of the Soviet invasions on Afghanistan in 1979; second was the Iran-Iraq war in 1980-88; third was of the Iraq invasion of Kuwait (1990) with India's support and also due to the Indo-Soviet relations.⁵⁸ But if Indo-Iran relations were analyzed on the context of Islamic revolution of Iran (1979) then India acknowledged it as a right of 'self-assertion' and a matter of national identity. And India also agreed on that the post-revolutionary

⁵⁶ Emma Lynch, "Slideshow: Iranian revolution 1979," *British Broadcasting Centre*, (February 2, 2009), http://news.bbc.co.uk/2/hi/in_depth/7856172.stm (accessed on May 18, 2011)

⁵⁷ Sudershan Chawla, D.R Sardesai, edi. *Changing Patterns of security and stability in Asia* (New York: Praeger publishers), 171-172.

⁵⁸ Nuri, op.cit, 4.

leadership of Iran was flexible.⁵⁹ And new revolutionary government of Iran was welcomed by India that an unofficial delegation headed by Ashok Mehta was sent to Iran and expressed good wishes in order to strengthen their ties with new revolutionary leader and Iran had showed a positive response in this regard. But it was an unofficial visit, there had not been any high level official visit took place during 1979 to 1993.⁶⁰ It also showed the interests to have good relations one side and both together found out the ways and means to progress by keeping in view their future prospects but on the other hand official bilateral visits were not held in a longer term. In 1980s both collaborated on economics as well as industrial side but to lesser extent. It is also said that the hallmark of current relationship of both the countries was based on the progressive relationship of this era.⁶¹ Their relation also strengthened due to the Indian unsurpassed regional power image in South Asia. India had remained for Iran a source of technical and commercial collaboration and also represented a large market for Iran's energy exports.⁶² Hence, Iran at that time was a growing regional power and both realized each their importance. However, Iran's revolution was not welcomed by the West and its allies during that time.

In 1983 "The Indo- Iran joint commission" was established, it was the first institutional mechanisms established to guide Indo-Iranian relations. This commission was set up to discuss and review progress made on economic issue at

⁵⁹ Calabrese, op.cit, 54.

⁶⁰ Yazdani, op.cit, 5

⁶¹ Calabrese, op.cit, 22

⁶² Enayatollah Yazdani, op.cit, 358

the foreign ministerial level.⁶³ Therefore, India and Iran relations boosted since Iranian revolution and it gave a new way to set up their relations. It showed that the nature of relationship during this period was based on the economic factor. The image of India as a growing regional power and Iran as a challenging state had paved a way to establish their relations in a better manner. But even their needs of growing relations could not even help to boost their relations on a higher scale because of US factor.

2.3 INDIA AND IRAN: EXPANDING TIES IN PRE 9/11 ERA

(1990-2001)

Further this research will analyze the cooperation between India and Iran relations in post-Cold War era which would be primarily based on the following sectors such as political, economic and defense. As, the collapse of Soviet Union resulted to new world order which had brought many changes in countries foreign policy priorities options due to US victory and changing nature of International Relations(collapse of Soviet Union context).

After the collapse of Soviet Union period India no longer enjoyed “privileged access” it had before. Indian officials had to negotiate with the Central Asian states on bilateral bases. Due to the state of India relations with Pakistan and with China, overland commerce between India and central Asia remained

⁶³ Calabrese, op.cit, 54.

keenly sealed off. As a result for Iran, India has become main gateway to the region as Iran by desirable quality its contiguity with landlocked Central Asia.⁶⁴

In the early twenty-first century the rise of Iran as a regional great power was one of the most important developments. This was not mainly due to the Iranian's nuclear programme posture but others factors such as Iran's geopolitical assets which had played important role. It was believed that Iran's growing influence had serious consequences for the region's stability and Western interests in terms of ideology and extremism.⁶⁵ Reformation of foreign policy objective by the major states of the region in South Asia and West Asia generated due to the collapse of Soviet Union. In 1990s, in order to improve relation with neighbors, Iran influenced a "pro-active" regional foreign policy.⁶⁶.

As mentioned earlier, the Soviet withdrawal from Afghanistan was the vital factor that had brought the Indian and Iranian relations closer. Along with that Kuwait Crisis in 1990s, end of the Cold War and in West Asian and North African (WANA) the emergence of Pan Americana and last but not the least common security threat perceptions brought India and Iran closer.⁶⁷ Thus, the collapse of Soviet Union had paved a way to various countries to determine and reshape their foreign policy objective because of the power structure change. This paved the

⁶⁴ ibid

⁶⁵ Barry Rubin, "Iran: The rise of regional power" *Middle East Review of International Affairs* 10, No. 3, (10/10 - September 2006), <http://meria.idc.ac.il/journal/2006/issue3/jv10no3a10.html> (accessed on May 20,2011)

⁶⁶ Homa Katouzian, Hossein Shahidi, eds. *Iran in the 21st century politics, economic and conflicts* (London and New York: Routledge Taylor & Francis Group, 2008), 58.

⁶⁷ A.K. Pasha, *India, Iran and the GCC States Political strategy and foreign Policy* (New Delhi: Manas Publications, 2000), 228.

approaches for India - Iran relations into a new direction as to secure their security imperative.

In terms of the security of Iran the changing foreign policy of Iran was due to the USA and Iraq factors. Because the growing relations of USA with GCC states as in the case of USA containment policy of Iran was visible after the Cold War to isolate Iran putting on economic sanctions and also the ongoing hostility at that time with Iraq brought Iran more closer to India.⁶⁸ As Iran is located at the bond of South Asia and Iran being in the Middle Eastern region, for more than a millennium it has provided a major channel for cultural, religious and economic exchanges between India.⁶⁹

In early 1990s incrementally positive change had been seen in India and Iran relations, in 1992 Iran's then Foreign Minister Ali Akbar Valayati visited India.⁷⁰ These visits were not apparently noted on the large scale but this had paved the way for ongoing relationship. After the collapse of the Soviet Union, there was the major shift in the country's foreign policies. USA escalated its policies to contain Iraq and Iran as a part of its 'Containment policy' and Iraq was the first in this regard.

After becoming Indian Prime Minister, Narasimha Rao's visited Iran in 1993, since the revolution it was the first state visit. Iran's then President Ali Akbar Hashmi Rafsanjani declared that state visit a "turning point" in bilateral

⁶⁸ ibid

⁶⁹ ibid

⁷⁰ Calabrese, op.cit, 54.

relations.⁷¹ And both shared the common view regarding USA stand on Iraq by saying that there should be no violation of any country's sovereignty and integrity.⁷² A reciprocal visit to India by President Rafsanjani also took place in 1995 and series of high level visits continued which strengthened their relations in terms of economic interest in key technological sector.⁷³ In this visit, President Rafsanjani highlighted the need for the collaboration in terms of strategic co-operations towards outside interference and supremacy in the South Asian and Gulf region.⁷⁴

In this way, after analyzing their type of relationship and progress they approached for the next step and signed agreements. Because it is the environment of today's world and need of the country that was not to remain isolated.

Therefore an agreement was signed by India, Iran and Turkmenistan, regarding "transport corridor" in order to link Central Asia to India through the Iranian road-railway network and the port of Bandar Khomeini in 1995. In this way the nature of relationship between India and Iran was analyzed. It is the hub of a producer-consumer relationship, as their energy relations are concerned in terms of long need and to serve immediately.⁷⁵

In this way the nature of relationship between India and Iran was analyzed. It is the hub of a producer-consumer relationship, as their energy relations are concerned in terms of long need and to serve immediately.

⁷¹ Fair, op.cit, 26

⁷² "Mario Einaudi Center for International Studies," Cornell University, (New York)

<http://www.einaudi.cornell.edu/files/SAPseminars/sdarticle.pdf> (accessed on February 22, 2011)

⁷³ Fair, Op.cit, 27

⁷⁴ Pasha, op.cit, 230

⁷⁵ Calabrese, op.cit, 54.

Indian interest to have the relation with Iran was not limited to the above discussed things but also to the common interest of both brought them together in the form of Central Asian Republics. And Iran had also offered India the transit facilities; this was to bring the great shift in their trade. Along with these factors Afghanistan was also the key meeting point of collaboration between India and Iran. Because of civil war that started at that time and Taliban's emergence desired Iran to involve for finding out the solution to Afghanistan⁷⁶

After a long time, series of visits took place towards each other and that had boosted their relations and the future prospects were negotiated between them even by knowing the factor affecting their relations. The factor highlighted here was of USA which had limited their relations progress. Therefore, the USA as a hegemonic structure and its hegemony needed to be tested many times and Iran was the ball in front of the key player.⁷⁷ Along with the above mentioned changes there were also activities taking place within Iran that had brought positive changes.

Such as, rise of reformist activity resulted due to the surprise election of Mohammad Khatami's in 1997 as President. This created a soft image of Iran in terms of more expression of freedom, in legal process a greater performance, Human rights and also to establish links in regional and international level.⁷⁸

⁷⁶ ibid

⁷⁷ Katouzian, op.cit, 256.

⁷⁸ ibid

Changes are created according to the situation because there are many factors that are trying to either bring together that country closer or keeping apart. But for a long term plane countries have to act wisely and make such alliances that would be beneficial for a country. Thus association of Iran with India was dire need of both countries because both had the potential and are acknowledged to be regional power on each sphere. But along with their growing relations, there were also some points of divergence where they had to act rationally, because disputes and interests could not be ignored.

Therefore, election were held in 1997, resulted President Khatami as President of Iran and new Foreign Minister of Iran was appointed named Kamal Kharrazi, both showed greater interest in their relations with India and to expand cooperation.⁷⁹ Consequently, the interest of interaction that had played role for the growing convergence of India-Iran relations was not limited to the broader scale. These major events had brought both countries together in Central Asian engagement. For India it had to diversify its link in Islamic world to counter Pakistan's influence and also India's being the second largest Shia population after Iran.⁸⁰ Iran had always good relations with India but when it comes to the point regarding the Muslim issues it had given always a strong voice against that action.

The motivation behind was of Pakistan factor as Iran lies on Pakistan's Western border and for India, Iran presented a possible strategic

⁷⁹ Pasha, *op.cit*, 228

⁸⁰ Yazdani, *op.cit*, 23

benefit.⁸¹ Regarding the assistance in nuclear sphere was also observed in this era in terms civilian nuclear program. In 1991, a ten-megawatt research reactor installed at Moallem Kalyaeh, was required by India to sell to Iran and also sought selling Iran a 220-megawatt nuclear power reactor. But it was not materialized due to the US pressure.⁸²

Prime Minister Atal Behari visited Iran in 2001 and they agreed to enhance their relations further. Rather than a longstanding strategic environment, their strategic understanding involved more of “security cooperation”. Iran faced challenges from the US side as its development of nuclear programme and supporting terrorist groups were visible post Iraq scenario.⁸³

Till so far before 9/11, there had been brought many shifts in India-Iran relations. Post 9/11 event there was challenges and opportunities on the way to India-Iran relation which will be discussed in the next chapter. And level of cooperation exist between them on major areas will be also discussed.

⁸¹ Xenia Dormandy, “India-Iran Relations: Key Security Implications,” *Belfer Center for science and International affairs*, (March 24, 2008)

http://belfercenter.ksg.harvard.edu/publication/18176/indiairan_relations.html(accessed on May 18, 2011)

⁸² Fair, op.cit, 279

⁸³ Nuri, op.cit.

CHAPTER 3

POLITICAL DIMENSION OF INDIA AND IRAN RELATIONS: POST 9/11 ERA

3.1 IMPORTANCE OF INDIA-IRAN POLITICAL RELATIONS: POST 9/11 ERA

Political relations are the most important factor for any country to develop relations. India- Iran showed a great motivation on their political relations. About the political relations the Albert Einstein said:

“It is the duty of every citizen according to his best capacities to give validity to his convictions in political relationships”⁸⁴

Therefore, political relations are a necessary part for state to state relations. In this regard India and Iran had also formulated their relations. Earlier the study discussed about the historical affinities leading to post Cold War era relations. Soon after the Cold War era India and Iran both stressed the need of their relations. And many official visits were taken place between both countries. The post 9/11 period had brought many shifts in India-Iran relations such as, the attack

⁸⁴ Paul G. Blacktor, *Every day useful quotes* (USA: Xelbris cooperation, 2009), 214.

on the US soil by the terrorists led towards the USA presence in South Asia and also due to the sanctions on Iran by USA and its allies.

Post 9/11 period reflected an increasingly realistic and independent character of the country's foreign policy as India's Persian adventure" was observed. India simultaneously developed its relations with Iran and USA, which led a complications in India and Iran relations.⁸⁵

After recognizing growing importance of each other India and Iran assured to have more firms relations.⁸⁶. In this regard India has paid particular attention to the "Look East" policy along with this India wished to expand her relations with other countries including with Iran. India wanted to set a strong foot in Afghanistan, other parts of Central Asia and Tajikistan. This area provides India much-needed geographical access to these theatres and this would be only possible with the help of Iran.⁸⁷ India and Iran's bilateral diplomatic relations play important role as both enjoying political dialogues related to deferent levels of state dealings and close cooperation of institutionalized pattern.⁸⁸

For India and Iran to achieve regional power status and also for global design status it's necessary to have relations with each other country so that they can support their own interest on regional as well global level. India-Iran political relations are exceeded beyond their boarders such as they mutually wanted to excess to the Central Asian countries and Afghanistan. For this reason Iran would

⁸⁵ Javad Hydarian, "India's diplomatic Iran DANCE," *The Diplomat*, <http://the-diplomat.com/new-leaders-forum/2012/03/16/indiias-diplomatic-iran-dance/> (accessed on March 16, 2012)

⁸⁶ Paul G. Blacketor, *Every day useful quotes* (USA: Xelbris cooperation, 2009), 214

⁸⁷ *ibid*, 265.

⁸⁸ Javad Hydarian, "India's diplomatic Iran dance," *The Diplomat*, <http://the-diplomat.com/new-leaders-forum/2012/03/16/indiias-diplomatic-iran-dance/> (accessed on March 16, 2012)

be a viable option for India to excess these countries and they negotiated on various agreements to connect with these countries and to achieve their desired goals which are discussed below.

3.2 BILATERAL VISITS BETWEEN INDIA AND IRAN: POST 9/11 ERA

After quite a long gap the Prime Minister Atal Behari Vajpayee's official visit to Iran took place in April 2001. Prime Minister Atal Behari Vajpayee stated that the two countries opened a "new chapter" in their relationship. Iranian Foreign Minister Kharrazi visit was named as a "turning point" in Indo-Iranian relation. Taken together, these visits provided occasions for the frank exchange of views, the formulation of basic principles of cooperation and the identification of key areas and modalities of cooperation which were considered fruitful after a quite long gap.⁸⁹ Various issues were negotiated during these visits such as finalizing of an agreement by which Iran would provide India with liquefied natural gas (LNG), energy issues and the Gas pipeline etc.⁹⁰

India- Iran relations had historical links which dated back at Delhi Sultanate and later in Mughal era. Today India's view regarding Iran is that it is perceived as a major power in the Persian Gulf region and for the second reason as it is an important country of Organization of Islamic countries (OIC). And another reason was due to its plenty of natural resources make its importance. For Iran the attractive port towards India is of its advancement in information

⁸⁹ Calabrese, op.cit, 23

⁹⁰ Fair, op.cit, 269

technology and different areas. Iran also needs engineering and construction expertise to fulfill its need as to construct and for the development and for the post infrastructure in order to link it with Central Asia and Afghanistan.⁹¹

India and Iran relations are far reaching and multidimensional. Iran sees India as a stronger partner that will help Iran to avoid isolation particularly at a moment when Iran was chosen as a member of the “Axis of Evil” in 2002. Iran also sees India as helping it to break out of the anti-Iran pincer evidently. India sees relationship with Iran as to make an effort to pursue Indian interest practically in Central Asia and beyond. She also regarded the Iranian connections as serving a variety of tangible and specific Indian interests. Perhaps most importantly the nexus with Iran is seen as helping India with its energy needs. Moreover, Iran will remain India’s preferred choice for the natural gas from Central Asia until the situation in Pakistan and Afghanistan become stabilized.⁹²

The two states recognized that they had a lot to offer each other and have acted to expand cooperation in a number of key areas. This ranges from their joint cooperation in the field of fighting terrorism in Afghanistan to work out of Iran-Pakistan-India (IPI) Gas Pipeline and expand defense ties between the two in addition to promote cultural and trade relationship.⁹³

Following the January 2001 earthquake in Gujarat for example the Iranian Red Crescent society contributed to the humanitarian relief efforts. Building on

⁹¹ibid, 51-54

⁹² ibid

⁹³ Three day International Seminar On India - Iran Relations in Contemporary Times (1979-2009), Centre for West Asian Studies Jamia Millia Islamia (A Central University) New Delhi ,India 3-5 December 2009

these initiatives, New Delhi and Tehran have focused on two main areas of substantive cooperation developing their relationship and combating transnational security threats. Third aspect of cooperation is the military sphere which is in its growing stage of development.⁹⁴ These high level contracts reflected not only a growing meeting of interests between Iran and India, but also a broader desire of the countries of South Asia to break out of the regional mould. Thus India's warm relations with Iran were driven by its determination to establish a pressure beyond South Asia equal with its ambition to have it recognized as an emerging global power, while Iran saw a closer relationship with India economically and strategically advantageous, especially in respect of US efforts to isolate it in the region.⁹⁵

Later in January 2003, President Khatami of Iran visited India and signed a deal named as “The New Delhi Declaration” on 25th January.⁹⁶ The text reads that the two sides “agreed to enhance mutual cooperation to safeguard peace and stability in the region, which is being affected by the rise of extremist forces, terrorism and enhanced flow of illicit drugs. For more secure strategic region both formulated a vision of ‘strategic partnership’ on January 19. Earlier a defense agreement was signed between the countries in Tehran. Iran and India signed agreement on economic exchanges and also agreed upon to “explore

⁹⁴ Calabrese, op.cit, 23.

⁹⁵ Yazdani, op.cit, 21.

⁹⁶ Nuri,op.cit, .51

opportunities,” for co-operation in defense matters including training and exchange visits.⁹⁷

High level official visit to India by President of Iran Mahmud Ahmadinejad took place on 29th April, 2008. In the next month July 2008, EAM Sheri Pranab Mukherjee visited Iran and attends conferences such as 15th NAM Ministerial Conference and India-Iran XVth Joint Commission meeting from 31st October - 2 November, 2008. Same year in 2008 on December 17-18 the VIth Annual Foreign Office Consultations at the level of Foreign Secretary were held in India. High level visits and exchanges of delegations had given a thrust in India-Iran relations during 2008-09. Such visits boosted India-Iran relations in energy, trade, commerce and including global issues viz-a-viz regional issues which were based on their interests.⁹⁸

Thus their relations are not only limited to issues discussed above. Their relations are far reaching and multi-dimensional. Hence, below are the major modes of cooperation about the relations and cooperation of political dimensions of India-Iran relations which had restricted their relations for further development.

⁹⁷ Nuri, op.cit, 49

⁹⁸ “Foreign Relations,” http://india.gov.in/knowindia/foreign_relations.php (accessed on March 1,2012)

3.3 INDIA - IRAN RELATIONS: USA LED ‘WAR ON TERRORISM’

Some event can bring change entirely in countries foreign policies or can shift it from one angle to another. There are major events in the world history that showed a complete change in country’s policies and even other countries policies towards that particular country. This can easily be illustrated from the Iranian revolution and such kinds of other events are also exemplified. In the Same way, the event of 9/11 also brought changes in the country’s foreign policies and forced countries to think on that angle and change their policies according to that. This event has also affected the relationship towards each other by joining hands with United States on US led ‘War on terrorism’. In this situation India-Iran relations had some ups and downs that can easily be understood by the event of 9/11.

By declaring Iran “axis-of-evil” in 2002, it was an effort done by USA to isolate Iran internationally as a purpose of its state policy of ‘Containment’. In this regard India would be able to play a pivotal role to help Iran to lessen its isolation and also minimize USA’s role in South Asia.⁹⁹ Iran and India continued their foreign policy objectives even they were not members of the international coalition of Bush Administration of ‘war on terror’. Issues such as international terrorism, extremism and illegal narcotics were the key areas of cooperation between them. Both became victim of extremist groups, and in 1990’s some of

⁹⁹ Xenia Dormandy, “India-Iran Relations: Key Security Implications,” *Belfer Center for science and International affairs*, (March 24, 2008) http://belfercenter.ksg.harvard.edu/publication/18176/indiairan_relations.html (accessed on May 12, 2011)

Iranian diplomats were killed in Pakistan.¹⁰⁰ Thus both had faced a new shift in their relations' as the war on terrorism was concerned.

India and Iran were recognized as 'crucial factor' in developing peace, stability and development in the greater parts of West Asia, Central Asia and South Asia as both are considered as significant regional powers. War on terrorism which affected their relations such as development in the context of 9/11 which shaped the nature of India-Iran relations as US foreign policies changed accordingly. South Asia was suddenly brought to the forefront of prominence within the broader context of the global war on terrorism, causing considerable concern in both India and Iran. India watched Washington bringing around its relationship with Pakistan; while Iran witnessed the United States dramatically expanding its military footprint in the region by invading Iraq and Afghanistan. At the same time, New Delhi and Tehran had sought to strengthen their bilateral relations. In 2003, the two signed the "New Delhi Declaration," which set forth a vision of a bilateral "strategic partnership." Though two consecutive Indian votes against Iran in IAEA were widely seen among political-strategic community as illustration of India's abandonment of its close traditional ties with Iran in favor of more robust relationship with the United States and Israel, the subsequent developments belied such expectations.¹⁰¹.

¹⁰⁰ Yazdani, op.cit, 23

¹⁰¹ Three day International Seminar On India - Iran Relations in Contemporary Times (1979-2009), Centre for West Asian Studies Jamia Millia Islamia (A Central University) New Delhi ,India 3-5 December 2009

The major aspect of “The New Delhi Declaration” was for the enhancement of the regional and global cooperation and also it contained the vision of strategic partnership for a more stable, secure and prosperous region. Their relations could also contribute for the regional development. Both countries also seek the possibilities in the political, economic, trade and development of other such areas like energy, science and technology and agricultural fields. They wanted to make their relations stronger as the demands of 21st century which was already based on traditional relations.¹⁰² India-Iran relations faced a new type of shift after 9/11 event. Even about the nature of threat and solution of the problem, there had been no agreement taken place in USA. In this regard Indian views about the global war were:

“Must be truly global and that US cannot have partnership with other for protecting US interests”¹⁰³

It was also believed at that time that USA could tilt toward India as its active role of the Indian community in USA trying its efforts in this regard. The reason was obvious as USA was a sole super power and in every aspect of global relations, it wanted to influence and it was influencing the world politics. Keeping this in view India was a major actor. According to former US ambassador in India:

“America’s declaration of war on terrorism transformed the Indo-US ties”.¹⁰⁴

¹⁰² Arvind Gupta and others, *Security and diplomacy Essential documents*, (New Delhi: Mantas publications, 2004), 66.

¹⁰³ Annupurna Nautiyal, edl. *Challenges to India’s foreign policy in the new era* (New Delhi, Vishakhapatnam, 2008) ,102-116.

However this trend had given a new shift in India-USA relations. In order to control the states which won't matter to USA and against the interest of the USA, it tried to create hurdles and constraints for those states such as Iran. Same like after the Iranian revolution, post-cold war era USA involvement started in order to isolate Iran from India as its containment strategy. Hence USA's interference in India and Iran relations was greatly visible soon after the Cold War when USA was successful to contain Soviet Union and became the sole super power. Hence during all that period, Iran and India continued flourishing their relations in the field of different areas. In order to cover the areas of counter terrorism and intelligence sharing, in January 2002, India decided either to create a joint institutional mechanism or to expand the purview to Joint Working Group on drug trafficking.¹⁰⁵ Thus India-USA relation after the event of 9/11 had given a new dimension to identify the risk and common threats and this had given a new dimension in their relation. As India-Iran relation was also running side by side along with above mentioned event.

While strategies employed by India and Iran were an important element to address transnational security threats. In order to meet those challenges both had sought an additional partner. In this regard India signed an agreement with Saudi Arabia to meet those challenges, beside its diplomatic activity in SAARC etc. For

¹⁰⁴ ibid

¹⁰⁵ Calabrese.op.cit, 74-78

further cooperation to address transnational security threats, Afghanistan was also a focal point.¹⁰⁶

3.4 INDIA- IRAN COOPERATIONS IN AFGHANISTAN: US APPREHENSION

Afghanistan's issue played a crucial role to strengthen the ties between India and Iran. It is the common point of interaction between them. As Afghanistan is located in South Asia near Central Asia and it is a landlocked country. It has always attracted the invaders such as in the fourth century Alexander the Great and currently USA is present there in the form of global war on terror. Afghanistan has an important geostrategic location that connects the Middle East with Central Asia and the Indian subcontinent.¹⁰⁷

A glimpse of Iran-Afghanistan relations and Indo-Afghanistan relations could be as that Iran relations with the Afghanistan developed during in 1970, when Iran was viewed as a financial power. A high level aid and high capital investment was more evident during 1974- 75. Whereas, India and Afghanistan relations was highly visible in the later years of the decade in the form of various projects related to agriculture and industry. The first Afghan railway joining the country with the Iranian railway in the West and Pakistan railways in the East was the example of Iranian aid towards Afghanistan. This was considered the major contribution for the future that was to connect the countries Afghanistan as well,

¹⁰⁶ ibid

¹⁰⁷ Hamid Alla Amin and Gordon B Schilz, *Geography of Afghanistan Center for Afghanistan Studies*, II (University of Nebraska at Omaha, 1976)

Pakistan and India. In this way Iran would be benefitted both economically and politically by joining these countries.¹⁰⁸ As earlier Afghanistan had experienced a continuous state of war as earlier it had been invaded by the Alexander the great, later in 1979 Soviet Union invasion, and later after 9/11 US-led military operation was in order to overthrow the Taliban regime.¹⁰⁹

Post 9/11 era led various development in Afghanistan such as a process for political reconstruction that included the adoption of a new constitution, Bonn Conference in 2001 a Presidential election in 2004 and National Assembly elections in 2005 were sponsored by UN. The first democratically elected President of Afghanistan Hamid Karzai was elected in 2004 and later for a second term in 2009 he was re-elected.¹¹⁰

After the democratic elections in Afghanistan Taliban no longer exercised power, but India and Iran stakes over Afghanistan remained high. In order to acquire or keep strategic footholds in Afghanistan both had taken various steps by keeping in view those high risks. The first step taken by both of them was to establish diplomatic presence there and Iran was the first in this regard and later India followed it. For ensuring the political stability and economic recovery of Afghanistan, India and Iranian officials had emphasized the need for the surrounding regional states to cooperate with each other that had been visible many times in their public statements. In the Bonn meetings (2001), Iran had

¹⁰⁸ ibid

¹⁰⁹ ibid

¹¹⁰ CIA ,Fact book, (updated in July 2011), <https://www.cia.gov/library/publications/the-world-factbook/geos/af.html> (accessed on May 14, 2011)

played a positive role regarding Afghanistan which shaped the plan for establishing Afghanistan's interim and provincial government.¹¹¹

India and Iran pledging a significant contribution to the reinstruction fund during its participation in Tokyo donors meeting, Iran and India remained concerned neighbors due to the uncertainty of Afghanistan's future. By following a "center periphery" approach, means that Delhi and Tehran had stakes as the protection and promotion of their interest in Afghanistan was concerned. And India was seeking to get support from the Northern Alliances and in regional capitals in order to maintain its hold in Afghanistan as its interest concerned. On the other side India and Iran had given a warm welcome to President Hamid Karzai as the newer elected government. India had required the support of Iran and Russia to replace the Six plus Two process to which it was not a party with a broader based regional framework, in order to boost its influence in post war Afghanistan.¹¹²

As, Afghanistan's future is discussed here in terms of Indian and Iranian interest, it is noted that an intensified regional move quickly influenced in the post withdrawal Afghanistan in the coming period. The interest in this regard was that post withdrawal governments would be capable enough to meet Indian and Iranian goals in Central Asia (as a gateway to trade and energy link). However, it was obvious that India did not share any border link directly to Afghanistan and in this regard it was expected that it would move closer to Iran as Iran's interest in

¹¹¹ Meena Singh Roy, "India's Interests in Central Asia," *IDSA*, <http://www.idsa-india.org/an-mar-9-01.html>, (accessed on April 17, 2011)

¹¹² Calabrese, *op.cit*, 74.

Afghanistan was also similar to India. According to former Foreign Secretary Nirupama Rao (later as India's ambassador in Washington), regarding India's relations with Iran are:

“How links with Tehran are a “fundamental component” of New Delhi’s foreign policy and how there has been a recent “convergence of views” on important policy issues.¹¹³

Regarding the mutual interest of India and Iran on Afghanistan issue is if analyzed than they both have their own interests behind their interaction and cooperation. Despite having US and Iranian tense relations, Iran had supported USA backed Hamid Karzai government along with India and even in 1996-2001 both supported Afghanistan's minority-dominated “Northern Alliance” against the Taliban.¹¹⁴ Hence, both had same concern with respect to Taliban but different interest in this regard as Iran was feeling threatened from the Taliban regime as it has threat to Iran's Shiite school of thoughts. Whereas, India is insecure of Taliban as they are backing sentiments in Kashmir against India.

India and Iran both believed that there should be a the peace and stability in Afghanistan and this had enabled them to interact on Afghanistan (in terms of economic reconstruction as India is assisting it with the construction of schools, building in the capital and also in Eastern Afghanistan construction of road) Regarding the cooperation in terms of stability in Afghanistan they have interest

¹¹³ *Foreign Policy Association*, <http://india.foreignpolicyblogs.com/tag/india-afghanistan-relations/> (accessed on 21 March 2011)

¹¹⁴ *ibid*

of accessing Central Asian States.¹¹⁵ India and Iran joined hands and agreed upon for the reconstruction of Afghanistan, bypassing Pakistan to support the development of alternative access routes via Chahbahar port.¹¹⁶

India and Iran cooperation were evident through different projects and interest in Afghanistan. But along with that there are challenges on their way because of US led war on terrorism. As, US presence is evident in Afghanistan in this situation India-Iran cooperation is less promising.

India-Iran with the help of Pakistan, Russia China and Japan's partnership is evident in Afghanistan through agreeing upon on many projects.¹¹⁷ Hence, a long term relation between India and Iran is not appreciated by the USA and also sanctions against Iran are tightening day by day. Iran had many reservations due to US presence in Afghanistan when US started its operation in Afghanistan in 2001 that US could attack it by using Afghanistan soil.¹¹⁸ Due to US presence in Afghanistan and its tangle relations with Iran affected Indo-Iran relations. In this situation India-Iran cooperation on Afghanistan met with US hard voices and sanctions that US State Department spokesmen PJ Crowley said:

¹¹⁵ K. Alan Kronstadt and Kenneth Katzman, "India-Iran Relations and U.S. Interest". *CRS Report for Congress, Congressional Research Service*, (The Library of Congress)

¹¹⁶ Ibid

¹¹⁷ Janne Bjerre Christense, "a strained alliance Iran's troubled relations to Afghanistan and Pakistan". *DIIS report :0*, 2011, 12-16

¹¹⁸ George Gavrilis, "Harnessing Iran's Role in Afghanistan". *Council on Foreign relations*, (2009)

“Business as usual’ with Iran by America’s friends and partners was no longer acceptable”¹¹⁹

India-Iran cooperation on Afghanistan affected as USA in 2008 suspected Iran that she sponsored terrorism in Afghanistan with the help of Taliban and also alleged for drug trafficking. This restricted India in the further development of relationship with Iran as USA speculations were raised. US led War on terrorism initiated operations in Afghanistan which made evident USA presence in Afghanistan and had lesser India-Iran in this way.

Hence, India-Iran collaboration on Afghanistan could facilitate both if their existing projects materialized. USA had clearly clarified its position regarding Iran and Afghanistan, in these way, future prospects are less expected as the India-Iran relations are analyzed.

On the other hand Iran may serve as a balancing power like in a proxy war between Afghanistan, India and Pakistan and also it can play central role in region. Another aspect is it was believed that Iran could help to meet Indian interests to behold Pakistani pressure in Afghanistan. India-Iran willing to collaborate in many projects as discussed earlier in Afghanistan as, in South-East of Iran Chahbahar port was planned and which could link Iran with Afghanistan through Zaranj-Delaram highway. This would connect India to Central Asia and benefit India but that also faced USA reservations.¹²⁰

¹¹⁹ David Karl, “US-India relations: Problems posed by Afghanistan and Iran”. *East Asia forum* (2010)

¹²⁰ *ibid*, 41.

CHAPTER 4

ECONOMIC DIMENSION OF INDIA-IRAN

RELATIONS: POST 9/11 ERA

4.1 INDIA-IRAN COOPERATION IN THE AREA OF ENERGY SECURITY: POST 9/11 ERA

As discussed earlier that in India-Iran relations “alliances’ and co-operation” were frequently used interchangeably. In this regard “strategic co-operation” term is taken as discussion between the two nations on economic and security related issues, “alliances” refer to a longstanding nature of a strong institutionalized arrangement, at a lower lever “a strategic partnership” and “strategic co-operation” at the bottom of hierarchy.¹²¹

Therefore, alliances are the viable options for the countries including India and Iran because they help them to develop and accomplish their goals in future via establishing economic relations. For the economic security related to India and

¹²¹ Nuri, op.cit, 54.

Iran they both have to firstly secure their boarders by making alliances (economic) with each due to the growing economic demand and challenges.

From the perspective of energy security Iran is extremely important to India. India is energy-hungry country and Iran comprises of a third largest proven oil reserves and second largest gas reserves. In this way India would be benefit from Iran because it also has the potential of being a transit country for supply of third country energy to India which will link in this field with the landlocked countries of Central Asia. India can also get oil and gas in low price because Iran is located comparatively closer to India. In this regard pipeline projects (IPI) would be feasible for India. As, IPI project if materialized, then it would have the potential of making Iran an important component of a large energy corridor stretching from Central Asia to India. This could be possible through building its economic relations with Iran as it was believed that it have a potential to fulfill the economic needs of India.¹²²

India preferred the economic aspects in 1991 after the economic reforms, in order to meet domestic requirements as their growing energy needs. As a result India moulds its policies according to that so that it could meet the desire needs. Due to hunt for the energy sectors that leads India towards a greater level and it is believed that in 2020 India is going to be the fourth largest economy of the world.

¹²² Nirupama Rao, "Speech at IDSA-IPIS Strategic Dialogue on India and Iran: An enduring relationship," July 5 2010, *Institute for Defence studies and analysis (IDSA)*, http://www.idsa.in/KeynoteAddressIndiaandIrananenduringrelationship_nirupamaroy (accessed on May 2011)

India is in dire need of oil and gas because it is limited to India.¹²³ To meet the energy needs India is seeking energy rich countries such as Iran. In this regard Gulf nations are the suitable options for India as it believed. It is estimated that around 32 million tons a year; India's domestic production has been stagnating and 28 percent of Indian oil recovery from existing wells exerted. India's 70 percent import requirement is fulfilled from other countries such as from Persian Gulf because its 30 percent requirements are met by domestic productions. India's energy needs are growing day by day and if it is not controlled this situation then it would lead to the greater demands in this regard. It has to manage energy crises. In terms of energy consumptions, India ranks sixth currently in the world. And more than 60 percent its import of petroleum comes from the Persian Gulf.¹²⁴ As Iranian energy need is observed, it has to focus on the relation with the neighbors. In this regard India was the best option as it realizes.

Because of India's rapidly increasing energy needs, and is rightfully feeling restless, about India would like to increase its presence in the Iranian energy sector.¹²⁵ Both relations include cooperation in the energy and non energy fields as far their economic dimension of relationship is concerned.¹²⁶

Traditionally India-Iran economic and commercial ties had been hold up by import of Iranian crude oil. Iran is a third largest market for crude oil as India

¹²³ Sudhir Kumar Singh, *Post 9/11 Indian Foreign Policy challenges and opportunities* (New Delhi: Pentagon press, 2009), 78-82.

¹²⁴ ibid

¹²⁵ Harsh V. Pant, "India's Relations with Iran: Much Ado about Nothing" *The Washington quarterly*, (Winter 2011) ,http://www.twq.com/11winter/docs/11winter_Pant.pdf (accessed on January 2012)

¹²⁶ Calabrese, op.cit. 6

imported about 22 million tons of crude oil valued at about \$ 10 billion in 2009-10. It was estimated on the subject of the trade in 2009-10 that trade between the two was 13.4 billion. This has shown that India exports US\$ 1.9 billion and imports US\$ 11.5 billion from Iran. Hence, other exports from Iran include petroleum products, rice, machinery and instruments, manufactures of metals, primary and semi-finished iron and steel, drugs/pharmaceuticals and fine chemicals, processed minerals, man-made yarn and fabrics, tea, organic/inorganic/agro chemicals, rubber manufactured products, etc.¹²⁷

India has experienced a growing energy supply demand gap, in recent years. India has dedicated and wanted to expand its foreign source of supply, in response to its growing energy import dependence. In this regard Gulf Iran would be the priority for India in order to expand and to establish its relation, because Iran has potential and ability to transport natural gas to India as it required.¹²⁸ Indian growing importance toward Iran is not only limited to statements but also in agreements. That has reflected the Indian and Iranian foreign policy priorities and close ties. Iranian crude oil is the major important need of India. Thus this was a point of cooperation that had brought both countries closer.¹²⁹

For Iran it is necessary to contribute to regional stability and pursue peaceful relationship with India as its growing economy is integrated in the global

¹²⁷ ibid

¹²⁸ ibid

¹²⁹ "India-Iran relations," <http://meaindia.nic.in/mystart.php?id=50044479> (accessed on May, 21st 2011)

system and open to globalization and foreign investment.¹³⁰ Therefore, for India Persian Gulf energy is still viable because of its proficiency in energy rich resources and due to its strategic locations. Also its economic relations with Iran will be feasible due to the shorter distance and India can have easy access to other energy rich countries. Persian Gulf has attracted India because they have surplus production and production is greater than the consumption. In this way, this surplus production has to be sold in the Iranian markets.¹³¹

About the importance of India and Iran in terms of economic, India is among the world's leading gas importers whereas Iran possesses the world's second largest natural gas reserves. India is building energy ties with Iran, with a rapidly growing economy.¹³² By keeping in view their economic interests India and Iran created joint working groups so that their cooperation on the relevant sector could be materialized. This would be analysed below:

4.1.1 JOINT WORKING GROUP (JWG)

Joint Working Group (JWG) on energy transport was created due to the result of the Manmohan Singh visit to Iran that took place in 1999. Regarding how to make this complementarily work to the advantages of both countries, was the task what it has to determine. Current types of relationship of both countries are more expected to remain an integral element of the overall

¹³⁰ Gawdat Bahgat, "The future of Us-Iran relations," *Journal of South Asian and Middle Eastern Studies* XXV, No. 2 (Winter 2002), 52.

¹³¹ Sudhir Kumar Singh, *Post 9/11 Indian Foreign Policy challenges and opportunities* (New Delhi: Pentagon press, 2009), 78-82.

¹³² Kronstadt, *op.cit*, 4

Indo- Iranian energy relationship in terms of and making liquid natural gas (LNG) by tanker.¹³³

For the addition of at least 12 new vessels to Iran's tanker inventory, the head of the National Iranian Oil Tanker Company (NIOTC) Mohammad Suri asked for increasing it. Later in order to expand the gas supply relationship both in the short term (through swapping arrangements), creative efforts have been made by them. In this regard developing an LNG project in Southern Iran, this would target exports to India and other Asian markets. For this the memorandum of understanding was signed by National Iranian oil company (NIOC) and British Petroleum (BP) to conduct a \$10 million feasibility study aimed for. Basically it means to, pipes it to a plane in the Pars economic zone and ships it from Assaluyeh on the Gulf coast to the South and East Asian markets. This was the idea to source gas from the South Pars offshore fields. This is the possible construction of a natural gas pipeline linking Iran's South Pars fields and coastal India as by far biggest prize in the energy sector. It was the basic idea which was later adopted. In 1989 the idea originally set forth by R.K Pachauri (director general of the TATA Energy Research Institute in India) and Ali Shams Ardekhani (then Deputy foreign minister of Iran) but after a long gap it was presented by them at a Delhi conference.¹³⁴ Important thing is that both had been trying to make their relation strong in terms of energy sector since the cold war

¹³³ Calabrese, op.cit, 7-8.

¹³⁴ ibid, 7-9.

era and soon after the cold war era they started up the relations in terms of their good relations.¹³⁵

Regarding the construction of this pipeline, two options had been put forward. First was that the overland route would have to pass through Pakistan, either cut through Pakistan's coastal water through sea route or course through deep water. Due to some security risks and of good economic reasons, the overland route got advantaged. Due to enormous financial investment required for the sea route, Iran favored this route. But on the other hand, India was quite opposite to Iran's option of overland route, and in order to minimize the security risks, India had favored the deep sea route. Even Pakistan many times assured in written guarantees regarding the security concern of pipeline and all about. But in July 2001 India was reported to have dropped its objections to the overland route and to have reached an understanding that Iran was to assume the risk and responsibility for ensuring the delivery of oil supplies to India. This took place in less than one month before the Musharaf - Vajpayee summit (2001).¹³⁶

In the true framework of Iran's substantial energy resources, Iran is likely to remain an important element in India's policy toward the Middle East in the twenty first century. In this way it is believed that in terms of around thirty quadrillion and hundred quadrillion, India and China would likely to become the largest consumer of oil and natural gas requiring sustaining energy growth.¹³⁷ Therefore, the above study suggested that the JWG is created in order to set forth

¹³⁵ibid

¹³⁶ibid

¹³⁷Yazdani, op.cit, 5

their relations and also foresee further ties. The creation of this Joint Working Group was aimed to adopt such measures so, that both countries could progress in each sphere. Both countries were well versed in their region and also acknowledged to be powerful states in near future in terms of economic as it is believed to be nowadays

Thus it is fully acknowledged and known that in terms of natural gas reserves and largest oil, Iran is on the second world rank according to the “Wall Street Journal” published on Jul 12 2010 and India holds fifth rank as the largest energy. It is estimated that around \$15 trade is going between India and Iran.¹³⁸ Indo- Iran is having a friendly relation with each other. Thus the next step of this JWG in order to meet energy need was to adopt such measures which could finally shape their need .It was of the IPI gas pipeline.

4.1.2 INDIA-IRAN: JOINT COMMISSION MEETING

(JCM)

JCM is a source of economic settlement that India and Iran agreed upon which was established in July 1983. The sole reason of this Commission was to hold meetings and discussion on various issues related to economic and trade. Because such platforms enable countries to move further and strengthen their country. As economics is a dire need of any countries growing energy needs. For

¹³⁸ Utpal Bhaskar, “ India, Iran to hold gas pipeline talks,” *The Wall Street Journal*, <http://www.livemint.com/2010/07/11181639/India-Iran-to-hold-gas-pipeline.html?atype=tp> (accessed on September 20, 2010)

the reason that, soon after the collapse of the Soviet Union, it was realized that economic plays vital role for the security and safety of any country.

Therefore, JCM was a platform which provided the road and a sort of shelter where India-Iran hold regular bilateral talk regarding economics and trade. The last meeting was held in July, 2010 and it was chaired by both countries External Affairs Ministers. From Indian side it was chaired by Sheri S.M. Krishna and Iranian side Dr. Seyed Shamseddin Hosseini. During this meeting various issues were discussed and six agreements were signed there (i) Air Services Agreement; (ii) Agreement on Transfer of Sentenced Persons; (iii) MOU on Cooperation in New & Renewable Energy; (iv) MOU on Cooperation in Small Scale Industry between National Small Industries Corporation (NSIC) and Iranian Small Industries and Industrial Parks Organization (ISIPO); (v) Programme of Cooperation on Science and Technology and (vi) MoU on Cooperation between Central Pulp and Paper Research Institute of India (CPPRI) and Gorgan University of Agricultural Science and Natural Resources (GUASNR).¹³⁹

Hence, these types of Commissions helped both the countries to think upon the importance of each other and realize the need of being an important state. Because agreements are the important factor that play important role for the countries development. Therefore, these agreements work when there is involved a commitment, interest and will. When Indo-Iran relations are analyzed, it is obvious that all the elements exist but there is a power involved which does not let

¹³⁹ "India-Iran relations," <http://meaindia.nic.in/mystart.php?id=50044479> (accessed on May 20, 2011)

them to progress further with respect to their relations. For the reason, each has different allies and that restricted them in order to bring forth their relations. As there is absence of any higher authority as a world government, ultimately the states themselves, will take the lead in order to secure their sovereignty. Same the case is seen in Iran. It has to secure itself for that it has to secure firstly from neighbors by making alliances. In this case India was the viable option for Iran.

4.1.3 JOINT BUSINESS COUNCIL (JBC)

Meetings of JBC are regularly participated by India and Iran. Its first meeting was held in August-2000. This was merely held to transfer gas to India by keeping in view her need. Under the umbrella of JBC India-Iran Promotion Core Group was created and its first meeting was held in 17th May, 2002. And many areas were discussed including North-South corridor and potentials both countries possessed in the area of trade and investment.¹⁴⁰

The Federation of Indian Chambers of Commerce and Industry in New Delhi organized the 10th meeting of the JBC on 13 November 2009, Dr. Mohammad Nahavandian as a President of Iran Chamber of Commerce; Industry & Mines led the Iranian delegation. India and Iran at the meeting decided on for exploring the new trading avenue, in tune of the changing business environment of the world.¹⁴¹ In 10th meeting of JBC India's Ambassador to Iran, Sanjay Singh said that about \$ 24b trade had been estimated between India and Iran. And he added that further development in the area of oil and gas would lead to the progress in such areas

¹⁴⁰ Girijesh Pant, *India the emerging energy player*, (India: Dorling kindersley, 2008), 123.

¹⁴¹ ibid

road construction, banking, and small and medium size industries. In this meeting further meetings plan and way out for the continuity of meeting was also advised by the head of ICCIM, Mohammad Nabizade.¹⁴²

4.2 CHAHBAHAR PORT AS A COMMERCIAL POINT OF INTERACTION: US CONCERN

Keeping all about the Indian interest and growing energy demands, India tilted its foreign policy options towards Iran. And in order to meet energy needs, it has to find out the ways and means so that it can achieve its goals. In this regard, Iran would serve its interest.

Chahbahar is located at the South-East of Iran and 2371 km from Tehran, with different roads this port is connected to different roots.¹⁴³ The land locked central Asian states became linked to Iran and saw a slow decrease of their dependency on the Russian railways and road system after the completion of the Mashhad-Sarakhs-Tajan railway in 1996. The cost \$136 million had been paid by the Indian Government's Border Road Organization for the opening up of a road link between the deep ports at Chahbahar in Iran and Afghanistan's main ring road highway system. On January 22, 2009 the 215- Kilometer road from Zaranj

¹⁴² Public relations Dept, "10th Session of Iran-India Joint Business Council to be held in FICCI," *ICCIM*, http://en.iccim.ir/index.php?option=com_content&view=article&id=2215:10th-session-of-iran-india-joint-business-council-to-be-held-in-ficci-&catid=42:asian-pacific (accessed on January 2012)

¹⁴³ "Iran's foreign policy," http://www.rahian.com/iran_seaports.aspx (accessed on May 28, 2011)

to Delaran was completed. This had attracted Iran because Central Asian lies in its north-east.¹⁴⁴

Issues such as security, energy and the North-South Transportation Corridor had deepened the relationship between India and Iran.¹⁴⁵ In order to establish a “transport corridor” linking Central Asia with India through the Iranian road railway network under a North-South International Transportation corridor, an agreement was signed by India, Iran and Turkmenistan in April, 1995. Thus, Iran and the Russian Federation devoted to under write these plants in return and signed an agreement in 2000. To assist Iran in constructing the Chabahar Port and roads links between Iran and Afghanistan which would give improved access to central Asia an agreement was signed during the President Khatami’s visit to New Delhi in January 2000.¹⁴⁶

In January 2003 steps to enhance communication were initiated between India and Iran, when the Iranian President visited India and the “Memorandum of Understanding on the Road Map to Strategic Cooperation” and various others agreement were also signed.¹⁴⁷ Indo-Iran co-operation towards the revival of silk route drove them closer due to the energy security. Iran as a producer and potential Transporter of energy and Chabahar Port helped India in such a way that it would give way to connect Afghanistan, Central Asia as a North –South trade

¹⁴⁴ Mahmoud Balouch, “Iran and India’s Cooperation in Central Asia,” *Central Asia- Caucasus Institute Silk Road Studies Program*, 7, 3, (October 2009), 27.

¹⁴⁵ ibid

¹⁴⁶ Yazdani, op.cit, 21.

¹⁴⁷ Balouch, op.cit, 27-28.

corridor free trade zone, Ayni port of Tajikistan. Despite the issue of Muslims in Kashmir, Iran follows a strong trade and diplomatic relationship with India.¹⁴⁸

Chahbahar Port also faced reservations by China and Pakistan that through these Port Indian naval vassals would station there. India and Iran were advancing the 215 Kilometer road that connects Zarnaj and Delaran as a part of Afghan circular road that would connect Herat and Kabul via Mezar-e- Shareef and Kandahar in the South and this transportation was vital to India's excess into Afghanistan via Iran.¹⁴⁹ In Arabian Sea, Chahbahar port is the suitable example of contest of power. Because of two ports in the Arabian Sea reflects a different dimension on one side in Iran and another in Pakistan (Gawadar port).¹⁵⁰

Prior it was discussed about the importance of Central Asian States that they would serve to generate income and to flourish in a better way. About this rout it must be beneficial for both side India and Iran. Hence it was believed that this is in counter measurement of Gawadar port established with the collaboration of China and Pakistan.

This Trans-Asian railway road would serve Central Asia and Asia through the flow of cargo through these routes to Asia, Pacific region to Europe, west Asia and lastly from the West to the East. Due to its vast oil and gas reserves and also cheap hydel energy reserves in Tajikistan and Kyrgyzstan, it attracted India and

¹⁴⁸ Afifa Kiran, "Indo-Iranian Nexus in Central Asia; Options for Pakistan," *Institute of Strategic Studies, Research analysis (ISSRA)*, Islamabad, II, (2010), 21

¹⁴⁹ C.Christine Fair, "India and Iran: New Delhi Balancing act," *Washington Quarterly* (2007), 6 ,http://www.twq.com/07summer/docs/07summer_fair.pdf, (accessed on April 12, 2011)

¹⁵⁰ Christophe Jaffrelot. "A Tale of Two Ports". *Yale Global online*.

<http://yaleglobal.yale.edu/content/tale-two-ports> (accessed on May 22, 2011)

many other countries as well. In this regard various countries such as China, Europe, Iran and especially USA were trying to influence this region so that they could avail opportunities. And USA was trying to minimize the role of Iran and Russia in this region. In this regard to lessen their role, USA is in a continuous process and also had adopted various means in the form of sanctions, threats and embargo as a result; they would not be able to connect this region.¹⁵¹ The modes of cooperation existed between India and Iran but USA tried to adopt the strategy of controlling Iran and to keep apart India and Iran. And this is reason that keeps India and Iran relations far away from being as a nexus. The strategy employed here was same as of cold war strategy in order to move away India from Iran as its influence in Central Asia was aiding or giving assistance to those countries. Therefore, Iran was to be contained as it had been prior to the Soviet Union during cold war era. Hence this opportunity can bring the tremendous change and benefit both countries.

As the interests are concern of India and Iran in Central Asia, both have mutual interest. Despite having different relations with the United States, both are uncomfortable of US presence in South Asia and both seek for the unipolarity in each sphere and in their foreign policies. About the commercial benefits of Central Asian markets, both are hopeful that they will get the maximum benefits from there.¹⁵²

¹⁵¹ Meena Singh Roy, "India's Interests in Central Asia," <http://www.idsa-india.org/an-mar-9.01.html>, (accessed on May 19, 2011)

¹⁵² Fair. op.cit, 266.

Chabahar Port is a viable option for both countries and it will be a viable option to have excess to the land lock countries. Because by availing this rout it would be low coast for India for its trade. It will also connect both countries to other neighboring countries. From trade with Russia, Central Asia and India, Iran gains political and economic benefits. Hence, this will be the best opportunity for India and Iran. And India- Iran, both have mutual interests in this regard.

As the interest of India and Iran is analyzed, they are to some extent close to each other. As Iran's interest in Central Asia is considered than the Central Asia as its first neighbor was considered by Iran. Along with this, Iran has expanded its relations with them for trade and investment purposes also Iran is protecting open access to energy supplies. To enhance further relations India and Iran are trying to maintain their relations with Central Asian states. Iran in this regard started some projects regarding that to find out the routes through which Iran can permit the countries of Central Asia to excess Iran and others countries including India.¹⁵³

India sees Central Asia as energy rich and land lock countries and its interest is also related to theirs: even India is also in search of other options as well for its energy sector development. Along with these Indian and Chinese workers following their firms investment across Central Asia as earlier India was engaged in Gulf for energy and construction purpose. In Tajikistan and other Central Asian Republics, India is interested in deepening defense cooperation and

¹⁵³ Afifa Kiran, "Indo-Iranian Nexus in Central Asia; Options for Pakistan," *Institute of Strategic Studies, Research analysis (ISSRA)*, Islamabad, II, (2010), 20

also offered to train military personnel.¹⁵⁴ The relations between India and Central Asian states are not new in terms of shared history which has always connected both. The term regarding this was given such as "extended neighborhood" being accepted in this region. As the new relations are analyzed it is not limited to its historical context and mode of relationship but it has changed into economic and geopolitical aspect. Thus in this way for India, Central Asian states are strategically important. India sees this region for peace and stability and also this region serves India's long and short term goals.¹⁵⁵ Hence Central Asia is the best option for both to achieve their goals by working together. Because these countries are land lock countries, their joint partnership seems to be a serious challenge for Pakistan as well for USA.

This project also faced challenges and slower its progress due to the US factor. During 16th Joint Commission meeting (JCM) of India and Iran, External Minister of India S.M Krishna said:

"Iran's assistance in developing the Chabahar port has been slow 'til now."¹⁵⁶ The reason behind was all those slow level cooperation was US factor. Because India was the major country who can help Iran to come out from the isolation but it also lend a hand in US attempt to isolate Iran. It was believed that delaying in this port was of Iranian nuclear programme and US pressure on India. In this situation US-India cooperation would be major setback in India-Iran relation. Important things is that on one hand India and Iran wanted to counter Chinese

¹⁵⁴ ibid, 21.

¹⁵⁵ ibid

¹⁵⁶ Christophe Jaffrelot, op.cit, 4.

influence in the region due to Gawadar port but on another hand it acted differently.¹⁵⁷

4.3 IRAN-PAKISTAN-INDIA (IPI) GAS PIPELINE: US INTERVENTION

As the research raised the question that, what is the importance of Iran – Pakistan- India (IPI) gas pipeline in growing energy needs of India? It also aimed to study factors disturbing their relations. Before going to shedding light on the answer it is necessary to have a brief look on IPI gas pipeline.

The pipeline's length is 2,700-kilometer with 56 inch diameter. It covers around 1,100 kilometers in Iran, in Pakistan it covers 1,000 and in India covering around 600 kilometers.¹⁵⁸

The IPI gas pipeline project was also known as peace pipeline and it aimed to fulfill the energy requirements of India and Pakistan. Iran proposed the export of the natural gas from Iran to India first in 1993. The proposed plan was also to give natural gas to Pakistan as well. It was suggested by the Iranian government that the pipeline would be originated from Asabuyeh or its south Pars Filed from the Persian Gulf to Pakistan's major areas.¹⁵⁹

A new paradigm of friendship that overshadows enmity, mistrust and tension in the form of IPI gas pipeline as the growing demand for oil and gas has brought

¹⁵⁷ ibid

¹⁵⁸ Noor ul Haq, edl. "Iran-India-Pakistan Peace pipeline," *Islamabad policy Research Institute*, XII, 7, (2010)

¹⁵⁹ Ali Arslan, 'The peace pipeline' project: balancing the geo-political and legal seesaw," *Law and policy review*, I, NO. 11, http://clp.umt.edu.pk/lpr/vol1-issue2/Ali_Arslan_LPR_Vol_1_Issue_2.pdf (accessed on May 18, 2011)

closer three major nations of South and Southwest Asia—Iran, Pakistan and India in one platform. This pipeline project also helps to threatening the ‘clash of civilization’ into a ‘dialogue of civilization’. It was expected that by 2009, this pipeline project would be on the scene but it could not be operationalized. In order to meet energizing through this pipeline, India seems to be hanging due to the US pressure to halt this project.

As the geographical position is to be put forth Iranian location gives easy access to the Middle East, South Asia and Central Asia. The Iranian government is increasing its efforts to promote higher gas exports abroad, since the discovery of natural gas reserves in Pars fields in the south of the country in 1988. This energy demand is equally necessary for India and Pakistan because their demand exceeds energy supply and has low natural gas reserves.¹⁶⁰

As the Indian demand for the energy is analyzed and about how the IPI gas pipeline would help to meet those demands, it is obvious that it is expected that during next ten years, its energy demand will be double than of today as its current energy demand is about 310 million tons oil equivalent. In the same way in next ten years, its importing of oil will also double into 154 million tons, as currently it is importing 68 million tons of oil

Report was published on 25 February 2000 by the “Group on India Hydrocarbons Visions–2050”. According to this report:

¹⁶⁰ Asma Shakir Khawaja, “Iran-Pakistan-India Gas Pipeline Project: Paving the Way for Regional Cooperation,” *IPRI*, VI, NO. 1, (Winter 2006), 118

However, the energy need which is clearly addressed by keeping Indian perspective, which addresses the dire need of India to adopt the better option to meet their needs. In this regard IPI gas pipeline would be the better option for India. But there is a factor affecting their relations in such a way that does not let them continue their relations. Whenever India-Iran tried to be on a certain level they are pressurized to stop the progress of that project. In this way their relations are interrupted by the intervening factor.

US state Department officials repeated US concern about the pipeline on 4th January, 2006. The same reservations were pointed out by Indian Prime Minister. He further showed uncertainty in 2005, in an interview with the Washington Post that:

“Any international consortium of bankers would under write ‘the project”¹⁶⁴

However among many hurdles on the way to this pipeline project, the most important one is of US opposition. Reservations alleged by USA about this pipeline are: it has potential to increase in Iran’s economy, it could provide Iran long term stable source of income etc.¹⁶⁵ Thus USA opposition and intervention to halt this project can be traced many times. And USA strategies of containment to isolate Iran from the rest of the world are also traced in every step of their relations.

Even in March 2005, in a visit to New Delhi by US Secretary of state Condoleezza Rice, she gave a statement, in which USA intervention in Indo-Iran relations was visible, that:

¹⁶⁴ Yazdani, op.cit, 8.

¹⁶⁵ ibid

“She said that the supply of US civilian nuclear technology to India conditional on New Delhi’s disengagements with Iran in numerous areas including energy.¹⁶⁶

It was believed by USA that this pipeline would strengthen Iran and in this way this project was opposed by USA. As the Iran-India pipeline never got built, this would delight USA and this was clearly mentioned by Patrick Clawson is Deputy Director for Research (Washington Institute for Near East Policy) in his research. He further said that:

“The concern is that the international investment in Iran’s oil and gas industries is giving confidence to the Iranian government, and that Iran is not paying much of a price for its defiance of the Security Council over the nuclear matter.”¹⁶⁷

And as a result of this pipeline, Iran would be in a greater advantage and USA would reduce the West’s economic leverage over Tehran because in order to abandon its nuclear ambitions it is necessary to influence Iran.¹⁶⁸ It is important to note that earlier Indian Foreign Secretary Shiv Shankar Menon said regarding IPI pipeline stated:

¹⁶⁶ ibid

¹⁶⁷ U.S. Concerns Over India-Iran Gas Pipeline,” News analysis,(June 18, 2008)
<http://www.voanews.com/english/news/news-analysis/a-13-2008-06-13-voa27.html>, (accessed on June 28,2011

¹⁶⁸ ibid

“The demand for gas in India is 151 million standard cubic meters per day (mmscmd). The present domestic gas supply is 65 mmscmd”¹⁶¹

On the other hand increase in domestic production and by switching to liquid fuels is only possible if it imports from other countries.¹⁶² Thus post-cold war era also stressed many countries to go for the economic development same was the case in India-Iran relations. Post-cold war era also challenged the countries to secure their countries should by adopting economic development tools and this would be possible if the countries established their relations with those countries who are highly energy rich.

As the global oil prices had been on increase since 1999, sharply hitting on average of \$50 per barrel, this strained the Indian economy as well. By facing such kind of crises and problems at that time, interest within the Indian government changed for large-scale in order to import natural gas. In this regard the best option for a long term solution adopted was to go for cross border pipeline to carry natural gas to region with highly rich demand. This concept was earlier adopted in North America and Europe but in Asia it has a long way to be accepted. Energy consumption in India is accounted for by natural gas that is approximately 8 percent of energy consumptions. And it was predicted that by the year of 2025, the demand of natural gas is likely to go up from the present 74mcm to about 322mcm per day.¹⁶³

¹⁶¹ ibid, 119

¹⁶² ibid, 120

¹⁶³ ibid

"Everything we do with Iran is open, above board and quite clear to everybody.

Frankly, from our point of view, the more engagement there is, the more Iran

becomes a factor of stability in the region, the better it is for us all."¹⁶⁹

However, earlier many statements and official visits took place between India and Iran they agreed to continue this project and will have a better relation more than before. U.S pressure on India to give up the gas pipeline project is likely to backfire, it was said by Vijay Rana, and it is quoted as:

"If Indian public opinion sees that Americans are pressurizing India because India wants to have good relations with Iran, then old memories of the Cold War come into play, and a big part of public opinion, particularly the left parties, say that we should not be pressurized by a superpower like America and we should be free to have whatever relations we want with any other country like Iran."¹⁷⁰

India and Iran are interested to grow their relations in a better way. But USA tried to favor India by providing aids and such other relaxation as a result that India halts its relation with Iran. USA trying to use bargaining chips in order to keep India apart from Iran by giving it assistance in terms of providing nuclear agreement and other relaxations. In this way USA would be successful to contain Iran by isolating it and making it weak economically.

¹⁶⁹ "Iran's foreign policy," <http://www.voanews.com/english/news/news-analysis/a-13-2008-06-13-voa27.html> (accessed on May 14, 2011)

¹⁷⁰ <http://www.voanews.com/english/news/news-analysis/a-13-2008-06-13-voa27.html> (accessed on June 13, 2010)

In 1995 IPI project was initiated and later because of the Indo-US nuclear deal, this project seemed as in a weak position.¹⁷¹ Not only prohibition limited to India to have any deal with Iran but even USA warned Pakistan also in this regard not to have any deal with Iran because its interest do not meet with Iran. This reservation was also seen many times, that after returning from visit to Pakistan, India and Afghanistan, US Assistant Secretary Robert Blake told newsmen that:

“US has advised Pakistan to see other alternatives because of Iran’s dispute with the international community”¹⁷²

Nonetheless, the current Obama’s administration also following the policy of its predecessor George W. Bush. And in any Iranian project it opposed large investment by any country. And in order to abandon this project USA is exerting pressure on both India and Pakistan.¹⁷³

India was side lining by giving such statements that India was reluctant to join the gas pipeline because of the transit money that it supposed to pay to Pakistan. But the situation is quite opposite to it that though Indian leadership gave statements that they would not take any dictation from the US over the matters of their own interests but the reality including the IPI Gas Pipeline Project fell in USA’s persuasion. The US offered the civilian nuclear technology to India in 2007 and motivated India to back away from the IPI Gas Pipeline Project. India

¹⁷¹ Noor ul Haq,edl. “Iran-India-Pakistan Peace pipeline,” *Islamabad policy Research Institute*, XII, 7, (2010)

¹⁷² *ibid*

¹⁷³ *ibid*

all the time came out of the deal when it was about to be concluded. The apparent suspicion raised by India was that the pipeline would pass from Pakistan's territory which was not safe. Because due to the tense situation of Pakistan and terrorist attack over there would cut off supply of gas and also as that it mentioned earlier about the transit money issue that it have to pay Pakistan. Because India was supported by USA in terms of assistance in order to lessen Iran's say in neighboring countries and in international community. In order to contain Iran, USA is providing assistance to India so that it does not tilt toward Iran. This is also supported by one of the research conducted by South Asia Monitor published by the Center for Strategic and International Studies (CSIS) that:

“The U.S. policy of isolating Iran and slow down the development of its energy infrastructure has been out of step with India’s strategic relationship with Iran for years.”¹⁷⁴

The sanctions signed by President Obama on July 2010, which is believed to be a tough unilateral sanction. In this regard, Nirupama Rao India’s top diplomat complained about this sanctions that:

“A direct and adverse impact on Indian companies and, more importantly, on our energy security and our attempts to meet the development needs of our people.”¹⁷⁵

¹⁷⁴ Pant, op.cit, 65.

¹⁷⁵ Jeremy Kahn, “India’s Nuclear Diplomacy,” *The Newsweek Magazine*, <http://www.newsweek.com/2010/08/09/india-s-nuclear-diplomacy.html> (accessed on June 20, 2011)

Chapter 5

SECURITY AND DEFENCE DIMENSION OF INDIA AND IRAN RELATIONS: POST 9/11 ERA

5.1 INDO-IRAN SECURITY AND MILITARY RELATIONS: POST 9/11 ERA

India's strategic environment stretches it to the Strait of Hormuz and the Persian Gulf as are the westernmost frontier of this strategic area and the Eastern coast of Africa as the westernmost border of this strategic space. Occasionally, Indian analysts claimed: Strait of Malacca lies in to the East and be adjacent to the South China Sea.¹⁷⁶ Primary seeks to be recognized as the pre-eminent power within the Indian Ocean basin with this extended strategic neighbourhood as concerned. India itself considered the pre-eminent power of South Asia and also it is near to achieve the global power status. In determining regional security arrangements to foster stability throughout the Indian Ocean basin and beyond, India believes that it has a natural role. India's Ministry of Defence Annual Report 2005-2006 stated that:

¹⁷⁶ Fair, op.cit, 264-265.

“Slow but steady” progress made in achieving “a truly multipolar world, with India as one of the Poles. . .”¹⁷⁷

For any country defense relations are primary part and important factor. Security has always been considered as the first priority for the country. This is best explained by Arvind Dutta in his research that:

“Role of India’s Defense cooperation initiatives in meeting the foreign policy goals”¹⁷⁸

Further he said that:

“Defense cooperation is an ideal tool to advance the national foreign policy objectives by building bridges of friendship, preventing conflicts, building mutual trust and capacities on a global basis.”¹⁷⁹

He further quoted in his research about the definition of Defense cooperation that:

“Any arrangement between two or more nations where their armed forces work together to achieve mutual aims and objectives”¹⁸⁰

The military power of any countries can help and affect in different ways. Both at regional and national level the military can fulfil variety of significant inter-related functions. Military can also serve in the reshaping of country’s foreign policies and implementations of them. If a country is strong militarily it can use this to the external threats and used as a tool of deterrence.¹⁸¹

¹⁷⁷ Paul G. Blacketor, *Everyday useful quotes* (USA: Xelibris cooperation, 2009), 214

¹⁷⁸ Arvind Dutta, “Role of India’s Defense cooperation initiatives in meeting the foreign policy goals,” *IDSA*, 3, No.3, (2009), 31.

¹⁷⁹

¹⁸⁰ *ibid*, 31.

¹⁸¹ Parveen, *op.cit*, 103.

Countries designed Security policy to achieve their goals overall by keeping in view its internal and external environment. And also due to the other factors such as ideology, geographical locations and governance structure etc. Iranian security concerns emerge soon after its Islamic revolution of 1979. For the reason after facing threats from West, Iran expanded its security concept but by restricting to its boarder and expanding its relations with other countries including India.¹⁸²

Hence, in the case of India-Iran defence cooperation with respect to mutual aims and objectives means to be strong enough in order to secure their selves against their rivals. Important thing is that both lie in different spectrum such as both do not share common enemy. In the case of Iran it is threatened from the USA and India is threatened from the Pakistan. In this case the interest is the same but enemies fall in different category.

Now the aims on the subject of the defence cooperation between India and Iran are off to share information in doctrinal expertise and its operational function, military training and regarding the sales of military technologies and weapons and collaboration in this regard with other countries.¹⁸³

The basic interest behind the defense cooperation between India-Iran was of different nature. For India, Iran would help it to achieve its goals in terms of projecting its position in the regional security structural design. For Iran it is seeking to modernize its armed forces, to get excess to advance technology etc. In

¹⁸² Hassan Rahimi and Abolghasem Taheri, "The Impact of Ideology on Iran's Security Policy, in the First Decade of Islamic Revolution "With Emphasis on Defensive Military Doctrine," *American Journal of scientific research*, (July , 2011), 67-81

¹⁸³ Parveen, op.cit, 32

this regard India was the best suitable option for Iran regarding military cooperation.¹⁸⁴ Despite the fact that their goals are different but hidden aim is the same to achieve that status that no one can threaten their security. Keeping in view their aims and objective also on the bases of friendly relations throughout the past they ought to set forth their relations in a better way.

Indo-Iran defense ties, since the formation of an Indo-Iran Joint Commissions in 1983, both relations had grown steady and gradually low.¹⁸⁵ It is believed that India has a more substantive defense relationship with the Arab World. Concerning, plans and foot for greater maritime cooperation and a forum for the navies of the Indian Ocean littoral states to engage each other has joined the Indian navy's annual initiative, the Indian Ocean Naval Symposium this had provided a forum. India's growing defense linkage with Israel restricted the defense relationship of India-Iran.¹⁸⁶

The reason behind the low level defense relations were be of two fold; one was of the India's friendly relations with the Israel and with the USA and second was that both have different rivals. Because enemy of USA is the friend of India and for Iran West is the major threat. In this case the shift is quite complicated and by keeping in view such situation the relations would be effected in the future as well it was observed earlier in the past. But both are trying to maintain these relations in a better way.

¹⁸⁴ Monika Chansoria, "India-Iran Defense Cooperation 25.1," (Jan-Mar 2010) <http://www.indiandefencereview.com/IDR-Updates/India-Iran-Defence-Cooperation-.html>, (accessed on May 12, 2011)

¹⁸⁵ Kronstadt, op.cit ,6

¹⁸⁶ Pant, op.cit, 68

The reason for the less and slow relations during Cold War was because at that time world was divided into two groups. And also arm race between USA and Soviet Union was on its peak. And rest of the countries came together themselves whether to remain neutral or to join any group. India had adopted the policy of "Non-alignment" whereas Iran had already joined the USA side especially in the context of Shah of Iran.

Indo-Iranian military cooperation is at emerging stage yet. Hence, both are also working to align their positions on global nuclear disarmament and further both governments held preliminary discussions aimed at institutionalizing contacts between their respective armed forces, establishing a security dialogue, exploring the possibility of arms sales. In March 2001, a meeting was held between Indian Defense Secretary Yogendra Narain and his Iranian counterpart Ali Shankani regarding the possible arm sales. To manufacture under license of a wide range of Russian military hardware in this regard India is gradually acquiring the capability. This had attracted Iran about India as a better option.¹⁸⁷

Regarding the expertise in electronics and telecommunications as well as upgrades for many of its legacy Russian weapons system was hoped by Iran that India would provide it. Even despite various defence agreements in which both agreed upon, little was materialized. Therefore, Indian Defence Secretary Yogendra Narain in 2001 met with his Iranian counterpart Ali Shamkani to discover arm sales to Iran.¹⁸⁸ In Iran's port city of Bandar Abbas India also established a consulate in 2001 which authorized India to supervise ship

¹⁸⁷ Calabrese, op.cit, 74

¹⁸⁸ Fair, op.cit, 266

movements in the Persian Gulf and the Strait of Hormuz.¹⁸⁹ Thus India would be a viable option for Iran as it was clearly attracted when Soviet Union later Russia offered many well graded nuclear weapons. On the other side India side by side helps Iran as the study showed but not up to that level.

In the area of defense, two countries are cooperating with each other. Iran is enhancing its defense capabilities due to the preparedness of US /western power in South Asia and Persian Gulf regions. Iran has turned to India because of having tried to obtain weaponry from diverse sources including Russia, China and North Korea. In maintaining its Russian-built equipment such as T-72 tanks, MIG 29 aircrafts and Russian-built 'Kilo' class submarines. In this regard, assistance of India to Iran has been reported. Similarly, seventy percent of India's military import still comes from the Russian Federation in this way India has a particular expertise in using and maintaining Russian built military equipment.¹⁹⁰

For institutionalizing the contacts between the armed forces of the two countries that included a provision that Iran might provide India with the use of its military bases in the event of a renewed India-Pakistan conflict,. This had been reported in an agreement between India and Iran called as 'strategic understanding" signed in 2003.¹⁹¹

Events important for Iran, Persian Gulf States and Pakistan as a US core ally such as, in 2003 a joint manoevres and exercises (in the Arabian Sea) conducted by the Indian and Iranian navies. Same was the case with the US and

¹⁸⁹ ibid, 278.

¹⁹⁰ Yazdani, op,cit, 325

¹⁹¹ ibid

Pakistan growing relation during 2003, a key US ally in curbing maritime terrorism. The US had established naval facilities on Pakistan adjoining the Straits of Hormey.¹⁹² At that time it was believed that growing US-Pakistan relation would affect the Iran-Indian relations, because Pakistan has joined 'US -War on Terrorism' and has become its ally. On the other side in early March 2006, second naval exercises held at the same time between India and Iran, when President Bush visited Afghanistan, Pakistan and India. That happened right before the US congressional deliberations on the US-Indian nuclear civilian deal.¹⁹³

Therefore, many predictions were speculated about the growing USA-Pakistan relations and about the Indo-USA relations. Pakistan as mentioned above had joined the USA's war on terrorism whereas India and US had signed the nuclear deal. In these situations it was really tough to articulate the final observation. But the situation that has had directed the relations in the context of India-Iran relations is quite clear that there is hindrance in their relations that it could not achieve that level where both will be considered as an ally. But politics is quite different from the real relationship because it has been considered throughout the history and even today that there is no permanent friend and enemy in the politics. In this case, the only matter is to achieve one's goals as India wants to be called a regional power that slowly and gradually will lead towards the strong status and say in the International community as it has some extent achieved with the help of USA. Whereas Iran wants to be a regional power in its sphere and wants to be secured from the Western interference. In this case India in

¹⁹² ibid

¹⁹³ Khawaja, op,cit, 121

the past got assistance from Russia and other powers and recently from the United States. Also Iran was in the past assisted by the western powers during the Shah's period but from India it was assisted but not to the high level.

Hence, cooperation in nuclear field and space launch and other space related technologies was believed to be enhanced. Thus, it is also believed that in the past India provided assistance to Iran regarding civilian nuclear programme. Reactors which were placed under IAEA safeguards, it is said that India tried to provide it to Iran, at that time but USA pressurized India to halt its programme and later two Indian scientist also provided Iran technical assistance regarding Iranian nuclear programme.¹⁹⁴ US Secretary of State Condoliza Rice inquired about New Delhi's relationship with Tehran, during Senate Relations Committee hearing on April 2006. Along with USA, Israel also showed some reservation on Indian and Iranian relationship that India could provide Indo-Israeli military technology to Iran. The USA Secretary Rice stated that:

“The US has made very clear to India that we have concerns about their relationship with Iran.”¹⁹⁵

The other angles and the existing relationship with respect to nuclear issue and policy will be analyzed below. According to that future relationship will be analyzed.

¹⁹⁴ ibid

¹⁹⁵ Monika Chansoria, “India-Iran Defense Cooperation,” Indian Defence Review, Vol 25.1, <http://www.indiandefencereview.com/geopolitics/India-Iran-Defence-Cooperation-.html> (accessed on June 2011)

5.1.1 INDIA-IRAN MARITIME COOPERATION: US RESERVATIONS

Maritime cooperation has played a vital role in India-Iran relations. Thus this concept is not as new for both. This concept got more attention in twenty-first century due to the maritime borne threats. Maritimes security can be defined in many ways and there are many definitions given by the scholars. Keeping in view India-Iran maritime cooperation a definition gave by the Jasjit Singh that:

“Maritime security’ represents the broadest approach to issues and aspects which pertain to the sea and have an important bearing on the country’s security”¹⁹⁶

He further elaborated that”

“The concept of maritime security goes well beyond the military aspect although military power and security remains the final arbiter of national security”

There is another definition defined by a Dalhousie University on maritime security as:

“A process of maintaining stability in the international system on, over, under and from the sea”¹⁹⁷

¹⁹⁶ “India-Iran Maritime Security Cooperation” *Iran Review*. (Iran, 2011), http://www.iranreview.org/content/Documents/India_Iran_Maritime_Security_Cooperation.htm (accessed on December 21, 2011)

Hence controlling sea is important for in contemporary era because security plays important role for every country. As India-Iran are both maritime countries. Maritime security is focal point for India and Iran. It could help both countries economically and strategically. It was an estimate that India's 95 percent International trade relay on sea route and oil leads to 85 percent by ships. For this reason country such like India and Iran could play remarkable role to secure maritime security and safeguarding themselves. But Maritime's security is concern of most of the countries in the world and challenges are also on way such as; peace, safety and prosperity. Because sea routes had been used for negative purpose, for example; drug trafficking, piracy etc... Through the Gulf of Aden and the Arabian Sea and Somali coast, these routes are of a greater interest of India as its maritime security is concern. Whereas, for Iran Strait of Hormuz is major concern as it is situated at the way in of Arabian Gulf, as it was best viable option for its trade, import and export purposes. In this regard disruption on these routes would not be acceptable by both of the countries. Hence, for the safety and security reasons both collaborated so far and also showed willingness.¹⁹⁸

Hence Maritimes security enabled Indian and Iran in regional level as well in order to counter terrorism aspects. Because post 9/11 era had threatens maritime security and it is considered a challenge to secure these routes. As, these routes could be misused by the non state actors. Important thing is that US is also interested in Strait of Hormuz. It was believed that US would ask Iran for the collaboration but it was not materialized as US showed concern over Iranian

¹⁹⁷ ibid

¹⁹⁸ ibid

regime and nuclear posture. And US believed that it could be only power to ensure safety and security in this area.¹⁹⁹

5.2 US-IRAN NUCLEAR CONFLICT: CONVERGENCE AND DIVERGENCE IN INDIAN POLICY

So far the research discussed the defense ties of India and Iran. Here the relations in terms of nuclear aspect that had affected the defense ties, how far the interest meets here and about the role of India in this regard by keeping in view USA factor will be discussed. Firstly the research will have an overview about the Iranian nuclear programme that had also helped in both countries defense relations.

5.2.1 EMERGENCE OF IRANIAN NUCLEAR PROGRAMME:

PARADIGM SHIFT IN US POLICY GOALS

Iran's nuclear programme has turned out to be now-a-days a serious challenge to the International community. Hence, so far there were many efforts taken by the International community to halt down its nuclear programme. Efforts in this regard were pressurizing Iran, sanctions and to isolate it from rest of the world as a part of USA's Containment strategy. But before discussing this there is a dire need to understand about the Iranian nuclear programme when started and

¹⁹⁹ Mihir Roy. "Maritime security in West Asia", *Institute of Indian peace studies*. 1-11
<http://www.iips.org/Roy-paper.pdf> (accessed on December 12, 2011)

how it was started. On the bases of the past experience, facts and activities it would be easy to conclude of the India- Iran relations with respect to US factor.

Iran's nuclear programme started in 1950s. At that time cold war was on its peak. Iran was ruled at that time by Shah of Iran and had aligned with the USA in order to contain communism and to counter Soviet Union. Iran as well others Arab countries are also pillar of the USA and also oil supplier. It is noted that from 1960s to 1970 that in the region Iran was the major recipient of US arms. It is interesting that Iranian nuclear programme got assistance from the west. Hence, in 1967 with the help of USA and West Germany the first nuclear facility was established at Tehran University by supplying the research reactor. It is noted that since 1950s to by the right up to the Iranian revolution throughout this period in the area of nuclear technology, Iran was assisted by the USA and the West Europeans.²⁰⁰ After Iranian revolution when President Ayatollah Khomeini came to power and said that Iran did not need nuclear energy and he halted down the completion of reactor. Iraq invasion on Iran lasted for eight years from 1980-88; since then west did not supported Iran and it felt isolated and threatened. It is believed that this was the reason behind to give up Iran nuclear programme.²⁰¹

About the Iranian nuclear programme and its effort it had started in 1959 when Iran had purchased research rector from the United States. In this era Shah was the ruler of Iran, and it was the pro -USA regime of that time. At that time

²⁰⁰ Adam Tarock, "Iran's Nuclear Programme and the West," *Third World Quarterly*, 27, No. 4, (Taylor and Francis, Ltd), 652, <http://www.jstore.org/stable/4017729> (accessed on December 13, 2010)

²⁰¹ ibid, 652-653.

Shah aimed to build 23 reactors by keeping a time frame till 1990s, but it was not known to have nuclear aim behind. After 1979s revolution of Iran the concern started regarding its nuclear ambitions.²⁰²

Iran's nuclear developments history started under the supervision of US bilateral agreements between the two. In 1967 Tehran Nuclear Research Center (TNRC) was the first significant nuclear facility built by the Shah run by Atomic Energy Organization of Iran (AEOI). This has always been the open research for nuclear purpose.²⁰³

Later when the Nuclear Non-proliferation Treaty came into being and asked the countries to join, Iran had signed the NPT on July 1, 1968 later into effect in 1970.

And NPT articles VI recognized Iran as:

"Inalienable right to develop research, production and use of nuclear energy for peaceful proposes without discrimination, and acquire equipment, materials, and scientific and technological information."²⁰⁴

Same year in 1970 midst with the help of French assistance, the Nuclear Technology Center at Esfahan (Isfahan) was established.²⁰⁵ It is the largest nuclear research centre. French built up of this research centre was to provide training for

²⁰² Sharon Squassoni, "Iran's Nuclear Program :Recent Developments," *CRS Report for Congress (Updated)*, (September 6, 2006)

²⁰³ Muhammad Sahimi, "Iran's Nuclear Program. Part I: Its History," *Payvand Iran news*, <http://www.payvand.com/news/03/oct/1015.html> (accessed on October 3, 2010)

²⁰⁴ ibid

²⁰⁵ ibid

the personnel to operate the Bushehr reactor, which is located at the University of Esfahan.²⁰⁶

Later after the victory of Iranian revolution of 1979, the government of that time announced to halt the work of Bushehr reactor by saying that Iran did not need nuclear energy.²⁰⁷ Afterwards Iran-Iraq war also destroyed infrastructure in Iran and delayed the further progress. Iran wanted to reset this reactor but with the western pressure did not allow it to do so. Then Iran turned towards Soviet Union (Russia) in 1990's to help in this regard. But it was delayed due to the financial constrain. Regarding this reactor in order to finish the reactor at Bushehr, Iran in January 1995, signed a contract with the Russian Ministry of Atomic Energy.²⁰⁸ Regarding the future plans of Iran and its ambition are to be said that it will construct seven nuclear power plants by 2025, that each will be of 1000MW. Iran believes that such kinds of projects are necessary for the country's development. There had always been concerns raised after the Iranian revolution but Iran's program and efforts for building sophisticated facilities at Natanz and several other cities that would eventually produce enrich uranium were revealed in 2003. This was officially declared by the Iranian President Mohammad Khatami and asked the IAEA to visit and inspect them. Later IAEA visited Iran and asked it to provide all the necessary detail of its nuclear activities.²⁰⁹ Iranian nuclear

²⁰⁶ Hussein D. Hassan, "Iranian Nuclear Sites" *CRS Report for Congress*, (November 13, 2006), 2

²⁰⁷ Muhammad Sahimi, "Iran's Nuclear Program. Part I: Its History," *Payvand Iran news*, <http://www.payvand.com/news/03/oct/1015.html> (accessed on October 3, 2010)

²⁰⁸ ibid

²⁰⁹ ibid

programme was initiated in Shah's period with the help and assistance of USA. And later USA itself wanted to halt down its programme.

The Iranian nuclear programme in the past was established with the help of USA for the peaceful purpose but the question arises what happened soon after the Iranian revolution? Either the USA interest from Iran was over or it had used Iran for its own interest during Cold War? Why currently US affirmed about the regime change? And why USA is disinclined to have good relations between India and Iran? As it is clear, every country has its own will, sovereignty, principles, laws etc. according to that they run country and their foreign policies. Hence, it's too early to articulate the conclusion here because there are other facts and events that are also needed to explain and bring to forefront.

5.2.2 INDIAN STANCE IN-PURVIEW OF US-IRAN

NUCLEAR CONFLICT

Indo-Iran relations with respect to nuclear is clear that India in the past provided assistance to Iran on civilian nuclear programs. In 1991, a ten megawatt research reactor was installed at Moallem Kalyaeh regarding this India wanted to sell Iran and later aimed to provide Iran 220-megawatt nuclear power reactor. But USA pressured India not to provide such kind of help to Iran by saying that India could use for weapons grade fissile material.²¹⁰

²¹⁰ Fair, op.cit, 51

Indo-Iran relations in terms of nuclear issue are equally complex. Regarding the global nuclear order both countries have long held notably different views. In 1998, test conducted by India and Pakistan were not supported by Iran and reported UN Security Council Resolution to check their nuclear capabilities by signing the Comprehensive Nuclear-Test-Ban Treaty (CTBT) and the Non-Proliferation Treaty (NPT). Regarding the India US nuclear deal, had warned Iran that the pact had endangered the NPT and would trigger new “crises” for the international community.²¹¹

Till so far the cooperation on defense side got set back during a discussion between then President Khatami and India’s late national security advisor, J.N. Dixit, in Tehran in 2004. Issues such as regional security and economic dimension were also discussed.²¹² Later it was reported that Indian two nuclear scientists had provided assistance to Iran’s nuclear program. In 2004 United States imposed sanctions upon them under Sections 2 and 3 of the Iran Proliferation Act (INA) of 2000.²¹³

Thus it will be not justified to neglect the efforts done by India to help on nuclear side. It has highlighted the aspects that India is willing to have relations in the context of nuclear side but it was objected by the intervening powers for their own interest. But the point is that every country has its own set up. In this case, it is really foolishness to follow the directions of others for their interest. Though

²¹¹ Pant, op.cit, 67

²¹² Fair, op.cit, 52.

²¹³ Ibid, 280.

India has need of USA support for its global design and for its own interest but it should not ignore the strong grip on its relations with neighbours especially Iran.

On the subject of the total nuclear disarmament with respect to the CTBT, India and Iran expressed the reservation that the CTBT did not include a wider commitment. Calling for total nuclear disarmament within a fixed time frame, in this regard the Indian position on this matter goes further than that of Iran. In order to block closer negotiation in the 61-Nation Conference on Disarmament part of a common effort to shift draft treaty action on the CTBT to the United Nation General Assembly, in this regard Iran supported India.²¹⁴ India and Iran both have reservations on CTBT due to the divergence of views. India already has many new nuclear weapons whereas Iran is in process in this regard. Both countries position varies and that has affected their views regarding CTBT. Hence, both have difference of opinion but in some context they have supporting elements. It is not completely said that they have a total cooperation in every segment but clashes in terms of difference of opinions do exist.

5.2.3 IRANIAN NUCLEAR POSTURE: INDIA'S VOTE IN

IAEA AND US RESPONSE

About the IAEA, in the nuclear field it is the world's centre of cooperation. It was established in 1957 as a programme of "Atoms for Peace". It works for the safe and secure peaceful nuclear technologies with the collaboration

²¹⁴ Calabrese, op.cit, 60-70

of member states all around the globe. The purpose behind the establishment of IAEA was that the countries developing nuclear energy have many fears. Those countries can use it for the weapons in the disguise of nuclear peaceful use.²¹⁵ Hence, this was all about the IAEA and its purpose. India got the waiver about the Indo-US nuclear deal but for Iran it voted against in IAEA. India-Iran relations are viewed to be affected due to the India's vote against Iran in IAEA.

Hence, before going to shed light on the different aspects on India's vote on Iranian nuclear issue, it is important to point out the IAEA and its purpose.

Purpose behind the creation of IAEA was that to facilitate the use of nuclear energy for peaceful purpose and to have check and balance on the nuclear facility that it was not diverted for nuclear explosions.²¹⁶ The location of Iranian nuclear research centre and reactors are showed in the map below. That has clearly highlighted the exact locations and its functioning. Therefore, the research centre's includes Tehran Nuclear Research Center, Tehran, Bushehr, Esfahan [Isfahan] Nuclear Technology Center, Natanz, Karaj/Karai/Hastgerd, Lashkar Ab'ad, Arak, Anarak. It was observed that India would never vote against the Iran in IAEA Board. But this was opposite to the expectation of Iran, India did vote against it with the majority.²¹⁷

India had aligned itself with international efforts to bring Iran's nuclear program into compliance with Non-Proliferation Treaty and IAEA provisions. In

²¹⁵ International Atomic Energy Agency, <http://www.iaea.org/About/about-iaea.html> (accessed on June 10, 2011)

²¹⁶ D. Hassan, op.cit, 4

²¹⁷ Kronstadt, op.cit,

this regard, Indian Government has made clear that in the region it does not wish to see new nuclear weapons power.²¹⁸ And opposition even publically stated by Prime Minister Manmohan Singh regarding the Iran's nuclear acquisition. And in 2005 India also advised Iran via phone that:

“Tehran should be flexible and make concessions”²¹⁹

India finds itself on a hard situation, regarding its vote on Iran in the International Atomic Energy Agency (IAEA). It cannot go against USA due to the Indo-US nuclear deal and with Iran also it cannot go against because Iran could become a significant supplier of fossil fuels if the IPI project comes on the status (if it materialized).²²⁰ India's nuclear deal with USA had affected its long-standing ties with Iran.²²¹ As it was believed and examined that India and Iran have had long historical ties and good relations in this case India will support Iran in the IAEA. But it was quite opposite to the expectations as earlier it was discussed that for countries interest matters rather than anything else. Same in the policy of India, it aligned with USA and supports its policy that had already shaped in the form of Containment of Iran.

In September 2005 and February 2006 India voted at the International Atomic Energy Agency (IAEA) against Iran. In October 2005 India's Foreign Minister Natwar Singh stated that:

²¹⁸ Kronstad, op.cit, 6

²¹⁹ Sreeram Chaulia, “India and Iran in the Obama Era,” *The globalist*, <http://www.sreeramchaulia.net/India-Iran.pdf> (accessed on May 30, 2011)

²²⁰ S. Kumar, *India's International relations*. (New Delhi: Maxford books,2008), 64

²²¹ Rama Lakshmi, “India's Long-Established Ties With Iran Straining Alliance With U.S,” *The Washington post*, Washington Post Foreign Service; (Thursday, September 20, 2007)

“India would support US efforts to refer Iran to the United Nation Security Council (UNSC)”.²²²

Thus, in the Atomic Energy Agency (IAEA), India had voted twice against Iran. The second of these votes resulted that the violation of international obligation done by Iran because of its nuclear programme so it should be referred to UN Security Council.²²³

USA expressed its pleasure regarding the India’s vote against the Iran in IAEA. India’s this act reflected its choice to choose USA as its strategic partner.²²⁴

Therefore, it is clear that their relations always have been affected by the intervening power even by forcefully or willingly. By willingness it means that if a country does not have its own interest it possibly will never develop their relations with any other country even by forcefully. By forcefully means that it is objected by other strong power and is offered other possibilities that the country foregoes its options and moves towards the better one. But in every case India wanted to have its relations with Iran because Iran is resources rich country and it can help India for her interests. Thus after voted by India against Iran, many changes were made in order to stop Iran for its nuclear programme that included pressurizing Iran and also sanctions.

After various discussions in the Security Council in 2006, it was finally decided to impose sanctions on Iran. It was also decided that after every two

²²² C. Fair, op.cit, 45.

²²³ “India-Iran Relations: Changing the Tone?,” CSIS, NO. 92 (2006)
<http://csis.org/files/media/csis/pubs/sam92.pdf> (accessed on April 8, 2011)

²²⁴ Kronstadt. Op.cit, 4

months Security Council would pressurize Iran to halt its nuclear programme. Thus sanctions were imposed according to the UN Charter and its chapter VII, which talks about;

“Action with respect to threats to the peace” and Chapter VII’s Article 42 ‘allows for the use of force to impose peace’.²²⁵

But all the Security Council efforts were gone vague because Ahmedinijad criticized the Security Council that it could not stop any country from its legitimate right of peaceful nuclear energy.²²⁶

India has remained a vocal supporter if the relationship with Iran is observed, at a time when Iran’s regime had been criticized by many.²²⁷ This can be exemplified when the Iranian revolution which was rejected by western powers, at that time India had supported Iran. Also on various other places India had always showed willingness unless and until it was not directed by the USA factor. Thus India has always shown its interest regarding Iran as their relations are concern. But it had always been intervened and forced to halt their relations with Iran because it is not the best suitable interest of USA. Therefore, USA as a sole super power and its policy of Containment throughout Cold War till today can easily be analyzed in India and Iran relations.

²²⁵ Kasra Naji. *Ahmedinijad the secret history of Iran’s radical leader* (New York: I.B Tauris, 2007), 128-129.

²²⁶ ibid

²²⁷ Fair, op.cit, 45-46

Strategic dialogue to explore opportunities for cooperation in defense negotiated between India and Iran four times from October, 2001 to 2007.²²⁸ But the Indian vote against Iran concerning its nuclear programme has been upsetting the relations between them. Because of US interference and dictations in this regard is quietly visible. As Containment's second factor was of military approach means to bring constrains in military progress of Iran and to sanction Iran. So it would not be a militarily powerful and stop Iran from the acquisition of nuclear weapons which consist of ballistic missiles or weapons of mass destruction. Also through military deployment around the Persian Gulf in order to enforce the red lines, restrain Iran to deter attack on American allies. And it is also believed that USA had been supporting secretly and militarily those elements which are against Iran and the Iranian regimes. Thus, the reason of not having a very well off defense relations between India and Iran can be that both have different enemies and as the enemies are not common as a result they cannot have good defense relations. There are patterns of different relations such as USA has a friendly relation with India and enmity with Iran whereas Iran is a friend of India and have opposite relations with USA. In this case the stronger and long term defense relation will not be possible between India and Iran.

²²⁸ ibid

CHAPTER 6

INDIA-IRAN INTERESTS AND THREAT

PERCEPTIONS: FUTURE PROSPECTS

6.1 FUNCTION OF INTERESTS AND THREATS IN FOREIGN RELATIONS

In international level to guarantee a country's needs every nation has a foreign policy. If every era is analyzed then there was a visibility that how states push their agendas and interests. But that was a different cases either agendas or interests had directly or indirectly impact on nation or not.²²⁹ About regional cooperation and regional integrations there was not any appropriate definitions yet come out where mutual consensus found. Hence scholars classified regional integration as a sub-category of regional cooperation. Because they are indirectly related to each other and few similarities do exists. Regional cooperation was possible due to the growing importance of development opportunities and needs.

²²⁹ Anup Shah, "Foreign Policy-National interest" *Global issues*, 2012
<http://www.globalissues.org/article/101/foreign-policy-national-interests>, (accessed on January 21, 2012)

On the other hand regional integrations could be defined as;

"a process through which a group of nation states voluntarily in various degrees share each other's market and establish mechanism and techniques that minimize conflicts and maximize internal and external economic, political social and cultural benefits of their interaction"

Whereas regional cooperation could be discussed as:

"A process whereby nation states in common solve tasks and create improved conditions in order to maximize internal and external economic, political, social and cultural benefits for each participating country"

Hence it is analyzed that on the bases of systemic framework which should be based on broader range of cooperation with respect to partial projects at that level mutual cooperation or regional cooperation works. Even regional cooperation could be defined in detailed like in the form of mutual coordination on the policy of technical areas such as while carrying out of joint projects, on natural resources, towards global issues and productions. Therefore, it varies country to country how they define their regional cooperation or regional integration on the bases of their interests. Whenever we used to analyze regional integration on any case study then it is necessary to find out how they define it.²³⁰ By keeping in view and analyses of regional integration with respect to Indo –Iran could be analyzed below by convergence and divergence of interests and threat perception.

²³⁰ Ali Emami Meibodi and Ahmad Emami Meibodi etc, "A case study on consolidation of Regional Cooperation: Iran- Pakistan- India Gas Pipeline" *International Conference on Applied Economics – ICOAE* (2009), 460.

6.2 INDO-IRAN COMMON INTERESTS AND THREAT

PERCEPTIONS: FUTURE PROSPECTS

6.2.1 INDO-IRAN COMMON INTERESTS: FUTURE PROSPECTS

It was discussed earlier about the relations of India and Iran in each sphere. In this part, India-Iran relations will be discussed in terms of interest generally. The event of 9/11 made tremendous shifts in international relations and it countries directly or indirectly changed their foreign policies to secure their relations and cooperation. A new challenge will have to face all the countries in the form of war on terrorism and countries have to protect their interests by joining hands together. States are sovereign and are independent of each other but it does not mean that states are isolated. They react differently and find out the ways to somehow deal with each other and to co-exist.²³¹ In this context, Indo-Iran had regarded importance of their relations in a new challenging environment so that they can deal with each other in a better way.

On the bases of stability, certainty and predictability, states have common interest in establishing and maintaining international orders so that they can co-exist. They share common interest on the patterns of diplomacy to have stable and smooth

²³¹ Robert Jackson and George Sorensen, *Introduction to International Relations* (USA: Oxford university Press, 1999), 2.

relations, to adopt legal framework of Human Rights etc. On this way common interest works for serving international order and justice.²³²

As the study discussed earlier about the two regional strategic axes in terms of reordering of geopolitical interests it could be taken as of two fold. India and Iran direction are lies that one falls to north south and other falls to West and East. Both have strategic Axes interest and their policy maker's preferred to make close relations with Central Asian states so that it would enable to keep their focus to communicate with West and East Asia.²³³

India in the post-Cold War era had been projecting itself as a global power. The US National Intelligence Council recons China and India will be the new major global players of the twenty-first century. In this context, the Indian policy making elite is working hard to push economic growth, expand military capabilities and promote the latest technologies. As an emerging power and also there was a view that India had played a pro-active role in South West and Central Asia soon after the demise of the Soviet Union(1991). In this way, India's interests at a time met with Iranian objectives on a variety of regional issues. In South West Asia, India and Iran remained anxious of Pakistan's backing of the Wahabi-influenced Afghanistan groups in post-Soviet Afghanistan. India and Iran both opposed Pakistan's support for the Taliban movement and then the regime in Afghanistan between 1994 till 2001 even Iran itself faced allegation from the west of supporting jihadist movement. In fact India, Iran and Russia were the three

²³² Ibid, 5.

²³³ Calabrese, op.cit, 58.

main supporters of the anti- Taliban Northern Alliances. Similarly in the post-Taliban era, India kept in step with Iran when it recognized the US-installed Karzai regime; and pledged to assist the Karzai government financially and commercially.

Meanwhile in Central Asia, India had established firm political and economic ties with Uzbekistan, Tajikistan, Turkmenistan and Kazakhstan. Also India established a military relationship with Tajikistan by establishing a military base in the former Soviet Republics. This base was maintained with the cooperation of Russian forces stationed in the country. Iran had been active in Tajikistan by providing the Tajik government with economic assistance. The common geo-political objectives of India and Iran in West and Central Asia includes a stable government in Afghanistan, improved regional cooperation and an end to interference by extra- regional powers including significantly in India's case viz-a-viz America. India and Iran also shared similar perceptions on international issues. They both opposed the Anglo- American occupation of Iraq in 2003 and hold fast to the doctrine of the inviolability of sovereignty and territorial integrity.²³⁴ Thus historically both have cooperated to secure their interests in Afghanistan particularly, after 9/11.²³⁵

Both states are not comfortable with the role the US had played in South Asia and will likely continue to play in the Middle East dispute. And it will affect India's energy needs, as their growing energy need was investigated (as till the

²³⁴ Yazdani, op.cit, 28

²³⁵ Afifa Kiran. "Indo-Iranian Nexus in Central Asia; Options for Pakistan," *Institute of Strategic Studies, Research analysis (ISSRA)*, Islamabad, II, (2010), 21

study has conducted, South Asia is facing tremendous increase of prices due to sanctions on Iran). Indo-Iran also share concerns about the domestic security situation in the Central Asian fear a rejuvenated of (Sunni) Islamist power in Afghanistan and in the region along with the mass security threats that Pakistan poses to the region and beyond.²³⁶

Indo-Iran both also share their interests on the commercial benefits of Central Asian markets and expects to share the spoils of the North- South Transit corridor. Iran will require massive infrastructure investments to extract maximum benefits from this corridor and India is lined up to provide cost-effective intellectual and material assistance in the development of information technology networks, ports, roads and rail projects. Both India and Iran see tremendous value in military cooperation even. To date few large-scale military interactions have taken place.²³⁷

Along with the cooperation on above mentioned areas economic area was also connected side by side where both collaborated and for that they tilt towards the Central Asian States. It is analyzed that post 9/11 plays important role between both countries in the form of interest to secure their level of power and to increase it. India sees enormous energy potential in the region. India is currently the world's sixth largest energy consumer, with more than half of its electricity production based upon crude oil; it imported 90 mt--73 percent of its total requirement of 123 m. Some analysts believe that by 2020, India may become

²³⁶C. Fair., op,cit, 44.

²³⁷ ibid, 45.

the fourth largest consumer following only the US, China and Japan. India hopes that it can diversify its energy sources and Central Asia with 2.7 percent of the world's confirmed oil deposits and seven percent of the world natural gas deposits having long figured imminently in these plans. India also sees Central Asia and Iran as enormous potential consumer markets for Indian products as well its human capital and manpower.²³⁸ India wants to be a supra regional power and it wants to be seen as one in other capitals. Central Asia, which includes Afghanistan along with Iran, comprises an important theatre for this power projection and only some of India's interests in Central Asia are Pakistan focused.²³⁹

India's interest towards Iran can be varied into economic, political and strategic fields. Around two- thirds of India's total energy requirements are met by the Gulf and it has been the source of India's energy supplying.²⁴⁰

As far Iran's friendship with India could continue to be one of its key foreign policy objectives. There are number of reasons for this. India- Iranian strategic partnership could assist Iran in gaining wider access to resources of political influence in other parts of Asia. India is an emerging player in South Asia and is a participant in the ASEAN regional forum. It has also commenced a strategic relation with Japan –a key US ally in the East Asia. Besides, India is a member of Shanghai Cooperation Organization (SCO). Iran has also shown its

²³⁸ ibid

²³⁹ Yazdani, opcit, 28-29

²⁴⁰ Prastana Kumar Pradhan, "GCC-Iran Rivalry and Challenges for India in the Gulf," *Institute for defense studies and analysis (IDSA)*, 2010. <http://www.idsa.in/event/GCC-IranRivalryandChallengesforIndiaintheGulf>, (accessed on May 23, 2010)

willingness to join SCO, which is Chinese dominated forum for strategic dialogue amongst Russia, China and the Central Asian Republics. Another aspect is that it would bring great economic benefits by acting as a transit country between Central Asia and India. And lastly by coordinating its regional policies with India, Iran could eventually reduce its dependence on Western Europe for trade and technology. Iran hopes to cut as a bridge between the ASEAN countries and Europe and according to the Iranian ambassador to India, "the two democracies in the region, India and Iran can start a partnership to fill the gap".²⁴¹

Iran for its part needs a partner like India with a sophisticated and complex set of international relation. Because Iran has been facing sanctions on the nuclear issue till to date.²⁴² Hence, the new trends and interests in different areas are many. Because Iran is growing regional power and it has needed country such like India. Iran need collaboration with India as India is also growing regional power. For the safe and secure region and neighbor both have to cooperate by keeping in view new trends and threats.

Apart from geo-political associations, Iran is a major Islamic state with the potential to back India's effort to connect with the wider Islamic world. The prospect of closer ties with Iran is engaging to India's large Muslim population and influential minority of Shiite. Thus the Congress -led government of Prime Minister Manmohan Singh has gone out of its way to emphasize India's cultural

²⁴¹ C. Fair, Op.cit, 44.

²⁴² ibid, 45.

and historical links with Iran. During a visit to Washington in July 2005,

Manmohan said:

“We have strong civilization links with Iran. Also I would say Iran is the largest Shia population in our country and I do believe that (through) part of our unique history we can be a bridge”²⁴³

And the Indian Foreign Minister was the first high official of a major Asian power to facilitate Mahmud Ahmedinijad on his reign. In the same layer, former Indian Foreign Minister Natwar Singh stated that Indian support for Iran’s civilian nuclear program was in part conditioned by the emotions of India’s 150 million – strong Muslim population. These comments indicate that India’s domestic policy vis-à-vis its Muslim minority has been a significant factor affecting the direction of the Indo-Iranian relationship.²⁴⁴

There would be growing cooperation in future benefited them more and opened the doors of success and development. Because Iran is energy rich country and India is growing regional power, both had execrated a lot and can gain more if their relationships are not affected by the intervening factor.

²⁴³ Yazdani, op.cit, 28

²⁴⁴ ibid

6.2.2 INDO-IRAN THREAT PERCEPTIONS: FUTURE PROSPECTS

As common threats would be analyzed then on regional to global level it varies.

There common threats on the one hand make them together and on the other hand their divergence leads them away from their existing relations.

Hence, Indian decision makers perceived Iran as a useful link to Afghanistan and Central Asia. What is more India did not have any fundamental conflict of interest in the geo-political, economic or religious sphere with Iran. Also India calculated that strengthened ties with Iran could have potentially beneficial outcomes in a number of areas: for example Iran could serve as an important gateway and transportation route for India's trade with Central Asia and Russian Federations with vast deposits of natural gas and 10percent of the world's petroleum reserves and finally indo-Iran had the potential of a strategic partner to counter the influence of Pakistan in Central Asian and Afghanistan which were seen as a common threat by them.²⁴⁵

India and Iran are threatened from the Pakistani influence over Afghanistan. As for Iran indirectly they are insecure of Sunni at any time may perhaps take over governance in Afghanistan which will endanger Shiaa survival in the form of Shaa-Sunni conflicts. For India, Pakistan has always been a threat for its existence. In order to contain these elements together they can work for the containment of future threats. In past they collaborated on various projects so they

²⁴⁵ Yazdani, op.cit, 28

could work upon on their infiltrate of future threats such as working on Chahbahar port in order to contain Chinas influence via Gawadar port. For the reason that Indo-Iran considered Gawadar port as a threat to Chahbahar port because of threat perception regarding China and Pakistan as with the help of India this projects was materialized. Also India was agreeable through Chahbahar port to get excess Afghanistan by constructing of railway road. Iran considered Threat as that the Gawadar port will affect Iranian business as Chahbahar port was considered. Whereas India explained its threat as China's involment was merely due to India centric.²⁴⁶

Along with these mentioned fears on regional level there are other threats perceptions they shared in the form of growing US interference.

6.3 INDO-IRAN DIVERGENCE IN THEIR INTERESTS AND THREAT PERCEPTIONS: FUTURE PROSPECTS

As the interests of Indo-Iran are analyzed it does not mean that divergence on interests and threat perceptions by keeping in view future does not exist. This will be analyzed critically below.

A brief divergence of views as Afghanistan regarded would be analyzed during Cold War Iran was more critical of the Soviet invasion of Afghanistan than

²⁴⁶ Zunera Rais, "Gawadar for Baluchistan and Pakistan", Grade, (February, 2012), <http://www.utrade.co/Magazine/Utrade-Magazine.aspx?Key=396&Title=Gawadar+for+Baluchistan+and+Pakistan> (accessed on February 18, 2012)

was India. India, under Prime Minister Indira Gandhi avoided public condemnation even though privately she was deeply upset that Moscow brought superpower confrontation into India's extended strategic environment. But apparently Indo-Iran views were opposite on that matter.

During the Iran-Iraq War, India remained hesitant as it tried to simultaneously protect its oil interest in both states. India with its large Muslim minority was doubtful of Iran's exporting its revolution and was uncomfortable by the fact that Iran, with clerical rule, had moved far away from democracy and openly support for Kashmir self-determination. While the eras of the 1970 and 1980s witnessed tensions between the two, there were episodic but notable periods of positive engagement and the two sustained economic ties during this period, particularly on energy issues.²⁴⁷ Since the post-Cold War, India's double standards on Iranian nuclear issue has been on the scene. On the one hand, it was quite soft to Iran and on the other hand with sidelining the USA it opposed Iran in international community.

India has pursued actively a "Look East" policy and has maintained a very sophisticated greater Middle East policy that includes Israel, Iran and several Central Asian and Arab States and its strategic footing in Afghanistan and others parts of Central Asia, including two air bases in Tajikistan. Iran is critical to these efforts in many ways, because it provides India much needed geographical access to these theatres. Within this extended strategic neighborhood, India first seeks to be recognized as the pre-eminent power within the Indian Ocean basin. New Delhi

²⁴⁷ Yazdani, op.cit, 43.

already considers itself to be the pre-eminent power of South Asia and it also seeks to be and to be seen as a global power in due course. India believes that it has a natural role in shaping regional security arrangements to foster stability throughout the Indian Ocean basin and beyond. India's Ministry of Defense Report 2005-2006, for example notes the "slow and steady" progress made in achieving "a truly multipolar world, with India as one of the poles..." India is also willing to be proactive to prevent developments that are basically unfavorable to its interest by relying upon two instruments of India's soft power such as its economic and political sources of influence.²⁴⁸

On sidelining with USA, India had voted against in IAEA twice against Iran nuclear programme. As, in September 2005 and February 2006 India voted at the International Atomic Energy Agency (IAEA) against Iran. In October 2005 India's Foreign Minister Natwar Singh stated that:

"India would support US efforts to refer Iran to the United Nation Security Council (UNSC)"²⁴⁹

In this regard divergence in interests and threat perceptions as Iranian and Indian regarded on US then it was viewed as that on one hand India had sidelined with USA and on the other hand there is ongoing hostility between Iran-US differs their futuristic approach. India considered US a global partner and Iran as a regional one. And US considered India as a growing regional power and Iran

²⁴⁸ ibid, 44.

²⁴⁹ ibid

threat to it. In this regard their differences are visible on their threat perceptions in a greater scale. AS US have been trying every effort to contain Iran from acquiring of nuclear weapons and in this way India is likely to play a key role to halt its relations with Iran.²⁵⁰

²⁵⁰ RSN Singh, "Iran's Threat Perception", *Indian Defense Review*, (February,2012)

Conclusion

India and Iran relations share ‘civilization ties’ since pre-historic times. Before and after the rise of Islam, their relations were based on culture and trade. Hence, it is quite interesting that they did not have any historical enmity nor did they live in isolation. But their relations always faced challenges due to different factors. India and Iran had cold and warm relations in every era. Historical relations of Indo-Iran were built on the cultural relations. Cultural relations could be traced on as in miniatures, architecture, calligraphy, coinage, bookbinding, carpets, jewelry and pottery. But these connections did not last for long and faced setback due to different factors. Factors involved were different; for example during that time in subcontinent British dominance and power struggle played role. Their foreign policy was inclined towards two opposite extremes as Iran was in pro-American block. On the other hand Indian foreign policy was inclined towards Soviet Union. But during this era their relations were based on diplomatic formalities and no significant development was seen.

But in 1979 era, Iran faced the Islamic revolution and it had played a significant role in the shaping of Iranian foreign policy. Iranian revolution helped to strengthen Indo-Iran relation when India heartedly welcomed Islamic revolution of Iran. This resulted in exchanges of official visits and led to establishment of Indo-Iran “Joint commission agreement” in 1983 which directed Indo –Iran relations to a new prompt. On the other hand, Islamic revolution of Iran (1979) was not welcomed by the West and such other states at that time. Moreover

Iranian students captured United States embassy in Iran which led towards more western sanctions against Iran. These actions affected Indo –Iran relations and Cold War complexities did not allow both to enhance their relations further.

After the collapse of Soviet Union and the post-Cold War period India was in need of American and Western support. So it restricted itself from closer ties with Iran. Important thing to be noted was that there have been no high level exchange of visits between 1980s till 1993 were taken place. On the other hand initial years under revolutionary stance of Iran were supporting of independent movements including movement of Kashmiri people. During this period, Iran rejected Hindu violence against Indian Muslims, which caused differences between leadership of both countries. Iran as growing regional power and also as an Islamic state has a greater influence in the Muslim world as well as for other states. Iran is a very important country for India as far as its interests are concerned. Despite this there were constraints on their way as United States of America was the major factor intervening their relations. Iran's Islamic revolution and its declaration as an Islamic country caused the threat and anxiety especially for United States of America. Because pre-revolutionary regime was pro-American and post-revolutionary regime refused for the further ties. The US pressure and sanctions at that time created hurdles on the way to Indo-Iran relations.

Post-Cold War period brought new world order in the form of American unilateralism that had challenges ahead. Both countries' relations converged on many areas such as energy, cooperation in Central Asia, cooperation on Afghanistan, security areas etc. Economic development was considered as

important part for state to state relations and for economic growth. Importance of economy brought possibilities for the countries to come closer and in this case India and Iran emphasized for the development of their relations. But United States presence in Asia and enforcement of Containment strategy in the form of sanctions had not enabled both countries to be known as nexus.

Incident of 9/11 significantly changed international and domestic environment of relations and world experienced United States preponderance in international politics. This presented more challenges to Indo-Iran relations. Therefore, political economic and strategic relations were necessary part for state to state relations. These were also considered important areas by India and Iran as their growing needs and importance which led them work upon to major agreements such as India-Pakistan-Iran gas pipeline (IPI), Chahbahar port, North-South corridor etc. India and Iran emphasized to have relations due to the growing energy demand. For India, its energy needs accentuated it to have relation with the neighbors. In this regard Iran would be the suitable option she set forth. Energy is a focal point where Indo-Iran collaborated based on the judgment of supply and demand. Iranian crude oil is the major important need of India and Iran was the second largest supplier of crude oil to India after Saudi Arabia. Because India with world's second largest population needed much energy resources. On the other hand, Gulf nations such as Iran covered 10 percent of world petroleum reserves and ranked second in energy resources after Russia. Thus it was analyzed that energy sector was a strong connection between India and Iran. Hence, in order to meet growing energy needs IPI gas pipeline would be

the better option for India. This dissertation concludes that the historical ties till post 9/11 era had brought many shifts in Indo-Iran relations.

The post 9/11 era had carried many challenges on the way to their relation in the form of United States presence in South Asia by adopting strategy of 'war on terrorism'. This dissertation also concluded that interests and priorities gave chance to United States to intervene in foreign policies of any country especially in Indo-Iran relations. For this reason when Indo-Iran relations emphasized on further development they were pressurized to halt all their activities. Therefore, it was also clarified from respective study that there existed triangular relationships between Indo-Iran relations where one was affected and the other two collaborated. For example Iran is affecting element and India-US co-operate on the other side. The angles could be derived into three categories; India-US, US – Iran and Iran-India and such type of relationship is called dyadic relationship. Due to this factor Indo-Iran defense relation were also weak. As threats were different so counter mechanism was also of different category.

Security has always been considered as the important element for any country and this could be considered as important factor in Indo-Iran relations. However Indo-Iran cooperation has convergence in many areas but their relations are suffering from divergence as well. Iran is facing threat from the United State and Israel. On the other hand, India is threatened from Pakistan and China. Iran wants to secure herself from the threat coming from the United State and Israel, whereas India is enhancing good relations with US allies especially Israel. This divergence of threats affected their strategic relationship. Hence, these diverse lines affected

their relations which were the reason behind the low level of defence relations of Indo-Iran. Though India and Iran are having different threats but they have common interests which provide support to their process of development in their relationship in different areas.

In order to meet their interests both countries should take such measures so that their relations would not face any future setbacks due to US factor.

Furthermore, this study concluded that future prospects of Indo-Iran relations will face more critical situation. India does not want to lose United States as a key strategic partner and Iran as a key energy supplier. India is aware of the fact that any further development with Iran would lead to serious consequences from the United States in the form of sanctions and stoppage of assistance. On the other hand, Iran will face more sanctions by United States and its allies in case of Indian negative attitude (shape by American pressure). Due to this Iran will lose huge market of India which has key importance for Iran especially in the context of American and Western sanctions. As recently Europe Union (EU) with the alliance of United States has announced sanctions against Iran. In this case India definitely will sideline from Iran and will prefer its relations with United States. India as a growing regional power can achieve its status by aligning with United States and can get the favors in vital issues. And such favors would grant India to have strong hold in South Asia. On the other side the hindrance on the way of development to Iran is due to United States and it will increase further in coming years in the form military, economic and political sanctions. The current status of India towards sanction against Iran is that it rejected United States sanctions

against Iran by saying that she is a viable source of growing energy needs of India. This announcement stresses the importance of Indo-Iran relations but does not promise for the long term relations. As the study has showed India's responses in different cases that India could not annoy United States of America and took those actions which were in favor of America. In these realities and ground framework India-Iran relations will face a great setback in near future due to US factor.

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