India-Iran Relations

Why in news?

Iranian Foreign Minister's first visit to India this week has many implications for bilateral relations.

What about India-Iran relation?

- **Political relation**- India and Iran shared a border till 1947 and share several common features in their language, culture and traditions.
- Independent India and Iran established diplomatic links on 15 March 1950.
- The Iranian Revolution in 1979 introduced a new phase of engagement between India and Iran marked by exchange of high level visits.
- The Institute of Defence Studies and Analyses (IDSA) of India and the Institute of Political and International Studies (IPIS) of Iran hold regular round table to exchange views and ideas on bilateral and multilateral issues.
- **Economic relation**- India-Iran economic and commercial ties have traditionally been buoyed by Indian import of Iranian crude oil.
- India's exports to Iran include petroleum products, rice, machinery & instruments, primary and semi finished iron & steel, pharma & fine chemicals, processed minerals, manmade yarn & fabrics, tea, agro chemicals, rubber, etc.
- India and Iran are in discussions for the setting up of a number of projects such as the IPI gas pipeline project, Chabahar container terminal project etc.
- In 2018, India and Iran signed an Agreement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to taxes on income.
- India and Iran hold regular Indo-Iran Joint Commission Meeting (JCM) and Joint Business Council Meeting.
- **Cultural relation**- A MoU was signed in 2008 on holding of "Days of Culture" in two countries.
- India over the years has emerged as one of the favourite tourist destinations for Iranian tourists and every year around 40,000 Iranians visit India for various purposes.

What are the current issues that hamper the relationship?

- **Comments on Prophet**- The comments made in India on the Prophet was criticised by the 57-member Organisation for Islamic Cooperation (OIC).
- The controversy has overshadowed India's other diplomatic engagements.
- **Delhi Summit**- Also, the promises of India and Iran in the last summit in Delhi left unrealised.
- **Sanctions**- Instead of increasing Indian oil imports, building up the Chabahar rail project and scaling up trade, India has drastically cut its Iranian engagement due to sanctions, while Iran has looked to China for more infrastructure investment.
- **Bilateral trade**- Bilateral trade dropped to just over $2 billion (2020-21) from $17 billion (2017-18).

- **India-Israel ties**- Ties appeared to have been hit by New Delhi's decision to join the Israel-India-UAE-U.S. group, portrayed as an "anti-Iran" coalition.

What does the visit mean for both the countries?

- **Hate speech**- The visit was an opportunity for New Delhi to project that it has successfully assuaged the Islamic world with the actions taken against the spokespersons of the ruling party.
- **IAEA meet**- It also coincides with the meeting of the Board of Governors of the IAEA in Vienna, which has passed strictures against Iran for its nuclear programme.
- **India's support**- For Iran, the visit would be portrayed as a show of support from a powerful country.
- **Taliban issue**- In addition, Iran and India discussed the situation in Afghanistan under the Taliban, just days after an Indian envoy made the first outreach to Kabul.
- **Chabahar port**- India and Iran have discussed further operationalising the Chabahar port, where goods to Afghanistan were sent before the government in Kabul fell last year.
- **Russian war in Ukraine**- Against the backdrop of the Russian war in Ukraine and western sanctions, Iran has been keen to convince New Delhi to restore its crude oil purchases, which it cancelled in 2019, after threats of U.S. sanctions.

References

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