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Impact of India Iran Bilateral relationship under USA Sanction

Mr. Debashis Panditaray
Lecture of Govt Degree College Kashipur

Abstract

This study examined the complex strategic relation of India with Iran amidst USA sanction. The USA is influencing India's Iran policy. This article examines several cases in which the USA has to influence India- Iran relation like India's position: the Iran–Pakistan–India (IPI) pipeline; India's votes against Iran at the International Atomic Energy Agency; Usa sanction on Iranian Oil imports; sanction on Chabahar port maritime sea route that helps India to enter central Asian countries without Pakistan controlled territory, Iran provides strategic depth in West Asia. Both nations share interests in a stable, terrorism-free Afghanistan and Pakistan. Iran helped India to stop Pakistan regional ambitions against India. The article concludes that while American pressure on India in each of these cases was tremendously hurt India's strategic, economic, energy, regional, geopolitical interest.

Keywords: - India, Iran, Usa sanction, energy interest, Chabahar port, geopolitical, Regional.

Introduction

India is the prominent partner of Iran in the field of energy security, Chabahar port, regional connectivity via international North South transport corridor, counterterrorism, cultural ties and regional stability. India is the 3rd largest oil consuming nation in the world. India consuming 5-million-barrel crude oil per day. Before the USA sanction India was also a major buyer of crude oil from Iran in 2019, India purchased about 1.5 million barrels of crude oil per day from Iran. India is interested to develop Chabahar port for trade connectivity with central Asian countries bypassing Pakistan controlled territory. Central Asian countries help to buster India energy security; Kazakhstan is a major supplier of uranium for nuclear reactors. Turkmenistan is a key partner for future natural gas through the TAPI pipeline. Due to the USA sanction the development of Chabahar port is delayed. India and Iran have shared common interest to stable Afghanistan and specially terrorism free territory. Iran is a Shia regime nation that historically against Sunni dominated Pakistan. Iran always played a key role to counterbalance Pakistan against India. After the USA's offensive policy towards Iran, India and Iran relations shrank.

Energy security challenges for India

India was the second-largest consumer of Iranian oil in 2018. India purchased 480,000 barrels of oil per day from Tehran in the 2018-2019 fiscal year. Iran offers a 60-day credit policy and free insurance and shipping, something no other oil supplier offers. Iran agreed to settle 45 percent of Iranian oil payments in Indian currency rupees that helps to strengthen rupees in the international currency market. Iranian oil significantly benefits India by providing a high-quality, cost-effective, and logistically advantageous energy source, crucial for enhancing India's energy security. Iran offers favourable terms, including substantial discounts, extended credit periods and free shipping which reduces costs for Indian refiners. Furthermore, Indian refineries are designed to process Iranian grades efficiently, and importing from Iran offers a shorter, faster, and more reliable supply route compared to Western alternatives. After the United States pulled

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out from the nuclear deal with Iran in 2019. USA sanctions on Iranian oil imports and pressure to stop importing oil from Iran. India will forcefully cut oil imports from Iran and India will receive crude oil from other countries to fill-in shortages created by halting Iranian oil imports, most likely from Saudi Arabia, the United Arab Emirates, Mexico, and the United States. That hurts India's energy interests.

Infrastructure and trade challenges for India

Chabahar Port is essential for India because it offers a secure, alternative route to Afghanistan and Central Asia, allowing India to bypass Pakistan. Located in Iran, it acts as a strategic gateway for trade, energy, and geopolitical influence, cutting transit costs and countering China's influence in nearby Gwadar.2016, India, Iran, and Afghanistan signed a trilateral agreement to establish the International Transport and Transit Corridor, Chabahar port get access the key gateway to the International North-South Transport Corridor(INSTC) that has sea, rail and road routes between India, Iran, Russia, Central Asia and Europe.

Central Asian countries

Through Chabahar port India can access the resources of rich central Asian countries that cover India's energy needs. They provide essential resources like uranium, natural gas, and minerals, while acting as a strategic gateway to Eurasia. All the five countries are richly endowed with natural and mineral resources. Kazakhstan has huge commercially viable quantities of most minerals like coal, oil, gas, uranium, gold, lead, zinc, iron ore, tin, copper, manganese, chromite, bauxite and several more. Turkmenistan contains the world's fourth largest reserves of natural gas while also having significant quantities of cotton, uranium, petroleum, salt and sulphur. Uzbekistan is richly endowed with gas, uranium, cotton, silver and gold while both Tajikistan and Kyrgyzstan have significant supplies of fresh water whose potential is yet to be exploited fully. Kyrgyzstan has significant reserves of gold, uranium, mercury and lead. The five countries have been able to exploit their resources to varying degrees. Kazakhstan is the main supplier of uranium to India that helps India's nuclear energy needs. It covers 90% of India's uranium requirement. TAPI pipe line will transport natural gas to India. Due to USA sanction India faces several challenges to engage in Chabahar port and central Asian countries that seriously hamper Indian national interest.

Regional challenges for India

Iran is an important Player in west Asia that stabilises the whole region. India and Iran have shared common interest in stable Afghanistan. May Afghanistan be free from terrorism and poverty. After the Taliban took control over Afghanistan both India and Iran cooperated with the Taliban regime for infrastructure development, health development, railway development. India investment in Salma dams in Afghanistan.2016, India, Iran, and Afghanistan signed a trilateral agreement to establish the International Transport and Transit Corridor. Iran is a Shia Control regime that historically opposed Sunni dominated Pakistan. Iran can counterbalance Pakistan in this region and stop Pakistan terrorism activities against India. India engages in naval cooperation with Iran in the Arabian Sea, ensuring safe passage for Indian vessels and providing

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a strategic presence near Pakistani ports. Due to sanctions on Iran, India is unable to co-operate with Iran at a high level.

Geopolitical challenges for India

China factor

India-Iran relations are crucial for India's energy security and regional connectivity via the Chabahar port yet face challenges from U.S. sanctions and Iran's deepening ties with China. China's 25-year, $400 billion strategic pact with Iran threatens to marginalize Indian influence. Iran is exporting its 90% percentage of crude oil to China. China is no 1 consumer of Iranian oil in the world. Chinese engineers help to build Tehran metro, China invests $400 Billion dollars in Iran infrastructure, energy sector, telecommunication etc. China provides military equipment HQ-9B long-range surface-to-air missiles and YLC-8B radar intelligence surveillance to Iran. Iran China Russia regularly holds naval drills in the Strait of Hormuz to signal regional. China provides Diplomatic assistance in various international stages like UNO. China frequently used to veto power in the UN security council to stop sanctions against Iran. China backed Iran to join multiple nation alliances like Shanghai Cooperation Organisation (SCO) and BRICS, integrating it into a "multipolar" world order. China provides technical assistance to Iran in the field of Navigation, Digital State controlled network. In this development India's national interest is hampered.

Balance act of India

Historically India believed in non-alignment Ideology and was a strong supporter of independent foreign policy. India always sets equal distance from the west bloc and east bloc.

Now India foreign policy shifts from non-alignment to multi-alignment. India is an active member of BRICS and also a member of I2U2 Group. India has a good relationship with Iran (China- Russia block) and also Israel (USA west block). Iran and Israel are big powers in the Middle East and both countries try to destroy each other so it is a very challenging situation for India to hold a neutral position. India maintains a delicate balancing policy between Iran and Israel, driven by strategic autonomy and national interests. By keeping cordial ties with both, India secures defence and technology cooperation with Israel while ensuring energy security, regional connectivity (via the Chabahar Port), and access to Central Asia through Iran, avoiding taking sides.

Research Objectives

1. Analysis of Geopolitical impact on India over India-Iran Bilateral relationship under USA Sanction
2. Analysis of Economic impact on India over India-Iran Bilateral relationship under USA Sanction
3. Analysis of Regional impact on India over India Iran Bilateral relationship under USA Sanction
4. Analysis energy security challenges for India over India-Iran Bilateral relationship under USA Sanction

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Summary of Findings

Economic Decline U.S. sanctions have significantly hampered trade between India and Iran, particularly in the energy sector. India, which was one of the largest buyers of Iranian oil, has had to reduce imports to comply with U.S. sanctions, leading to a substantial decline in bilateral trade volume. Shift in Energy Strategy India has diversified its energy sources to reduce dependency on Iranian oil. The sanctions prompted India to seek alternative suppliers, including increased imports from countries like Saudi Arabia and the United States, altering the energy landscape of the region. Political Balancing Act India has had to navigate a complex diplomatic landscape, balancing its historical ties with Iran against its strategic partnership with the United States. While India has maintained a dialogue with Iran, it has refrained from overtly supporting Iranian positions to avoid jeopardizing its relationship with the U.S. Continuity in Certain Areas Despite sanctions, India and Iran have continued to engage in certain sectors, notably in pharmaceuticals and agriculture, where mutual interests exist. Cultural exchanges and people-to-people interactions have also persisted, albeit at a reduced scale.

Conclusion

They can emphasize that studying the analysis of the foreign policy and diplomacy that Iran and India use to support their interests in the energy sector can be useful for understanding the geopolitical challenges facing countries and their impact on international security and stability. It can also be emphasized that there is a need for an extensive study of the bilateral relations between Iran and India and their impact on the energy sector, as the political, economic and technological developments

indicate that the energy sector is witnessing major transformations that affect the global economy and international security. Thus, understanding the policies and strategies that Iran and India are pursuing to achieve their interests in this sector can help in developing effective methods to deal with these challenges in the future. Finally, it can be said that this research is a launch for broader and more in-depth future studies of the bilateral relations between Iran and India in the energy sector and their effects on international security and the global economy, and it can contribute to finding practical and appropriate solutions to the challenges facing the international community in this field.

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