

India-Iran Relations

I. Introduction:

1. India-Iran relations span centuries marked by meaningful interactions. The two countries shared a border till 1947 and share several common features in their language, culture and traditions. Both South Asia and the Persian Gulf have strong commercial, energy, cultural and people-to-people links.

2. Independent India and Iran established diplomatic links on 15 March 1950. The Shah visited India in February/March 1956 and Prime Minister Pandit Jawaharlal Nehru visited Iran in September 1959. Prime Minister Smt. Indira Gandhi visited Iran in April 1974 and Prime Minister Shri Morarji Desai visited in June 1977. The Shah, in turn, visited India in February 1978.

3. The Iranian Revolution in 1979 introduced a new phase of engagement between India and Iran marked by exchange of high level visits of Indian Prime Minister Shri Narasimha Rao in September 1993, Iranian President Akbar Hashemi Rafsanjani in April 1995 and Indian Vice President Shri K. R. Narayanan in October 1996. The trend was consolidated and enhanced at the turn of the millennium with visits by Prime Minister Shri Atal Behari Vajpayee in 2001 and a return visit by President Mohammad Khatami in 2003, when he was also the Chief Guest at the Republic Day function. The Iranian President Dr. Mahmoud Ahmadinejad visited India on 29 April 2008.

4. The two countries have in place several bilateral consultative mechanisms at various levels whose meetings take place regularly. In addition, 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.

5. The Iranian Foreign Minister Manouchehr Mottaki led a high-level delegation to India on 16-17 November 2009. This visit provided an opportunity to set the agenda for bilateral relations to be pursued by the two governments for the medium term. During the visit, Mottaki called on the Vice-President and the Prime Minister of India and met the External Affairs Minister, Shri S. M. Krishna. Discussions covered a whole range of bilateral issues including economic cooperation, energy security, expansion of bilateral trade, surface transport, and regional issues and common concerns about terrorism.

6. External Affairs Minister Shri S.M. Krishna visited Tehran from 15-18 May 2010 to attend the 14th G-15 Summit. During the visit, he called on President Dr. Mahmoud Ahmadinejad, Majlis Speaker Dr. Ali Larijani and met Foreign Minister Manouchehr Mottaki. During his interactions with the Iranian dignitaries, EAM exchanged views on issues pertaining to bilateral interest and regional and international developments. On 8-9 November 2010, Hon'ble Minister of State for Human Resource Development Dr. D. Purandeswari visited Tehran to attend the 9th Asia Cooperation Dialogue (ACD) Ministerial meeting. On 26-27 March 2011, Shri Gulam Nabi Azad, Hon'ble Union Minister of Health & Family Welfare visited Iran to represent India at the Second World Nowruz Festival held in Tehran. During his visit, Shri Azad called on President Ahmadinejad. On the sidelines of the celebrations, he met Vice President Hamid Baghai, Foreign Minister Dr. Ali Akbar Salehi, Energy Minister Majid Namjoo and Heads of delegations from other countries. On 18-20 October, Hon'ble Minister for Parliamentary Affairs and Water resources Shri. Pawan Kumar Bansal visited Tehran for participating in the 62nd Annual Meeting of the International Executive Committee (IEC) and 21st ICID congress on Irrigation and drainage on 15-23 October, 2011 in Tehran.

7. On 2-6 November, 2011 Hon'ble Speaker of Lok Sabha Smt. Meira Kumar paid an official visit to Iran on the invitation of Majlis Speaker H. E. Dr. Ali Larijani. Hon'ble speaker extended an invitation to Dr. Larijani to visit India. She inaugurated a tableau of Gurudev Rabindranath's poem on Iran in the Majlis museum and a bust of Acharya J. C. Bose at Pardis Technology Park near Tehran. During her stay she also called on President Dr. Mahmoud Ahmadinejad.

8. The National Security Advisor Shri S. Menon visited Iran in March 2011 and called on President Ahmadinejad, Foreign Minister Dr. Salehi, Speaker Larijani and held meeting with his counterpart the Secretary of the Supreme National Security Council of Iran Dr. Jalili. The Foreign Secretary of India, Smt. Nirupama Rao visited Tehran on 5-7 July 2011 for the 9th round of Foreign Office Consultations at the invitation of her counterpart, Dr. Mohammad Ali Fathollahi, Deputy Foreign Minister for Asia & Oceania of Iran. During her stay in Tehran, besides holding the Foreign Office Consultations, she called on Foreign Minister Dr. Ali Akbar Salehi and Secretary of the Supreme National Security Council, Dr. Saeed Jalili. Foreign Secretary's discussions covered issues pertaining to bilateral, regional and international developments. Views were exchanged on combating global terrorism, energy security, the North-South Transport Corridor, developments in Afghanistan and regional security and stability. During the visit, both sides exchanged the Instrument of Ratification for the Agreement on Transfer of Sentenced Prisoners signed in July 2010 thereby operationalizing the Agreement.

II. Economic

9. India-Iran economic and commercial ties have traditionally been buoyed by Indian import of Iranian crude oil. India imported about 22 million tons of crude oil valued at about \$ 10 billion in 2009-10, which makes it the third largest market for Iranian crude. India-Iran trade in 2009-10 was US\$ 13.4 billion (Indian exports US\$ 1.9 billion and imports US\$ 11.5 billion). India's exports to Iran include petroleum products, rice, machinery & instruments, manufactures of metals, primary and semi finished iron & steel, drugs/pharmaceuticals & fine chemicals, processed minerals, manmade yarn & fabrics, tea, organic/inorganic/agro chemicals, rubber manufactured products, etc.

10. India and Iran are in discussions for the setting up of a number of projects such as the IPI gas pipeline project, a long term annual supply of 5 million tons of LNG, development of the Farsi oil and gas blocks, South Pars gas field and LNG project, Chahbahar container terminal project and Chahbahar-Zaranj railway project, etc. Both countries have set up joint ventures such as the Madras Fertilizer Company and the Chennai Refinery. Indian companies such as ESSAR, OVL, etc have a presence in Iran. The State Bank of India (SBI) has a representative office in Tehran. India is also a member of the International North-South Corridor project. The two countries are in the process of finalizing a Bilateral Investment Promotion & Protection Agreement (BIPPA) and a Double Taxation Avoidance Agreement (DTAA).

11. **India-Iran Joint Commission Meeting (JCM):** India and Iran hold regular bilateral talks on economic and trade issues at the Indo-Iran Joint Commission Meeting (JCM). The 16th JCM was held in New Delhi on July 8-9, 2010. It was co-chaired by Iran's Minister of Economic Affairs and Finance Dr. Seyed Shamseddin Hosseini and India's External Affairs Minister Shri S.M. Krishna. During the JCM, 6 MoUs/agreements were signed: (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 Organisation (ISIPO); (v) Programme of Cooperation on Science & 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). During the visit, Dr. Hosseini called on Prime Minister Dr. Manmohan Singh and met Minister of Finance Shri Pranab Mukherjee, and NSA Shri Shivshankar Menon. Dr. Shamseddin Hosseini again visited India on 25 February 2011 during which he called on Prime Minister, Finance Minister and External Affairs Minister. The 17th JCM will be held in Tehran in 2012 during the visit of External Affairs to Iran.

12. **Joint Business Council (JBC):** Both India and Iran hold Joint Business Council meetings regularly. The 10th meeting of the JBC was organized by the Federation of Indian Chambers of Commerce & Industry in New Delhi on 13 November 2009 where the Iranian delegation was led by Dr. Mohammad Nahavandian, President of Iran Chamber of Commerce, Industry & Mines.

III. Culture and Education:

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

14. 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.

IV. The Indian Community in Iran:

15. The Indian community in Iran, which was sizeable earlier, has dwindled and now it is a small one consisting of about 200 families in Tehran and about 40 in Zahedan. There are a number of Indian students in Iran, approximately 800, a large number of whom pursue studies in Qom. There is an Indian school run by the Kendriya Vidyalaya Sangathan in Tehran and another in Zahedan.

Trends in India-Iran Bilateral Trade (figures in Million US\$)

Year (Apr – Mar)	India's exports to Iran	India's imports from Iran	Total trade	Trade balance	Total trade growth rate (%)
2005-06	1187.71	4822.65	6011.36	-3633.94	44.39
2006-07	1490.99	7839.08	9330.07	-6348.09	55.20
2007-08	1943.91	10889.57	12833.48	-8945.66	37.55
2008-09	2534.01	12376.77	14910.78	-9842.76	16.19
2009-10	1853.17	11540.85	13394.02	-9687.68	-10.17
2010-11	2742.46	10928.21	13670.67	-8185.75	2.07

(Source: Ministry of Commerce & Industry, Government of India)

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