The Role of Energy in Iran and India Relations

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ABSTRACT

Energy is one of the most important and efficacious elements in the strategic collaborations between Iran and India. Because of its large population and the need for fast economic growth, India is in need of new energy sources. In the field of energy, it can be claimed that because of its enormous resources of oil supplies, Iran is known as India’s one of the most important oil trade partner. The most important capacities and potentialities for the relationship between Iran and India lie on energy and trade collaborations. These two countries are of great importance in Asia and in the realm of regional powers, there is a good opportunity to expand the mutual relations. Energy can be one of the most consequential fields for the expansion of ties. But, because of their ill-intention purposes tertiary parties enter to confine the mutual ties. Among them, Unite States left no stone unturned to put pressure on other countries not to establish friendly relations for his private benefits. A close look at the relations between the two countries reveals that these factors had a negative impact on the mutual ties both quantity and quality.

KEYWORDS: Political, Energy, Oil, Gaz, Relations.

INTRODUCTION

Today, preparing energy is one of the most crucial concerns of governments as all countries require energy to develop their economic growth. At present, development and public welfare is not possible without assured and stable energy sources. Therefore, getting different kinds of energy as oil and gas is any government’s fundamental priorities. In today’s world, the energy consumption is considered as one of the characteristics of countries’ dominance and its high ratio reflects the development of the country and countries without enough energy resources are involved in problems and they have to prepare their required energy at any costs since their economic growth is unattainable without energy.

Just with a glance at India as a country with a fast growing development, it is disclosed that, this over-populated country with the population above one billion and with the area twice as much compared to Iran, is not owned by enough energy resources and is in complicated condition for providing the over-consumption of energy. Iran is as a gateway to the world of Islam for India and is a safe route to export his goods to central Asia and Russia and also is safe source to provide his energy such as oil and gas. Iran is also looking for getting benefit from India’s regional and global superior position. Many Indian politicians believe that establishing friendly and strategic relations with a great country like Iran can be very crucial for the regional stability and security and suggest Iran as the best and safest choice for energy supply and emphasize to expand relations with Iran and consider this development as constructive and beneficial. India exports %70 out of 100 million tons of its required crude oil of which the amount is supplied from Persian Gulf. Consequently, New Delhi considers the regional security and stability for Persian Gulf very vital and understands the role of Iran for its continual reception of required energy. Therefore, New Delhi is willing to establish a high rank of all aspects mutual relations with Iran including energy.[1]

The deep rooted political disputes between India and Pakistan, made accessibility to central Asian and Russia for India through Pakistan which made Iran as the best choice to access the Middle Asia market because of its unique geographical positions in Persian Gulf and the conclusion of International South–North Transfer among Iran, Russia and India was an action toward this fact. From the viewpoint of ran, the sweeping regional and global power of India and its need to provide the required energy are a good reason for developing the cooperation between these two countries and Tehran can’t ignore the role of India in the world and the mutual relationship. Tehran is looking for ways to develop the relations based on the existing potentials as much as possible.

The high population, locating in a tropical region, fast forward movement toward developing and economic growth are all factors for needing for more energy. Although the Indian government tried to decrease its dependency on oil through using other energy resources, it economy of this country is still highly dependent on oil and gas. India is changing in all aspects; the %9 gross domestic product development during 2009-2010 is the evidence for this
The great need of this country based on the predicting of a %5 annual growth in the next 25 years seems inevitable. At present India is the fifth greatest energy consumer in the world and it is predicted that in 2030 it will be the third energy consumer after Unite States. [2]

A look at India’s energy basket reveals that fossil fuel has a great role in providing the needed energy for this country. This role is subjected to be continued till predictable future. For instance, based the predictions made by Indian government, even in the best possible status, using fossil fuels will continue and until 2020, %75 of the generated electricity will be produced from coal, oil and gas.[3]

The Role of Iran in Providing Energy for India

Middle East is one of the most important regions in the world which has been always in the center of global attention and all the great powers liked to have a place in it because about %60 of the oil and gas supplies lie in this region. Iran has also been having a remarkable position in the Middle East because of its long water border with Persian Gulf and its domination on it.[4]

With a glance at India’s industrial growth, the position of energy in internal sources of India is understandable. India is now experiencing the industrial growth of 30 per cent annually and Iran because of its proximity is the cheapest and most reliable choice for providing the growing need of this country to the energy and Persian Gulf for transferring the required energy. At present India imports %70 of its consumed energy and this will reach to %92 in 2030.[5]

Indi imports oil about %67 from Middle East, %25 from Saudi Arabia, %25 from Africa and %8 from other oil sellers. Although in recent years India decreased the oil dependency form Iran under the pressure from the United States, India has to think about a long term energy preparation from Iran and the Middle East in order not to be behind its regional competitors such China and the talk on establishing a pipeline has got more emphasis.[6]

India is a new coming power in Asia. However, in recent years, from the strategic view, the continual economic growth is impossible without utilization of Persian Gulf energy resources. It seems that India’s willingness toward energy is increasing and consequently its concern about finding sources is also rising as well. Moreover, there is a growing competition between India and countries such as China, United States and Europe to get imported energy sources. Domination on this region is of great importance for the United States and other global rivals of India and it is one of their political priorities. After the first Gulf war, the United States is looking for gaining a complete sovereignty on the oil resources of the region and as other rivals are aware of the importance of these resources, they are trying to find a position as well. Knowing this, India is also willing to have a political proximity to the Gulf Countries particularly Iran. The reasons for this political vicinity can be as follows:

1. Since other Arabian countries in the Gulf have close relations and dependence on the United States, it’s not easy for Delhi to have a vast space and choice.
2. Because of the political problems between Iran and the United States Iran offers India good choices.
3. Both Iran and India get profit from this relation because on the one hand, Iran needs the investment of Indian companies in the absence of European companies in oil industries and on the other hand, India is also needs to guarantee its future energy.[7]

Here we can claim that in near future Iran has the potential to be one of the most energy producer in the Middle East. It is worthy to note that the high consumption of energy in great countries like India adds to the great and major customers of Iran and this helps to have new poles in the region which is in accordance with passing from a mono-polar to a multi-polar world policy.[8]

The increasing importance of oil and gas resources in Persian Gulf and Caspian Sea attracted several powerful countries like Japan, China and India. All these three countries are getting great roles in the diplomacy of Middle East energy and among them; China and India’s safety role is remarkable in the region. China and India along with Japan and other Eastern Asian countries have a great influence on oil market. Moreover, because of the geographic reasons the Asian countries can only think of providing the required oil from the Persian Gulf market because of its feasibility among which Iran has best position for the oil and gas export.[9]

Iran and India will certainly be the main players in the future economy and if they move with unity and manage their potentialities, they can benefit more. Considering this, these two countries can have a great share in assets and markets and have vast cooperation with each other and these relationships should be reinforced. The common border until 1947 brought many similarities in culture and language. The Southern Asia and Persian Gulf produces solid relations in the realm of trade, energy and culture. The economic and trade relations between Iran and India has been traditionally established through crude oil trade. In 2008 and 2009 India imported 22 million tons of crude oil which made India the third great crude oil market for Iran. According to the latest published report, the total amount of mutual trade was 15 billion U.S dollar during 2008 to 2010 which shows a rise of %2.49 compared to 2007. The great portion of this trade is for the oil products import. India in return, exported oil products, rice, machineries, metal products, steel and iron, organic and inorganic chemicals, processed minerals, artificial thread and material products and iron and steel.
and agricultural material made of plastic. In addition to this, Iran and India have signed contractions on establishment and doing oil and gas projects and energy substructure contracts, and the two countries keep on having continual talks on trade and economy between Iran and India and trade council in common commissions.

Iran and India are two important countries in Middle East and Asia. As regional powers, there is a great deal of opportunities to expand their relations. The Asia is itself of great importance from various dimensions because in 10 years its supplies increased 10 times as much and about %75 of the world energy is bestowed in Asia and also it experienced the highest investment ratio in recent years. All the facts indicate that the future is dependent on Asia. This issue is of immense importance because:
1. Iran and India can use the capacity of the region to expand their relations.
2. Iran and India can become a convergent engine in Asia and become the powers in their region.

The impact of Gas on Iran-India’s relation

The natural gas consumption has dramatically increased in the last three decades. For the time being, the highest percent of growth is devoted to this kind of fossil fuel. Based on the evaluation and prediction of different energy evaluation institutes related to International Energy Agency and multinational energy companies, in near future, the portion of natural gas in demand basket of different kinds of world’s basic energy will increase from %23 in 2004 to %30 in 2030.

In 21th century, the emphasis was on increasing the utility of gas based on economic, technological and environment advantages compared to coal and oil consumption and also diversification of energy providing resources and the safety of exporting to the consuming countries.

The reasons for the increase in the global demands are: (1) the abundance supply of gas, (2) competition in gas market and (3) fast Increase in electricity generation technology working with gas turbines. These, will consequently increase the consumption of natural gas so much that some call the next century as the century of gas.[10]

The rise in oil price and environmental concerns caused by the increase in energy demand made India have a great orientation towards natural gas because natural gas leaves less environmental effects compared to crude oil and also can be a feasible substitute in required energy. The predictions indicate that the portion of natural gas in energy basket has experienced a rise and India will have to import its required gas by pipelines from other countries. Iran has a significant position and superiority for exporting gas through pipeline and LNG to India.

Because of its oil and gas supplies, Iran is considered a country with especial potentialities and in addition to its oil supplies, Iran possesses 27 billion square meter natural gas i.e. %17 of all the world’s supplies. South Pars gas field, in which Qatar is a shareholder, is considered as one of the largest gas resources in the world and Iran has invested in it. Countries like India, Pakistan, Armenia, China and some European countries have a main role in the export of Iran.

In the last decade, gas consumption had the most growth among other energy sources. However, the International Energy Agency (IEA) estimates that during 2002 - 2030 the natural gas consumption will experience a %5 growth and it is also predicted that until 2030 the natural gas will provide %10 of the energy in India. The gas dependency of India provided a good opportunity for Iran to provide India with its required energy and stabilize its position in energy realm in south Asia and with the transformation of gas to India and later to China increase its key and strategic role in the region and world. Therefore, one of alternative of transferring gas to India is pipeline. In general, there are four choices for the transfer of gas from Iran to India. The cheapest and easiest way is the land pipelines from Iran to India through Pakistan. Iran asked India to collaborate with Iran on this issue. The second choice is a pipeline in the shallow beach of Pakistan. The third one is establishing a pipeline in the Persian Gulf seabed to the West Indian coast and the fourth one is to transfer liquid gas by gas carrying ships.

We it was mentioned above the dependency of India on gas will increase in future to the extent that India will have to import liquid gas or natural gas pipeline from Iran. The reason for this is their geographical position and proximity both in land and sea. Based on this, these two countries have good collaborations in the field of energy as follows:[12]

- Natural gas pipeline
- LNG import from Iran
- Investment of Indian companies in energy in Iran

In 1995 Iran and Pakistan have signed a primary agreement letter to establish a pipeline from South Pars Gas Field to Karachi and subsequently Iran proposed the continuation of this pipeline which 2700 kilometers long to India. In 1999 Iran and India signed a primary mutual collaboration to establish a Peace Pipeline through which the gas of Iran can be transferred to Karachi and then to Multan and New Delhi.[13] India with the high economic growth and growing energy consumption doesn’t have many alternatives to provide its energy and because of its feasibility India doesn’t like to ignore the fact that it is the best choice for energy through pipelines from Iran as the

9269
second greatest gas resources in the world. Maybe India has lots of choices for oil export, but about gas there is an obvious limitation because the import of LNG is not feasible for India and will not be a proper alternative.[14]

India is really in need of Iran’s gas. During the presidency of George Bush, India could release itself from the sanctions of America and enter the Nuclear Club. The mutual obligations made India, in spite of its willingness postpone starting the agreements of Peace Pipeline contract on different excuses. The natural gas consumption of India will experience a %5 increase and will reach more than 4.5 trillion cube foot in 2030. In spite of all the political pressure, India is willing to launch the Peace Pipeline and also purchase natural gas and LNG from Iran although India get some privileges from the United States because this postponement. India fully understood that should not put this project aside because on the one hand, it needs the energy because of its economic growth and on the other hand.[15]

The United States is always trying to stop Iran to promote its position in the region. The establishment of the pipeline will increase the role of Iran in India and bring an abundant profit for this country. These and the following reasons make America stop this project to be operated and run.[16]

1. To prevent the position of Iran to be promoted in the region increase in the income.
2. The prevention of political, economic and security relations between Iran and India and Pakistan as well.
3. To prevent Iran to strengthen its place and influence in Persian Gulf.
4. To prevent the creation of link among Iran, India and Pakistan.

If India joins the Peace Pipeline project, a good deal of economic and political advantages will be obtained by these three countries as follows:[17]

1. The Peace Pipeline project will inspire increase in the political, economic and security dependency for the three countries.
2. This Peace Project will definitely decrease the possible threats to Iran in the relationship regarded to the security relation in future and will strengthen the political relationship among Iran, India and Pakistan.
3. This pipeline will bring Iran a long lasting income and make the better and more momentous economical planning for Iran.
4. This project apart from providing the required gas for Pakistan, it will create a good profit for Pakistan through gas transit to India.
5. This pipeline can regulate the relationship of great energy producers with consuming market and also can result in co-operations in other areas such as common industrial productions, discovery, and common investment among countries.
6. The last but not the least is that China will also be able to use this pipeline because of its proximity to India and in this way there will be a good profit for India as a result of this transit.

Figure 1: Iran-Pakistan-India Natural Gas Pipeline Route
Iran’s political and economic aims of oil co-operations with India

Iran with more than 11 percent i.e. 132 billion barrel oil supply is one the greatest members in the global market of energy.[18] Iran is an oil power, but this oil income which consists of about %80 of export, includes %42.5 of the government’s income, made Iran’s economy dependent upon oil income. In recent years because of not reconstructing its oil industries Iran faced a fall in oil production which led to an increase in oil product import.[19]

Therefore, the need for foreign investment, made Iran have reliable oil partners in the world market of energy which consequently based on the increase in the oil demand by Asian countries, the establishment and maintenance of relations with countries like India and China seems to be of great value.[20]

Iran’s oil politics should be considered in two the dimensions of mutual co-operations and multilateral coalitions. Iran is successful in mutual relation and increased the oil export to the highest level. As it was announced by the Indian ministry of foreign affairs, the oil export predominated the trade relations between the two countries.[21]

Therefore, the increase in the in the export of oil from Iran to India ultimately made Iran the third oil exporter to India and according to the published official figures Iran was exporting daily about 426,360 barrels to India.[22]

In addition to the increase in the oil export to India, Iran also tried to fulfill multilateral co-operations with India on energy. The Iran- Pakistan- India gas line project was an attempt co-operate with India in oil projects and connecting India to the energy source of central Asian countries. The attempt from the Iranian side has still been in vain. The pipeline project came to standstill due to discord between India and Pakistan and disagreement of the United States with this project. Although Iran was the cheapest, shortest and the most profitable choice, attempts of Iran was unavailing. The reforms in India have been started in 1991 brought about more co-operations for India with European governments because the reforms in India needed foreign investment. In this way the Indian government opened the path for foreign investment through manipulating new programs so much that based on the foreign investment statistics in India from 129 million dollars in 1992 it reached 46.2 billion dollar in 2008.[23]

Following the economic growth, energy need and energy consumption ratio dramatically increased and internal fossil fuel products can’t cover this economic development. Therefore, statistics indicate that the need of India in energy increased from 1 million and 190 thousand barrel per day in 2006. This made Indian government to put new regulations to create new conditions for oil companies’ activities and attracting more investment. In spite of this, the need for oil increased so much that India had to import %80 of its required oil in 2009.[24]

Considering the present importance of energy and oil, energy security changed to be a strategic aim and politics in Indian governments’ foreign policies. Delhi’s policy for providing the energy for the country oriented toward co-operations with the Gulf countries and oil producers. This is because, the Indian government welcomes the co-operation in energy with Iran and particularly in importing oil from this rich country in natural resources.

On the other hand, could be successful in attracting foreign investment through establishing developing ties with Asian and European countries. This changed India into a market for European countries which consequently led to this fact that India owns the 12th rank in economic world and also it is the 4th country in the value of trade exchange and the purchasing power in the world.

The Indian politicians tried to do their best to benefit enough in dealing with European countries and maintain the basic principle of this country in foreign policy which is providing the required energy for India. In this realm, India succeeded in co-operating with America and some European countries in nuclear energy. India is also looking for other alternatives to import oil from and in this way, it signed contracts with Saudi Arabia and Iraq. Delhi along with finding other oil partner alternatives continued to import oil from Iran and tries to get the most possible benefit from the present condition of Iran and make the most of the condition in which Iran is involved resulted by sanctions. As an example, India is not paying its debt related to oil relations. Delhi’s policies are because of the fact that India is sure that in spite of the fact that India doesn’t pay the oil price on time, Iran has no way to continue exporting oil to India due to the sanctions on Iran and Tehran is not willing to cut the relationship with India at any condition because Iran doesn’t like to give over the great market of oil export to other oil rival countries.[25]

In the present situation of sanctions against Iran, India started to pay the oil price in Rupees which made Iran’s condition worse. In this way India is making the most of it from the oil relations between Iran and India. There is a great gap between consumption and oil production in India. Its internal oil production can only cover a small need of energy in India. Therefore, a great amount of India’s need is imported. India only has the supply of %4 in the world. The IEA predicted that the dependency of this country upon imported oil will reach to %91 in 2030. India purchase its required oil Nigeria, one year contract from Saudi Arabia, and most of it from the Middle East. The most important oil providers for India are: Saudi Arabia %25, Nigeria %15.7, Kuwait %11.9, Iran %10 and Iraq %8.7.[26]

Following the visit by Mr. Khatami then president of Iran in 2003 and the visit of two oil ministers from Delhi and Tehran, the first common energy group was established and 5 memorandum of understanding were signed on
oil, gas, petrochemical, refinery technology and field discovery. Based on this memorandum Delhi conditionally agreed to develop the operation of a discovered great oil field and a half-discovered oil field.[27]

In 2003 another contract on the discovery of Pars oil field was signed between oil ministry and one of the Indians companies. The Indian party expressed their willingness in investing 5 billion dollars in the gas field of Fars Block but in the late 2009 cancelled it because of high sulfur contain in the oil. Other Indian companies namely Hinduja ONGC also announced that they will participate in South Pars up to %40 by the value of 7.5 billion dollars.[28] Iran was the first and biggest crude oil Provider for Reliance Company which has the largest refinery complex in the world but, in 2009 because of the pressure from America, this company stopped importing oil from Iran.[29] The Indian refinery possessed the capacity of 177 million metric tons (MMT) and by 2012, 77 (MMT) was added to its capacity. Therefore, India is getting to be a regional refinery center, so India needs safe and secure imports and therefore, Delhi is willing Iran to participate in the construction of saving sources of Indian oil. Iran is the second oil exporter to India and in 2008 Iran exported 21 (MMT) to the value of 154 million barrels. The two countries expressed their willingness to collaborate in following fields:
1. Refinery co-operations
2. Pipeline security
3. saving oil design
4. collaborations in oil well digging
5. collaborations in oil offices of the two countries
6. collaborations in constructing a terminal and LNG factory in Iran

The following table illustrates the imported and exported oil products between Iran and India during 2003-2010.

<table>
<thead>
<tr>
<th>Year</th>
<th>Non-oil Exports</th>
<th>Export of Petroleum products</th>
<th>Total Exports</th>
<th>% Growth$ value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003-2004</td>
<td>(US$466.58mn)</td>
<td>(US$ 469.28mn)</td>
<td>(US$ 935.86mn)</td>
<td>42.79</td>
</tr>
<tr>
<td>2004-2005</td>
<td>(US$586.57 mn)</td>
<td>(US$ 679.81mn)</td>
<td>(US$ 1266.38mn)</td>
<td>35.32</td>
</tr>
<tr>
<td>2005-2006</td>
<td>(US$ 815.07mn)</td>
<td>(US$ 373.64mn)</td>
<td>(US$ 1188.71mn)</td>
<td>-6.13</td>
</tr>
<tr>
<td>2006-2007</td>
<td>(US$934.88mn)</td>
<td>(US$ 556.11mn)</td>
<td>(US$ 1490.99mn)</td>
<td>25.43</td>
</tr>
<tr>
<td>2007-2008</td>
<td>(US$1092.31mn)</td>
<td>(US$ 851.60mn)</td>
<td>(US$ 1943.91mn)</td>
<td>29.97</td>
</tr>
<tr>
<td>2008-2009</td>
<td>(US$1477.74mn)</td>
<td>US$ 1056.17mn</td>
<td>US$ 2534.01mn.</td>
<td>30.36</td>
</tr>
<tr>
<td>2009-2010</td>
<td>(US$1672.26mn)</td>
<td>(US$ 180.80mn)</td>
<td>(US$ 1853.17mn)</td>
<td>-26.87</td>
</tr>
</tbody>
</table>

Table 1: India’s Export Data in Value Terms to Iran is as under [30]

<table>
<thead>
<tr>
<th>Year</th>
<th>Non-Oil Products</th>
<th>Crude Oil and petroleum products</th>
<th>Total Imports</th>
<th>% Growth$ value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003-2004</td>
<td>(US$ 271.98mn)</td>
<td>(US$ 1666mn)</td>
<td>(US$ 1937.98mn)</td>
<td>17.80</td>
</tr>
<tr>
<td>2004-2005</td>
<td>(US$ 421.87mn)</td>
<td>(US$ 2475mn)</td>
<td>(US$ 2896.87 mn)</td>
<td>49.48</td>
</tr>
<tr>
<td>2005-2006</td>
<td>(US$ 702.68mn)</td>
<td>(US$ 4119.97 mn)</td>
<td>(US$ 4822.65 mn)</td>
<td>66.48</td>
</tr>
<tr>
<td>2006-2007</td>
<td>(US$863.60mn)</td>
<td>(US$ 6975.48mn)</td>
<td>(US$ 7839.08mn)</td>
<td>62.62</td>
</tr>
<tr>
<td>2007-2008</td>
<td>(US$ 909.77mn)</td>
<td>(US$ 9979.80mn)</td>
<td>(US$ 0889.57mn)</td>
<td>40.95</td>
</tr>
<tr>
<td>2008-2009</td>
<td>(US$1128.11 mn)</td>
<td>(US$11248.63 mn)</td>
<td>(US$112376.77mn)</td>
<td>13.10</td>
</tr>
<tr>
<td>2009-2010</td>
<td>(US$1178.76 mn)</td>
<td>(US$10362.04 mn)</td>
<td>(US$11540.85 mn)</td>
<td>-6.75</td>
</tr>
</tbody>
</table>

Table 2: India’s Comprehensive import data in value terms from Iran is as under [31]

Conclusions

The relation between Iran and India is of great importance in the 21th century. These two countries need each other’s help and assistance by virtue of their geographical proximity, cultural background, and coordination in strategic profits, geopolitical and geostrategic condition. New Delhi and Tehran have got copious mutual advantages for investment and strengthening relations. New Delhi owns all the prerequisite components and potentialities to become the regional and global power and can be a pioneer country in economy, military and nuclear fields. But to reach to these long term goals India needs a stable energy especially gas. To provide the energy and security are the most important components in the global issues today. Iran with the extensive gas resources is the choice for India. But here there is problem that India has extensive relations with the United States and European countries. Large population and other countless problems made India to establish great relations with these countries but these relations should not be considered as anti-Iranian relations. Common profits, reciprocal vulnerability, tertiary players in recent years were very influential to the relations between India and Iran. These influences brought the capacities and limitations in mutual relations between New Delhi and Tehran.

Because of the fast growing need of India to this material on one hand and the capabilities of Iran to answer this need on the other hand brought mutual capacities in the relations between the two countries and also the
economical, oil and trade co-operations and because of the overlapping economical needs of the two countries brought remarkable capacities for the mutual relationships. But, on the other hand, these relations suffer from limitations caused by tertiary parties. Extensive relations between America and India in the form of strategic partnership on the one hand and the political conflicts between Iran and the United States on the other hand made America the tertiary player with destructive role in the relations between Iran and India.

Based on the foreign policy priorities of Iran and its conflict with America, Iran is pleased by emerging power like India and considers it in its national benefit frame. The authority and stable energy providing and energy security is the priorities of any great powers. Understanding this, India is trying to penetrate in Persian Gulf and Iran. It should be always considered that India has its own limitation toward Iran. India has been conservative about nuclear issues against Iran (in spite of its negative vote) in order to make the most of it and the policy of India is avoiding conflicts with America and Europe. All the regional and non-regional powers are strongly willing to have relations with India and this country is giving priorities to its own national benefits. The peace pipeline project is one of the most important issues which could have been finished if America hadn’t disagreed and involved. But India alternatives are also limit because India can follow what America desires for a limited time and India will more takes his national benefits more into account. The place of India in Iran’s foreign policy should be seen from a wider view. India is continuing the relations with Iran conservatively and these relations are of great value for it.

With a short careful glance at the relations between New Delhi and Tehran in recent years indicates that other factors had influential roles in these relations, in the other words, the actual picture of these relations have been always influenced by these tertiary factors. Here, it is suggested that although Iran and India have a close historical relationship, these relations needed to be modernized. New fields of co-operations should be discovered related to capabilities and needs of the two countries. India is moving fast on its track of development and possesses abundant capabilities in for mutual co-operations. The Iranian and Indian scholars can create a solid support for the development of mutual relations based on reciprocal needs with regards to the regional and global aspects. Iran with the outstanding position in the realm of energy and its geographical proximity to India is able to provide a great deal of India’s needs. Planning to achieve this capability requires a view beyond the technological and economic view on this issue. A view based on which infrastructural relations on energy should be established with India as a future great power.

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