



## BALANCING ACT: INDIA'S STRATEGIC DILEMMA BETWEEN IRAN AND THE WEST

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### ABSTRACT:

India and Iran share a historical relationship with each other since time immemorial, and yet this relationship has not realised its potential to the desired level. Although many factors have contributed to this failure, the largest among them is the ongoing hostility between Iran and the USA. During the Cold War, when the world was divided into two power blocs, both Iran and the USA came together only to part ways following the Islamic revolution and the 1979 hostage crisis. India's foreign policy in the 21st century reflects a complex balancing act between its historical and longstanding ties with Iran and its deepening strategic partnership with the United States and the broader Western bloc. Iran is vital to its energy security and regional connectivity ambitions, and alignment with the West, particularly the USA, is driven by shared concerns over China's rise, defence cooperation and economic and technological interdependence. This paper examines the nature and implications of India's strategic dilemma where the leadership navigates competing geopolitical, economic and security interests. India has to maintain ties with both Iran and the USA.

The study argues that India's approach is best understood through the lens of strategic autonomy and multi-alignment, allowing it to engage with both sides without formal alliances. However, this balancing strategy is increasingly challenged by U.S.-led sanctions on Iran, Iran's closer ties with China, and the evolving security dynamics of West Asia. Through an analysis of historical developments, contemporary policy decisions, and emerging trends, the paper highlights the constraints and opportunities shaping India's diplomatic choices. It concludes that while India has so far managed to maintain equilibrium, sustaining this balance will require greater diplomatic agility and policy innovation in an increasingly polarised and multipolar global order.

### KEYWORDS:

INDIA-IRAN RELATIONS, INDIA-U.S. RELATIONS, STRATEGIC AUTONOMY, MULTI-ALIGNMENT, ENERGY SECURITY, CHABAHAR PORT, WEST ASIA, GEOPOLITICS, U.S. SANCTIONS, FOREIGN POLICY, MULTIPOLARITY, CONNECTIVITY DIPLOMACY.

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### I. INTRODUCTION

After its independence, India has pursued the policy of non-alignment. In the wake of the Cold War, when the world was divided into two power blocks, and India was a nascent country which recently come out of foreign yoke, Non-alignment seemed to be a necessary course of action. The Cold War came to an end after the break-up of the USSR, and over the years, India gradually shifted from non-alignment to multi-alignment.

World order has often been divided into unipolar, bipolar and multipolar. The Cold War era was characterised by a bipolar world where two power blocs were constantly engaged. After the dissolution of the USSR, the USA emerged as a superpower and the world order took a unipolar moment. But soon, many other major powers like China, India, Russia and South Africa emerged. Countries like India and others have always been staunch supporters of a multipolar world. Besides, many international

organisations like the United Nations Organisation and the World Bank also envisage a multipolar world in their policies and principles. A multipolar order is particularly in the interest of third-world countries as it allows them more choices to align with different actors as per the strategic calculations of a particular country.

While it is true that a multipolar world offers more choices for countries like India, it comes with a price tag. It offers loose alignment with different countries of their interest, where different countries can secure their interests from two countries which do not see eye to eye. But at the same time, countries like India face challenges from major powers in the form of sanctions. This situation has been most evident in the case of the India-Iran and the United States triangle. Washington's suspicion over Iran's nuclear programme had a direct impact on India's relations with Iran (Hafeez, 2019). India has to walk a difficult tightrope

while aligning its interests with the USA and Iran.

The Joint Comprehensive Plan of Action ushered in a new era of hope and optimism, but it soon gave way to doom and despair. The JCPOA was a nuclear agreement between Iran and the P5+1 (US, UK, France, Russia, China, + Germany) where Iran agreed to limit its nuclear program and, in return, economic sanctions were lifted. But the Trump Administration withdrew from the agreement in 2018, reimposing sanctions and further isolating Iran. The agreement gradually weakened further and was effectively terminated in 2025.

This article attempts to work out the challenges and opportunities present in India-Iran relations in an emerging multipolar world. While there are certain areas of cooperation, especially in sectors such as energy and connectivity, the major focus here is to dissect the US factor in this relationship as a major challenge affecting the relationship between the two countries.

## II. HISTORICAL CONTEXT OF INDIA-IRAN RELATIONS

India-Iran relations are as old as the civilisation itself. Throughout history, cultural and commercial exchanges flourished between the two countries. India-Iran relations are multidimensional, and as scholars argue, the depth of it can only be surmised by studying the text of history, tales of travellers, poetry, folklore, religious records, as well as ancient monuments, relics, sites of ruined cities, etc. (Hekmat, 1947). Persian language was the court language and the language of the learned elite during the Mughal period, which significantly influenced Indian society. The amalgam of Persian and Hindi gave birth to an altogether new language, Urdu. In the modern era, many factors contribute to the cordial relations between the two countries. The significant Muslim population in India, the Afghanistan situation, India's need for energy resources and connectivity to Central Asia are some of the factors that shape the diplomatic relations between India and Iran. However, despite having centuries-old ties and shared interests, the relationship has not realised its potential. The relationship has generally remained cordial, but it has not reached the level of strategic partnership (Soltaninejad, 2017).

During the Cold War, when the world was divided into two power blocs, Indian leadership chose to remain non-aligned. The Iranian government, on the other hand, under Shah Pahlavi, chose to become part of the US-led power bloc. However, despite this, both countries maintained cordial relations and were not openly against each other. After the Iranian revolution, it was expected that India-Iran relations would take a new turn for the better, but regional situations such as the Soviet Invasion of Afghanistan prevented the two countries from getting closer. After the end of the Cold War, certain new developments took place in the region as well as in the world order at large, which significantly altered the contours of the India-Iran relationship. Significant among these developments was the collapse of the USSR and the

emergence of the USA as the dominant superpower of the world. At the same time, India's economic liberalisation in the 1990s and its subsequent engagement with the US altered its foreign policy priorities. Nevertheless, Iran remained an important partner, particularly in the context of energy imports and regional connectivity. In 2003, the Iranian President, Mohammad Khatami, visited India as a special guest in India's Independence Day celebration, where both countries agreed to forge a strategic partnership (MEA, 2017). The relations between the two powers reached a peak during the period 2001-03 with the Tehran and Delhi declarations, which established a substantial framework for enhanced cooperation (Cheema, 2010).

One of the most significant factors that affected India-Iran relations is the Iranian Nuclear Program and the resultant sanctions imposed by the USA. It is here that India's balancing act assumes significance as it has to walk a tightrope balancing Iran and the USA (Pant, 2013). India's vote against Iran at the International Atomic Energy Agency (IAEA) in 2005 was widely seen as influenced by India's desire to strengthen ties with the US, but at the same time it strained its relations with Iran. However, India subsequently sought to repair ties by emphasising economic cooperation and strategic engagement.

## III. STRATEGIC IMPORTANCE OF IRAN FOR INDIA

### 1. ENERGY SECURITY

Both Iran and India complement each other. While Iran has been a major supplier of crude oil to India, the latter, with its fastest-growing economy, is always energy hungry. Given India's status as one of the world's largest energy importers, securing stable and affordable energy supplies is a critical priority. Iran's geographic proximity and vast hydrocarbon reserves make it an attractive partner in this regard.

However, U.S. sanctions on Iran have limited India's ability, forcing it to reduce or halt oil imports from Iran at various points. Despite these challenges, India continues to view Iran as an important component of its long-term energy strategy.

### 2. CONNECTIVITY AND GEOPOLITICS

Iran, due to its geostrategic location, continues to play a vital role in India's efforts to enhance regional connectivity. Iran and India shared a border before the latter's partition. India is keen to develop Chabahar port in its effort to secure access to Afghanistan and Central Asia bypassing Pakistan, which has historically restricted India's overland access to these regions.

The Chabahar Port is also a key component of the International North-South Transport Corridor (INSTC), which aims to facilitate trade between India, Iran, Russia, and Europe. This connectivity initiative enhances India's strategic reach and economic integration with Eurasia.

### 3. REGIONAL STABILITY

Iran's strategic location in West Asia makes it a critical

player in regional stability. For India, maintaining stable relations with Iran is essential for ensuring the security of its diaspora in the Gulf region and safeguarding its economic interests, including trade and energy flows.

#### **IV. INDIA'S STRATEGIC PARTNERSHIP WITH THE WEST**

Ever since former Indian Prime Minister Vajpayee suggested that the two countries were 'natural allies', India's relations with the United States and the West have witnessed a major upswing (Parthasarthy, 2000). India and the United States still have no formal alliance; however, since 2005, their interests have been codified within a "strategic partnership" (Kutty, 2019). This strategic partnership encompasses a wide range of areas, including defence cooperation, counterterrorism, trade, and technology.

The signing of key agreements such as the Civil Nuclear Deal marked a significant milestone in bilateral relations, symbolising mutual trust and strategic convergence. India's participation in initiatives such as the Quadrilateral Security Dialogue (QUAD) further underscores its alignment with Western powers in addressing regional security challenges, particularly the rise of China. Economic ties between India and the West have also expanded significantly, with the United States emerging as one of India's largest trading partners. Additionally, the Indian diaspora in Western countries plays a crucial role in strengthening these relationships.

#### **V. THE UNITED STATES AS AN IRRITANT IN INDIA-IRAN RELATIONS**

The complex nature of USA-Iran relations has significantly altered India-Iran relations. In the wake of developments like the end of the Cold War and India's economic liberalisation post-1991, India gave way to its earlier policy of non-alignment. The result was that India and the USA, post 2000, entered a new phase of multi-dimensional strategic partnership. It is because of this upswing in India-USA relations that any change in USA-Iran relations has an effect on India-Iran relations.

Many a time India's strategic autonomy has also come to a test. India shares centuries-old relations with Iran. Often, this relationship, like any other, has seen its ups and downs, but hardly ever has any external factor played a significant role. Over the years, India and Iran developed a multidimensional relationship, but at the same time, the USA has emerged as the most significant irritant in this relationship, often asking India to toe its line in the wake of the imposition of sanctions. Ever since President Bush declared Iran a member of the "axis of evil" trio in 2002, the Bush administration has tried to come to terms with an increasingly belligerent Iran (Pant, 2006). This has been most evident in the case of the American approach to the Iranian nuclear program. In such cases, India's practice of strategic autonomy comes to a test, for example, India's vote at the International Atomic Energy Agency (IAEA) over Iran's controversial nuclear program.

India's then Minister of External Affairs, Sushma Swaraj, after a meeting with her Iranian counterpart, Javad Zarif, said that India had abided by the sanctions imposed by the United Nations, but not those imposed by any particular country (Verma, 2018). A further irritant in this trio has been the US's Countering America's Adversaries Through Sanctions Act (CAATSA), a US law passed in 2017 to counter countries such as Russia, Iran and North Korea.

India's policy response can be delineated at three levels. First, at the level of global norms and to ensure a rule-based order, India supports non-proliferation efforts and diplomatic solutions, as reflected in India's vote at the IAEA in response to Iran's nuclear program and India's support for the JCPOA. This identifies India as a responsible power, marking its space in the ever-changing global order. Second, at the strategic level, the US factor gets the upper hand and reflects the reality of power asymmetry. While India needs the US to balance China and for technology and defence supplies, it accepts limited engagement, which is reflected in India's stance at the IAEA vote and in succumbing to US pressure with regard to the Iranian oil cut. At the regional economic level, the Iran factor got prominence as reflected in India's need for energy security and access to Central Asia.

Over the years, this policy has gradually shifted into multi-alignment. In pursuance of this policy, India has to align many of its partners who often do not see eye to eye. India's concern is to secure its national interest by making the most of the prevalent nature of global geopolitics.

#### **VI. THE CORE DILEMMA: BALANCING COMPETING INTERESTS**

Reconciling its interests with Iran and the USA at the same time is the core strategic challenge that India faces. This challenge becomes even more significant in the face of U.S. sanctions on Iran, which have constrained India's ability to engage with Iran. India has adopted a pragmatic approach which many scholars have termed 'strategic hedging'. Under this approach, India has complied with U.S. sanctions by reducing oil imports from Iran, but at the same time, it continued to invest in the Chabahar Port, which has received limited exemptions due to its strategic importance for Afghanistan.

Another dimension of this dilemma is India's relationship with Israel, a key U.S. ally and an important partner for India in defence and technology. Balancing relations with Iran and Israel requires careful diplomatic manoeuvring, particularly in the context of regional conflicts. India's approach reflects its broader foreign policy doctrine of strategic autonomy, which emphasises independence in decision-making and avoidance of formal alliances. This allows India to engage with multiple partners while safeguarding its national interests.

#### **VII. CONTEMPORARY DEVELOPMENTS AND EMERGING TRENDS**

Many recent incidents have further strained India's balancing act. India-Iran economic relations have been

significantly impacted by the re-imposition of US sanctions on Iran. It happened because of Iran's withdrawal from the Joint Comprehensive Plan of Action (JCPOA). To make matters worse, Iran, by signing long-term cooperation agreements with China, is coming closer to China. This Iran-China bonhomie could further impact or potentially undermine India's strategic position.

Many developments are taking place in West Asia, including rivalry among the regional powers and tension in the Persian Gulf. West Asia is important for India as India receives a large part of its energy from the region. Moreover, West Asia is also a major trade route and host to many of the Indian nationals in the region. India needs to trade cautiously in order to strengthen the safety of the Indian nationals, if ever there is a crisis among the regional powers. Rapprochement with Iran has helped India – home to the second-largest Shia population on earth – in its drive to diversify strategic partners in the Islamic world and increase engagement in Central Asia, particularly in the energy sector (Cabrera & Moret, 2015).

Despite these challenges, India has demonstrated resilience and adaptability in its foreign policy. By maintaining open channels of communication with all parties and prioritising its national interests, India continues to navigate the complexities of its strategic environment.

### VIII. CHALLENGES TO INDIA'S BALANCING STRATEGY

India's balancing strategy faces several challenges:

- U.S. Pressure and Sanctions: Compliance with sanctions limits India's engagement with Iran.
- Iran-China Proximity: Growing ties between Iran and China may reduce India's strategic leverage.
- Regional Instability: Conflicts in West Asia threaten India's economic and security interests.
- Energy Diversification: India's shift toward alternative energy sources may reduce dependence on Iran but also weaken bilateral ties.
- Domestic Constraints: Political and economic considerations influence foreign policy decisions.

### IX. POLICY OPTIONS FOR INDIA

In order to keep balancing, India can consider several policy options. First of all, India needs to enhance its strategic autonomy, i.e. rather than relying on major powers or towing their line, India needs to prioritise independent decision-making. At the same time, given India's growing energy needs, India should, at the earliest, try to diversify its energy resources. This way, India will have more policy and energy options, and it will be less vulnerable to external pressures. India has been playing a major role in various platforms such as BRICS and SCO. In order to secure its position, India needs to strengthen its role further by engaging in multilateral diplomacy. At the same time, the world is getting increasingly complex, and

it is a cobweb of multiple actors playing their part. India, too, on its part, maintains diplomatic flexibility as aligning with any one specific actor might reduce its chances. In Machiavellian terms, India needs to be a changeling when it comes to international relations.

### X. CONCLUSION

India's strategic dilemma between Iran and the West is not just limited to India per se, but it incorporates the broader challenges that the complex and rapidly evolving global order brings forth. It is through the policy of strategic autonomy and multi-alignment that India has managed to keep the delicate balance between differing interests. However, this balancing act is becoming increasingly difficult as the world order is witnessing intensifying geopolitical rivalries more and more.

If India is to keep balancing, it will have to adapt itself to changing circumstances. It is only through utilising every means at its disposal, i.e. leveraging strategic partnerships and pursuing innovative policy approaches, that India can keep balancing. As the world moves toward a multipolar order, India's role as a "swing power" will become increasingly significant, making its foreign policy choices all the more consequential. Scholars argue that Pivotal rising powers such as India can serve as 'global swing states' in the international system where they can play a decisive role in international affairs, the world economy and global governance structures (Cabrera & Moret, 2015). But this is only possible if these powers come together to check the clout of major powers and sometimes the only superpower, such as the USA.

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