

Old friends: on India-Iran bilateral ties

In purely bilateral terms, [Iranian President Hassan Rouhani's visit to India](#) was pitch perfect in content and optics. After his meeting with Prime Minister Narendra Modi, India and Iran signed agreements and memorandums of understanding on a wide variety of issues. Among the announcements was the decision to award India the contract to operate the [Chabahar Shahid Beheshti port terminal](#) after the project is completed. While no announcement was made on the Farzad-B gas field that India has expressed an interest in, the joint statement indicates that positive deliberations may follow. There were discussions on enhancing trade and investment and ease of doing business between India and Iran, including a double taxation avoidance agreement and an expert group to recommend "trade remedy measures". Just before Mr. Rouhani's visit, India announced it would allow Indian investment in Iran to be done in rupee terms. The concession, which has so far been extended only to Bhutan and Nepal, allows money lying in Indian banks as payment for imports from Iran, mostly oil, to be repatriated. Till now these funds have been blocked because international banks and insurance companies refuse to facilitate trade to Iran fearing further U.S. sanctions on Iranian entities. In turn, Iran is understood to have reversed last year's decision to slash the credit period for oil payments from India, and issue more generous guidelines.

India, Iran ink nine pacts after 'substantive' talks between Modi and Rouhani

Mr. Modi and Mr. Rouhani also drew broad strokes highlighting the importance of bilateral ties between the two countries, stressing the strategic imperative for their growth. Mr. Modi called the talks "substantive and productive", while thanking Mr. Rouhani for his leadership on regional connectivity. Mr. Rouhani endorsed India's bid for a permanent seat at the UN Security Council with the veto, and praised India as a "living museum of religious diversity". The joint statement issued contained tough language on the "sanctuaries for terrorism", an issue important to both countries. But there is a broader global context to Mr. Rouhani's visit and the red carpet rolled out by the Modi government. The visit came amid uncertainty over the U.S.'s next move on Iran, given the Trump administration's line on the Iran nuclear deal. On the very day Mr. Modi and Mr. Rouhani met, U.S. National Security Adviser H.R. McMaster asked countries to track their investments in Iran as these might be supporting terrorism and "murder across the Middle East". It will be important to see what, if any, implications the Indian overtures would have on India's ties with the U.S. and its recently upgraded relations with Israel. However, it is crucial that India maintain a steady course on its strategic interests with Iran, a key source of energy, and as Mr. Modi put it, a "golden gateway" to Afghanistan and Central Asia.

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