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THE IRAN-ISRAEL CONFLAGRATION: AN INDIAN PERSPECTIVE

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“History never repeats itself, but it does often rhyme.” Mark Twain

The recent outbreak of direct hostilities between Iran and Israel in mid-2025 marked a dangerous new Chapter in an already volatile region. Iran’s missile salvos—some launched directly, others through proxies like Hezbollah, Houthis, and Hamas—prompted a swift and forceful Israeli retaliation. Dubbed *Operation Rising Lion*, Israel’s campaign reportedly targeted Iranian nuclear sites near Natanz and Isfahan, along with strikes in Lebanon aimed at neutralizing Hezbollah infrastructure.

Several factors seem to have emboldened Israel’s decision to identify the time of the strike. Iran’s air defences were weakened by months of low-intensity sabotage and cyber operations. Hezbollah, battered from internal Lebanese strife and earlier Israeli operations, appeared less capable of opening a second front. Most importantly, Iran’s nuclear enrichment levels were alarmingly close to weapons-grade. With Donald Trump back as the US President and offering Israel full-throated support, the timing for Israel seemed opportune to avoid replaying the discordant notes of the past.



Divergent Perspectives - The Dance of American Diplomacy

“War is a continuación of politics by other means.” - Carl von Clausewitz

The USA devastated Iran’s most heavily fortified nuclear installations at Fordo, Natanz, and Esfahan, including the crucial underground uranium enrichment facility at Fordo, on June 22, 2025. Trump held that they were *“completely obliterated.”* President Trump, who acted without Congressional authorisation, warned of more strikes *“if peace does not come quickly”*. In the aftermath of the U.S. intervention, Trump warned Iran’s theocratic regime against further retaliation: *“There will be either peace, or there will be tragedy for Iran far greater than we have witnessed over the last eight days”*.

Michael Beckley maintained in *Foreign Affairs* that the United States is becoming *“a rogue superpower, neither internationalist nor isolationist but aggressive, powerful, and increasingly out for itself.”* While this description of the USA is largely accurate, the American influence can be contained by other players in the jockeying for power. Israeli Prime Minister Benjamin Netanyahu welcomed the entry of the USA. He said, *“History will record that President Trump acted to deny the world’s most dangerous regime the world’s most dangerous weapons”*. *“His leadership today has created a pivot of history that can help lead the Middle East and beyond to a future of prosperity and peace.”*

Iran’s Foreign Minister Abbas Araghchi condemned the U.S. attack on Iran’s *“peaceful nuclear installations”* and called the strikes a *“grave violation of the U.N. Charter, international law, and the nuclear proliferation treaty.”* Iran threatened to retaliate by targeting US bases in the Middle East. UN Secretary-General António Guterres stressed the folly of resorting to more violence, *“This is a dangerous escalation in a region already on the edge — and a direct threat to international peace and security. At this perilous hour, it is critical to avoid a spiral of chaos. There is no military solution. The only path forward is diplomacy. The only hope is peace.”* Guterres also warned of *“another cycle of destruction”*.

This attack reveals a complex picture of Iran’s mood, resilience, and direction. Success would mean finishing Iran’s nuclear ambitions and eliminating the last significant threat to Israel’s security. But failure could plunge the U.S. into the vortex of another long and unpredictable conflict in the Middle East and harden Iran’s resolve to build a nuclear weapon.

The proximity of the Strait of Hormuz to the UAE, Dubai, Saudi Arabia, and Qatar, along with the potential for conflict escalation to Yemen and the Strait of Bab el-Mandeb, complicates the issue, especially as tensions extend into the Red Sea. The fallout from this escalation impacts not only the immediate area but also fuels a web of great power rivalry, proxy conflicts, and economic dependencies that threaten global stability.

Iran's threat to close the Strait of Hormuz, a vital choke point for global oil shipments, becomes critical since over 20 million barrels of oil and a third of the world's LNG supply pass through it, significantly altering geopolitical dynamics and destabilizing the Middle East. Alternatives, such as Saudi Arabia's East-West pipeline or the UAE's Fujairah terminal, are grossly inadequate to handle the entire load. Risks posed by mines, drones, or naval tensions could increase shipping costs, disrupt insurance markets, and decelerate global trade. India relies on this region for 60 per cent of its crude oil imports.

The Doctrine of Deterrence and the Risk of Escalation

"All murderers are punished unless they kill in large numbers and to the sound of trumpets." -Voltaire

A fundamental truth is that, while history never follows the same path as before, it reveals similar patterns and offers useful lessons. Against this broader geopolitical and economic backdrop, Israel's strategy has always focused on deterrence: acting decisively and disproportionately when existential threats emerge. While this logic is valid, the scale and intensity of the conflict are new. With state actors like Iran and powerful non-state groups now involved, and the Assad regime in Syria deteriorating, the Middle East headed towards a wider, unpredictable war that kept the world on edge. Israeli Prime Minister Benjamin Netanyahu stated that his military operation would continue *"for as long as it takes"* to eliminate Iran's nuclear programme and ballistic missile arsenal because they pose an existential threat to Israel. Iran has steadfastly claimed that its nuclear programme is for peaceful purposes. However, Iran is the only non-nuclear weapon state with enriched uranium up to 60 per cent, which is below the 90 per cent weapons-grade level. Israel is widely believed to be the only Middle Eastern country with a nuclear weapons programme, but it has never publicly acknowledged it.

A basic tenet of global geopolitical rivalry between the United States (US) and the Soviet Union (USSR) and their respective allies, the capitalist Western Bloc and communist Eastern Bloc, which began post the Second World War and ended with the dissolution of the Soviet Union in 1991 was called Mutually Assured Destruction (MAD). The *Encyclopaedia Britannica* defined MAD as *"a principle of deterrence founded on the notion that a nuclear attack by one superpower would be met with an overwhelming nuclear counterattack such that both the attacker and defender would be annihilated."* This concept led to an extravagant yet absurd nuclear arms race between the US and the USSR, both of which treated the whole world like a chessboard.

Thanks, however, to protracted negotiations, the Strategic Arms Limitations Talks (SALT), and the signing of SALT I in 1972 (between US President Richard M. Nixon and USSR President Leonid Brezhnev) and SALT II in 1979 (between US President Jimmy Carter and Brezhnev), things improved perceptibly. MAD would have kept the balance of power between Israel and Iran in check.

Israel, however, pre-empted with US support, a perceived nuclear threat from Iran. None of these factors is likely to unfold straightforwardly. Given the altered ground realities, a move away from MAD to Mutually Assured Survival (MAD) is called for.

The multi-fold consequences of the escalating multi-dimensional conflict between Israel and Iran and the consequential growing instability—economic, geopolitical, humanitarian, etc. - are affecting global markets, energy flows, and diplomatic equations. And for India, which relies heavily on regional peace to secure energy and trade routes, the timing couldn't be worse.

Power and Defiance - Discretion Is the Better Part of Valor

“There is but one evil, war. All the other proclaimed evils, such as hate, greed, discrimination, and jealousy, are only sub-categories of it.” – José Barreiro

There has been a paradigm shift in the role of the USA from a more internationalist, open, cooperative nation to a more nationalist, closed, and demanding USA. Beyond the bluff and bluster, Iran should not launch a direct attack on the USA, lest it be irreparably damaged. Jason Rezaian put it succinctly, *“The reality is that Iran doesn't have many meaningful options. Conventionally, they were much weaker than the U.S. and Israel to begin with. The threats they pose have always been asymmetrical and more real for their own population and their direct neighbors. They are looking more like a paper tiger than ever, and their defenses have been decimated. I think they would be smart to look for a diplomatic way out, but their professed ideological positions and their tenuous grip on power make that difficult”*.

Trump's triumphal rhetoric threatened, *“There will be either peace, or there will be tragedy for Iran far greater than we have witnessed over the last eight days”*.

Knife Edge Equilibrium: India's Strategic Dilemma

India's dilemma arises from Israel's crucial partnership in defence technology, cybersecurity, and intelligence. Iran remains a vital energy source and a key element in India's regional connectivity plans, especially through the Chabahar Port, which provides access to Afghanistan and Central Asia.

Siding with Israel could threaten India's relationship with Iran and, consequently, its westward logistical ambitions. However, openly supporting Iran might alienate the USA and Israel, two increasingly influential players in India's strategic framework. India's long-standing policy of *“strategic autonomy”* faces unprecedented pressure.

Domestic Economic and Energy Ripples

The ramification of this war spiral is starkly reflected in economic indicators:

- **Oil Supply Disruptions:** With Hormuz under threat, Brent crude rose from \$72 to \$80 per barrel. India, which imports over 80 per cent of its oil—much of it via this route—is bracing for further volatility.
- **Growth and Inflation:** Every \$10 uptick in oil prices typically cuts 0.3 per cent from India's GDP growth and nudges inflation up by 0.4 per cent. The rupee has slipped to ₹84.30 against the dollar, exacerbating pressure on the RBI to intervene in the forex market.
- **Sectoral Fallout:** Fuel-heavy industries like airlines, chemicals, paint, and fertilizers are already feeling the pinch. But defence and cybersecurity firms have seen a short-term boost, anticipating higher government contracts.
- **Investor Sentiment:** Foreign investors are hedging their bets, with noticeable capital outflows into gold and U.S. Treasuries. Indian equity indices dipped amid broader global concerns and consternation.

Oil after the boil - Strategic Projects in Jeopardy

India's infrastructure diplomacy is also in flux. The India–Middle East–Europe Economic Corridor (IMEC), unveiled with fanfare at the 2023 G20 Summit, faces delays due to Israeli instability. Meanwhile, Chabahar's future remains uncertain, as Iran shifts focus to its defence.

Bracing for Impact - India's Strategy

In such a fraught scenario of regional security dynamics, India has few good options, but it must act decisively where it can. A few key principles should guide its response:

1. **Stay Diplomatic, Not Detached:** India should work on quiet diplomacy, leveraging its position in forums like BRICS and the UN to encourage de-escalation, while keeping open channels with both Israel and Iran.
2. **Diversify Energy Sources:** The current crisis underscores the urgency of energy diversification. India must expedite partnerships with countries like the U.S., Brazil, and Australia to reduce reliance on Gulf oil.
3. **Monitor the Economy Closely:** With inflation, currency, and growth metrics under pressure, policymakers will need to act swiftly, possibly tightening interest rates or drawing on reserves to stabilize the rupee.
4. **Protect Strategic Autonomy:** Even as alliances deepen, India should resist being pulled into binary choices. Flexibility, not alignment, must remain the cornerstone of Indian foreign policy.

Strategic Options and Choices: Stay Firm, Stay Flexible

Where do we go from here? Probably not an “*endless war*,” but rather the region’s ongoing turmoil that poses unprecedented risks for international business and financial markets. Given the real and serious risk of a spiral into conflict, India cannot afford to be a bystander in the Middle East, nor should it take a partisan stance. A calm, confident strategy grounded in diplomatic skill, resilience, and economic foresight must be at the heart of India’s diplomacy. The challenge is to defend national interests without becoming involved in someone else’s war. In a world where the lines between local conflict and global disruption are increasingly blurred, India’s best approach may be to remain flexible, principled, and adaptable. For, as Max DePree stressed, “*We cannot become what we want by remaining what we are.*”

A larger conflagration would have led to significantly higher prices, with concerns about the conflict’s broader implications, including Iran, Israel, and Palestine, and supply issues across the Middle East. H.G. Wells rightly emphasized the existential threat of unchecked warfare: “*If we don't end war, war will end us.*” To diffuse the dangerous cycle of escalation, President Donald Trump announced on June 23, 2025, that Iran and Israel had agreed to a staggered ceasefire to bring about an “*official end*” to a conflict that had threatened to escalate into a full-scale war involving the USA. The success of the ceasefire depends on both sides’ commitment and resolving unresolved issues. The halt in hostilities provided immense relief to world leaders concerned about violence spiralling into a larger conflict.

But how long will this fragile truce between Israel and Iran, an uneasy status quo, persist without a negotiated agreement satisfying all warring parties? Are Israeli and U.S. interests aligned? Is Iran willing to slow down its nuclear program? How might the fluctuations in global commodity prices evolve? Are discussions likely to restart, and if not, how can this conflict be prevented from escalating further? How can progress be made toward a diplomatic resolution? There are many critical questions without easy answers.

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