



Farzad-B Gas Field: Iran

Why in News

Recently, Iran gave the [Farzad-B Gas Field](#) to Petropars, a domestic gas producer.

- This is a **setback for India's energy ties with Iran as ONGC Videsh Ltd (OVL) had discovered the gas field in 2008 and has been part of the ongoing cooperation on that front.**

Key Points

- **Farzad-B Gas Field:**

- It is located in [Persian Gulf](#) (Iran).



- The **contract for exploration** of the field was **signed in 2002 by Indian consortium** comprising ONGC Videsh, Indian Oil Corporation and Oil India.
- The **contract expired in 2009** after declaration of commerciality of the field, based on the gas discovery.
 - It has gas reserves of more than **19 trillion cubic feet.**
 - ONGC has **invested approximately USD 100 million.**
- Since then, the consortium has been trying to secure the contract for development of the field.
 - The **major dispute between India and Iran was over setting up of two pipelines**, and also over money to be quoted on the development plan.
 - Around **75% of the deal was finalised by May 2018**, when the **US unilaterally withdrew from the nuclear deal** and announced **sanctions on Iran.**
- In **January 2020, India was informed that in the immediate future, Iran would develop the field on its own** and would like to involve India appropriately at a later stage.

▪ Other Recent Developments:

- Indian merchants have almost entirely stopped signing new export contracts with Iranian buyers due to caution about [Iran's falling rupee reserves with Indian banks](#).
- Iran in 2020 dropped India's USD 2-billion offer and decided to build the Chabahar railway link ([Chabahar-Zahedan Railway Line](#)) on its own.

▪ Concerns for India:

◦ Growing Influence of China:

- In April 2021, China and Iran signed a [25-year "strategic cooperation pact"](#) which includes political, economic and strategic components.
 - China is also concluding a **security and military partnership with Iran**.
- The **China Iran strategic partnership** may be an impediment for Indian entry routes into Afghanistan through Chabahar and further connectivity to [International North South Transportation Corridor \(INSTC\)](#), although Iran has not given any signals of disruption of these projects.
 - Further, **Iran seems to be sceptical of India's diplomatic ties with the US**.

◦ India's Energy Security:

- India has **stopped purchasing Iranian oil**, which accounts for around **90% of its imports from the Islamic nation**.
 - India was Iran's leading oil client after China until mid-2018.
- India needs gas and Iran remains one of the best options as geographically, **Iran is closest to India of all the countries in the Persian gulf region**.
 - Further, the **Farzad-B Gas Field could have improved India-Iran ties** as the crude oil import from Iran remains impacted due to the US sanctions.

◦ India's Role in the Region:

- Maintaining ties with Iran even as it forges a new relationship with Saudi Arabia and Israel is **critical for India's balancing policy in West Asia**.

◦ Connectivity to Central Asia:

- Chabahar is not only a key to maritime relations between both the countries, but also **provides an opportunity to India to reach Russia and Central Asia**.
- Further, it **allows India to bypass Pakistan** which had blocked Indian aid to Afghanistan and all trade over land.

◦ Peaceful Afghanistan:

- India, having made [significant investments in Afghanistan](#), will always hope for an Afghan elected, Afghan led, Afghan owned peace and reconciliation process and a popular democratic government in Afghanistan.
- However, India has to be watchful of **Iran - Pakistan- China axis developing in the neighbourhood of Afghanistan**, with tentacles in the form of terror groups inside it.

Way Forward

- India is very **reliant upon Middle East oil and gas** and **must maintain cordial relations with most of the major suppliers, including Iran, UAE, Qatar, and Saudi Arabia, as well as Iraq**.
- India needs to play a **balancing act between the US and Iran**.
- In a world where connectivity is seen as the new currency, **India's loss on account of these projects can become gain for some other country, especially China**.

[Source:TH](#)

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