



## Farzad-B Gas Field: Iran

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### Why in News

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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

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- **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

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- 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**