

Growing escalation in West Asia, uncertainty regarding the Strait of Hormuz and India's outreach to Iran and other countries

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Two top Iranian officials were killed in strikes on March 17, 2026 -- Ali Larijani, secretary of Iran's Supreme National Security Council and Gen. Gholam Reza Soleimani head of the Revolutionary Guard's all-volunteer Basij. Larijani was close to the Late Ali Khamenei, who was killed on February 28, 2026. He had been entrusted with several important responsibilities -- including negotiations with the West as well as China. Larijani had held several important positions which included: being head of IRIB, heading the Supreme National Security Council and Parliament speaker from 2008-2020.

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Iran's conditions for ending the conflict and mixed signals from Trump

Iran's Supreme Leader Ayatollah Mojtaba Khamenei delivered a message on March 20 -- on Eid al-Fitr and Nowruz. Khamenei in his message said that Iran had dealt the enemy: '...a dizzying blow so that he now starts uttering contradictory words and nonsense.'

Iranian Foreign Minister Abbas Araghchi has ruled out possibility of a 'ceasefire', but sought a '...comprehensive end to the war' and listed reparations for the damage during the current conflict.

The US has ruled out any reparations and is seeking halting of uranium enrichment and suspension of Iran's nuclear program. There are some voices in the Trump administration which are not totally closed to the idea of unfreezing Iranian assets.

On March 21, the US President also issued a warning to Iran that if it does not open the Strait of Hormuz in 48 hours, the US would 'obliterate' Iran's power plants. Iran's Islamic Revolutionary Guard Corps (IRGC) said that it would completely close the Straits of Hormuz if the US attacked Iran's power plants.

Significantly, on March 22 Iran's representative to the U.N. maritime agency Ali Mousavi said that the Strait was open to all except 'enemies'. While on the same day, Alaeddin Boroujerdi, a member of parliament's National Security and Foreign Policy Committee said that Iran is reportedly charging some vessels \$2 million to pass through the Strait of Hormuz and that Iran had established a 'new concept of sovereignty'.

Continued escalation of tensions

On March 21, Iran fired two intermediate-range ballistic missiles at the joint US-UK military base in the Indian Ocean, while on March 22, Iran struck two cities -- Arad and Dimona -- close to a nuclear facility. An estimated 200 people were killed in this strike.

On March 22, Israeli forces struck an important site in Southern Lebanon -- the Qasimiyah bridge over the Litani river.

Iran's strikes on Gulf energy sites and Oman's criticism of the US

Saudi Arabia's Foreign Minister, Prince Faisal bin Farhan while speaking after an emergency meeting of Arab ministers, on March 19th said that whatever trust had been built between Gulf countries and Iran in recent years 'was shattered'. He also asked Iran to stop attacks on neighbouring countries else Gulf countries would use all possible means to retaliate. He also said

'The Kingdom and its partners possess significant capabilities, and the patience we have shown is not unlimited. It could be a day, two days, or a week—I will not say'

Oman's Foreign Minister Badr Albusaidi while writing in the Economist stated that the US had lost control of its own Foreign Policy. He had mediated the last round talks of US and Iran, before US and Israel launched strikes on Iran on February 28, 2026.

So far, Gulf countries have not retaliated to Iranian strikes.

On March 18, Israel carried out air strikes on an Iranian production facility at the South Pars gas field (the ownership of this gas field is shared by Iran and Qatar). South Pars accounts for 3/4th of Iran's gas production.

This is a key source of domestic energy for Iran. US President Donald Trump said that the US did not know about this attack and Qatar was not informed about this either. He also said no more strikes would be made on the South Pars Field.

Iran retaliated by striking LNG facilities in the Gulf nation on March 18 and 19, 2026. Qatar Energy confirmed the same in a post on X:

'In addition to the previous attack on Ras Laffan Industrial City on Wednesday, 18 March 2026, which caused extensive damage to the Pearl GTL facility, Qatar Energy confirms that in the early hours of Thursday, 19 March 2026, several LNG facilities were also targeted'.

Tehran also struck two gas fields in the UAE: Habshan gas facility and Bab field in the United Arab Emirates and two oil refineries in Kuwait. On March 20, 2026 Kuwait's state oil firm KPC said its Mina Al-Ahmadi refinery faced several drone attacks which caused fire in several of its units.

Differences between Trump and NATO allies

The British Prime Minister Keir Starmer, NATO Secretary General Mark Rutte, and French President Emmanuel Macron held a conversation after the Iranian strike on Qatar. Macron also called for '.. a moratorium on strikes targeting civilian infrastructure,' Iranian Foreign Minister Seyed Araghchi condemned the French stance on the current conflict. While US President, Donald Trump has been critical of NATO for not joining his call to protect the Straits of Hormuz.

On March 16, the German Defence Minister Boris Pistorius said that 'this is not our war: we have not started it'. French President Emmanuel Macron has also pushed for giving dialogue and negotiations in another chance.

Donald Trump and UK PM Keir Starmer did discuss the need for re-opening of the Straits of Hormuz on March 22, 2026.

Modi's conversation with Iranian President and other world leaders

PM Modi and Iranian President, Masoud Pezeshkian held a telephonic conversation on March 21. During their conversation several aspects pertaining to the conflict were discussed. The Iranian President highlighted the losses – humanitarian and economic – caused by the strikes. He also highlighted the point that BRICS should play a positive role in bringing about peace in the region. Pezeshkian underscored the important role of India as the current Chair of BRICS for bringing the conflict to an end. PM Modi also highlighted the need for safeguarding the Strait of Hormuz. He also criticised attacks on energy facilities in the Gulf stating that energy and food security globally would be impacted.

On March 19, PM Modi spoke to French President Immanuel Macron, Amir of Qatar, Tamim bin Hamad Al Thani, King Abdullah II of Jordan, Sultan Haitham bin Tariq of Oman and Malaysian PM Anwar Ibrahim regarding the current conflict on West Asia. While Modi called for de-escalation and dialogue, during his conversations with the Amir of Qatar and King Abdullah of Jordan he specifically criticised attacks on energy infrastructure in West Asia. Modi also thanked the Sultan of Oman for facilitating the return of several Indians.

The MEA had also referred to attacks on energy installations as “deeply disturbing” saying that such steps will lead to further disruptions in the already uncertain energy scenario.

Impact on Indian economy: Beyond oil

The current crisis has begun to impact the Indian economy in several ways. Several consultancies have forecasted a dip in economic growth due to the current crisis. Goldman Sachs on Mar 11 cut its 2026 growth forecast by half a percentage point to 6.5 per cent. The Indian Rupee fell to a record low of 93.84 against the US Dollar amidst the geopolitical turmoil in the Middle East. If the current conflict lasts for long India's trade deficit and balance of payments could get impacted significantly. So far, India has been paying attention to diversification of oil imports – and reduction of dependence upon oil imports vis-à-vis the Straits of Hormuz. PM Modi chaired a high-level meeting on March 22 with a focus on ensuring steady supplies of essential commodities and no disruptions. A US ship carrying LPG reached Mangalore the same day. On March 23, two more LPG carriers -- Jag Vasant and Pine Gas – successfully passed the Strait of Hormuz.

The shortage of LPG has begun to impact the hospitality sector. Due to reduced menus, closures of several restaurants, the earnings of delivery employees on Zomato and Swiggy have been impacted. Zomato has raised its platform fees by 20% to Rs. 14.90 per order. Due to lesser orders from restaurants, earnings of gig workers, employed with companies like Zomato, Swiggy and Uber, are taking a significant hit.

On March 20, the US allowed the sale of Iranian oil currently stranded at sea. Said the US Treasury Secretary Scott Bessent in a post on x: 'This temporary, short-term authorisation is strictly limited to oil that is already in transit and does not allow new purchases or production'

He said that through this measure 140 million barrels of oil would be available to global markets and this would 'relieve' the temporary pressures on the supply of oil.

Government receives support from opposition

While Former Congress President, Sonia Gandhi and Leader of Opposition Rahul Gandhi have been critical of the government's stance on the West Asia crisis, the Modi government received support from Congress MP Shashi Tharoor -- who heads the Standing Committee on External Affairs. Tharoor said that the government should have been more prompt to condole the death of Ali Khamenei. He however differed with his party's view that the Modi government's stance vis-à-vis the current conflict can be viewed as a moral surrender.

Conclusion

While the Iranian President and Foreign Minister seem to be open to finding a solution to the current impasse, the tone of US President Donald Trump and continued aggression by Israel is diminishing the possibility of any meaningful solution. While Iran may be open to engagement and a solution, it will look for an honourable agreement. After the failure of earlier negotiations with the US, Iran is likely to be cautious.

It also remains to be seen if any country is likely to take the role of a pro-active mediator given the awkward situation in which Oman has found itself.

Two other clear takeaways from the current conflict are. First, the growing rift between US and its traditional NATO allies on important geopolitical issues. Even ties between Washington and some Gulf countries could be impacted. Second, Iran-Gulf ties were witnessing an upswing in recent years, but the current conflict has once again led to distrust between Tehran and GCC countries – apart from Oman.

India has been engaging with all major players and its role as Chair of BRICS has been highlighted repeatedly. India needs to firmly secure its economic interests and minimise the domestic fall out of the West Asia conflict – the impact is already being felt across sectors – while also engaging pro-actively with important players in West Asia and beyond for bringing an end to the current conflict

(Disclaimer: The views expressed above are the author's own and do not reflect those of DNA)

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