

High Alert for India's Energy Security

- Amitabh Kant**

Since Iran blocked the Strait of Hormuz at the end of February, India has been confronting the full cost of its dependence on imported energy and the numbers are unsparing. India imports close to 90% of its crude oil standing at roughly 5 million barrels a day. In March, it lost around 3 million barrels a day of supply that previously moved through the Strait. A sustained surge in crude prices would likely weigh significantly on India's growth outlook, reflecting the economy's continued exposure to imported energy. The finance ministry has already warned that its 7.0%-7.4% growth forecast for FY2027 faces considerable downside risk. And none of this accounts for the fact that close to 30% of India's fertilizer imports are also sourced from the Gulf region, meaning this is not only an energy crisis. It is also a food security crisis waiting to develop. India must take bold and ambitious steps to accelerate its energy transition, not as a matter of climate ambition, but as a strategic necessity for long-term energy independence.

Firstly, India must revise its renewable energy target from 500 GW to 1500 GW by 2030. This is not an act of ambition for its own sake but a security imperative. In 2025, China added over 400 GW of renewable power in a single year. India, on the other hand, added 56 GW in total. This gap now reflects the absence of a sufficiently urgent national goal. A 1500 GW commitment forces the kind of systemic acceleration that smaller targets allow governments to defer. It compresses a decade of transformation into five years.

Secondly, India must enhance its infrastructure. Last year, over 50 GW of renewable capacity sat stranded because grid infrastructure could not evacuate it. The renewable corridors of Gujarat, Rajasthan, Karnataka and Tamil Nadu need urgent transmission investment. Central procurement agencies must contract at least 150 GW annually. Renewable Purchase Obligations and Renewable Consumption Obligations should be tightened and aligned to this larger trajectory.

Thirdly, storage is equally non-negotiable. Every new renewable tender must mandate co-located battery storage. Pumped hydro, for which India has significant geographic advantage, must be developed in mission mode. The GST on storage assets should be radically reduced to 5%, aligned with other renewable components. A grid without storage remains dependent on thermal backup which, in turn, means remaining dependent, ultimately, on imported fuel economics.

Fourthly, transport accounts for a substantial slice of India's oil consumption, and the road network is where the fastest displacement is possible. India must announce a clear transport electrification roadmap: full electrification of new bus procurement, full electrification of two-wheelers and three-wheelers by 2030, and the electrification of cars and trucks by 2035.

Fifthly, India needs to secure its critical mineral supply chain and prioritize midstream processing. China controls between 70% and 90% of global refining capacity for the critical

minerals that clean energy technologies require – lithium, cobalt, nickel, rare earths. The current crisis has, in a revealing irony, also disrupted supplies of petroleum coke, a key feedstock for the synthetic graphite used in EV battery anodes. Escaping one chokepoint only to embed oneself in another will end up being a substitution of risks. India must build domestic mineral processing capability, secure upstream supply through strategic partnerships with resource-rich nations and invest in battery recycling as a long-term resource buffer. Energy sovereignty that depends on a single foreign supplier for its inputs is not sovereignty at all.

Sixthly, green hydrogen may prove to be the most consequential long-term piece of this puzzle. Oil's stranglehold on India's economy runs deep into industry, shipping and fertilizer production. Green hydrogen, produced from domestic renewable power, can displace imported natural gas in fertilizer manufacturing, decarbonise hard-to-abate industrial sectors and reduce the petrochemical import bill. India's National Green Hydrogen Mission targets 5 million metric tonnes annually by 2030. That target must be treated with the same urgency now being applied to renewables.

The only durable answer is to reduce the volume of energy that India needs to import at all: by building 1500 GW of domestic renewable capacity, by electrifying transport at scale and by treating the entire clean energy supply chain, from mineral processing to battery manufacturing, as a matter of national security.

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