

## **Hormuz crisis underlined India's energy resilience**

- *Amitabh Kant\*\**

When the Strait of Hormuz effectively closed following military strikes on Iran earlier this year, the implications for India were immediate and profound. Nearly one-fifth of the world's seaborne oil passes through this narrow maritime corridor, making it the single most important chokepoint in global energy trade. For India, which imports close to 90% of its crude oil and around 60% of its LPG, a prolonged disruption threatened not merely higher fuel prices but a wider economic shock that could have rippled through household budgets, industrial production and the country's external finances. As the Indian crude basket climbed from the low USD 70s to over USD 120 a barrel within weeks and LPG import costs surged by almost 46%, predictions of shortages and runaway inflation became commonplace. Yet, by the time the Strait began reopening in late June, those fears had largely failed to materialise. Petrol stations remained supplied, cooking gas continued reaching households, and the economy absorbed one of the most severe external energy shocks in recent years.

That outcome did not happen because India was less exposed than other major importers. On the contrary, the crisis underlined just how dependent the country remains on imported fossil-fuels. What it also demonstrated, however, was that energy security is no longer simply about maintaining strategic petroleum reserves. It is about building resilience across an entire system where infrastructure, diplomacy, commercial relationships and institutions work together well before a crisis begins.

Much of that resilience had been quietly built over the past decade. LPG import terminals doubled from 11 to 22; import capacity increased from 12 MMT per annum to over 32 million; the LPG pipeline network expanded from just over 2,300 kilometres to more than 6,200 kilometres; LNG terminals doubled from four to eight, and city gas distribution networks grew from just 55 to over 300. None of these investments generated much public attention when they were announced. Taken together, however, they fundamentally altered India's ability to withstand precisely the kind of disruption that unfolded in the Gulf.

The response during the crisis reflected that preparedness. Within eight days, refineries were instructed to maximise LPG production by diverting propane, butane and associated refinery streams, raising domestic output from around 35,000 tonnes a day to nearly 54,000 tonnes, comfortably exceeding the country's residual import requirement. Facilities that had never previously produced cooking gas were reconfigured, commercial LPG consumption was temporarily regulated, industries shifted towards piped natural gas wherever possible, and daily national demand was reduced significantly. Simultaneously, India activated alternative supplies from North America, Russia, Algeria and other producers, while diplomatic engagement ensured that Indian-bound cargoes continued moving through one of the world's most volatile maritime theatres.

The same philosophy guided fuel pricing. Rather than allowing global prices to pass directly through to consumers, the government reduced central excise duties on petrol and diesel by Rs 10 per litre, foregoing revenues of around Rs 1.7 lakh crore. Even as the import-linked cost of a domestic LPG cylinder crossed Rs 1600, households continued paying Rs 942, while beneficiaries under the Pradhan Mantri Ujjwala Yojana paid just upwards of Rs 600 after subsidy. When retail fuel prices eventually had to be revised, the increase was limited to Rs 3 per litre after more than two months of stability. India consequently recorded one of the smallest increases in retail petrol and diesel prices among major oil-importing economies, despite facing one of the sharpest external supply shocks in recent memory.

The crisis, however, should not breed complacency. It should instead reinforce the urgency of achieving genuine energy independence. Every future disruption, whether caused by conflict, sanctions or another geopolitical crisis, will continue to expose India so long as imported oil and gas remain the backbone of the economy. The logical response is not merely to prepare for the next crisis but to reduce the country's exposure altogether. That requires thinking beyond the current target of 500 GW of non-fossil capacity by 2030 towards a far more ambitious trajectory of 1,500 GW of clean energy.

It also requires building transmission corridors, battery storage and pumped hydro at unprecedented scale; modernising the grid through digital technologies and AI; accelerating electric mobility to reduce oil imports; deploying low-carbon hydrogen where it can displace fossil fuels in heavy industry, shipping and fertilisers; creating a globally competitive manufacturing ecosystem for batteries and clean technologies; commercialising Small Modular Reactors; and securing critical mineral supply chains through domestic processing and recycling. Energy security in the coming decades will be determined not only by how much oil India can import during a crisis, but by how much energy it can produce, store and manufacture at home.

The Strait of Hormuz will reopen, oil markets will stabilise and this particular crisis will eventually recede from memory. Its larger lesson, however, should endure. India demonstrated that a decade of investments in infrastructure, diversification and prudent policy can substantially reduce the impact of external shocks. The next phase must be even more ambitious. If India succeeds in building a clean, reliable and increasingly domestic energy system, future geopolitical crises will no longer threaten the country's growth trajectory in quite the same way. That is ultimately what energy independence should mean, and the Hormuz crisis has shown why it can no longer remain a distant aspiration.

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