

In the West Asia crisis, a chance to build resilience

- *Amitabh Kant**

The closure of the Strait of Hormuz has caused oil prices to reach USD 100 and disrupted gas supplies. Air travel has been severely disrupted, with the aviation hubs of the UAE and Qatar affected. The current crisis in West Asia serves as both a warning and an opportunity.

We must not treat this only as a crisis-management exercise. In the past, notably during COVID and in the past year, we have used moments of external stress to accelerate internal transformation.

Make Energy Sovereignty a National Imperative

First, India must treat energy sovereignty as a core national mission. For too long, the country's macroeconomic stability has depended on geopolitics and their impact on global energy markets. The good news is that, over the past decade, we have achieved solid macro stability and laid a strong foundation for energy sovereignty. As of November 2025, non-fossil installed capacity had reached 262.7 GW, with renewable energy capacity at 254.0 GW.

Solar, wind, storage, transmission, offshore wind, and pumped hydro must now expand in a coordinated and integrated manner. Crucially, these are all energy sources that can be harnessed domestically. By contrast, as long as we rely on fossil fuels, we will remain vulnerable to externally induced volatility and shocks.

While we have made impressive progress in renewable power generation, our ambition must be significantly higher. Unlike fossil fuels where we remain import dependent, India is climatically blessed with solar, onshore wind and offshore wind as fully domestic resources. Our climate conditions are far superior to China, giving us a natural advantage in these renewables. Yet, in 2025, China added 430 GW of solar capacity; India added just 50 GW. We should raise our 2030 target for non-fossil power from 500 GW to 1,500 GW. Only at this scale can we decisively reduce our dependence on fossil fuels.

Build a Green Industrial Base

Second, India must build the industrial base for the energy transition. The National Green Hydrogen Mission is designed precisely for this purpose. India already has incentive frameworks for advanced chemistry cell battery storage—which has not taken off—and high-efficiency solar PV manufacturing, alongside a Clean Tech Manufacturing Mission. India must manufacture, at scale, the entire clean-tech stack: electrolysers, advanced chemistry cells, solar modules, grid-scale batteries, motors, controllers, and high-voltage transmission equipment. With these missions, their budgets, and structures

in place, we must now ensure rapid execution. India must think beyond merely surviving oil shocks; it should aim to build the world's most competitive clean-energy system.

In the interim, we must strengthen our buffer stocks. We have built strong economic buffers—reserves, a low current account deficit, moderate inflation, and ongoing fiscal consolidation. Our oil buffers are robust as well, but this crisis is a reminder that we must not be complacent. While the Essential Commodities Act (ECA) has been invoked for natural gas, buffers for natural gas must be expanded, and we must start now. Natural gas is a crucial input not only for cooking but also for fertilisers. While both have been proactively and rightly prioritised, these incidents underscore the need to strengthen buffers based on projected demand, not today's.

Build World-Class Aviation Hubs

Third, India needs to stop outsourcing its aviation geography. With West Asian airspace closed, global air traffic has been severely disrupted, creating an opportunity for India to position itself as an aviation hub. According to IATA, India is now the world's third-largest air transport market, with around 174 million passengers travelling to, from, and within India in 2024. Government data show that total air passenger traffic at Indian airports reached 37.6 crore in FY24. India must now develop genuine transfer hubs of its own.

Every successful aviation hub is anchored by strong home carriers based at world-class airports. Dubai with Emirates, Abu Dhabi with Etihad, and Singapore Airlines with Changi Airport are instructive examples. All these airlines operate wide-bodied aircraft, which our national carriers currently lack. Policy changes are therefore needed to make airlines of India globally competitive.

Aviation hubs flourish because they host a complete aviation ecosystem. To make India a true transfer hub, its aviation services ecosystem must also be strengthened. With new airports coming up in Jewar and Navi Mumbai, India should seize this moment to become not only a major aviation market but also Asia's preferred destination for aviation services and maintenance. A competitive group of Indian carriers, backed by modern hub airports and seamless transfer infrastructure and a smooth, efficient, digitised visa system, can capture a much larger share of global transit traffic.

Create Globally Competitive Cities

Fourth, our aspiration to become a high-income country requires globally competitive cities. We still face a significant investment gap in solid waste management, water supply, and affordable housing. Relaxing FSI and FAR norms in select areas, combined with density-linked incentives, can expand the supply of affordable housing. The Cabinet has approved the Urban Challenge Fund, with a strong emphasis on reforms and a credit-repayment guarantee to instil confidence in financial markets. States must

now take the lead in implementing urban governance and planning reforms. Most importantly, we must clean our cities' air. Electrifying public transport, together with strict enforcement of construction norms, will measurably improve air quality.

In parallel, we should develop five truly global cities, each specialising in an area such as finance, technology, manufacturing, trade, or arbitration. For example, GIFT City already hosts India's first International Financial Services Centre, providing the country with a genuine platform for cross-border finance and global capital flows. Mumbai can build on its strengths to emerge as a global centre for finance and arbitration, while Bengaluru and Hyderabad can position themselves as leading global technology hubs.

Bet Big on Tourism

Fifth, this is also the time to go big on tourism. In the aftermath of the 9/11 attacks, when global tourism was at its lowest, we launched the Incredible India campaign to position India as a global tourist destination. We now need an innovative, digital-first version of this marketing campaign that leverages modern platforms, compelling storytelling, and strategic partnerships to firmly establish India as one of the world's most attractive destinations. Tourism infrastructure must also be expanded. Today, complex approvals, excessive licensing, and regulatory delays make tourism investments slow and expensive. Unlocking this sector requires mission-mode deregulation, faster clearances, and strong private investment in hotels, eco-resorts, homestays, and adventure tourism.

The war in West Asia is a stark reminder that economic resilience can be tested at any time. India has repeatedly demonstrated an ability to act decisively during moments of disruption. This crisis, too, should be viewed not merely as a challenge to manage but as an opportunity to accelerate India's journey towards becoming a confident, competitive, and truly global economy.

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