

The Energy economics of India in a Volatile Commercial context

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Abstract:

Energy concerns have been the casus belli in the global polity of nations. The paper highlights the fact that India has its own Energy and Oil profile where in the nation's commerce and geo economics is contingent upon several external factors as New Delhi is a big importer of its Energy and oil needs including energy imports from regions of the order of West Asia, United States, Russia and a few Latin American nations of the order of Venezuela. Still, the paper primarily zeroes in upon the theme of the oil, LNG and natural resources economics in the context of Indian trade and commercial perspectives.

Key words: Energy, Commerce, geo economics, geo politics of Oil

Introduction

The theme of Oil as a key element in determining the geo economic health of a nation, its financial pelf and

leading on to its overall strategic and military acumen has been always adroitly observed and commented upon. Still, as energy security happens to be the order of the day, it becomes a pertinent academic exercise to delve inside the political and economic theme of the world Politics and the nation's economy and its positioning in the global firmament.

Still, the notion of the oil economy has been utilized since the world war II to serve a nation's singular national interest. West Asia serves as an ample point with its oil begotten strife both regionally and globally too as we are subsisting in a world of deceit treachery and the Tariff guile as perpetuated by President Donald Trump.

The Indian Oil economics

India is dependent by a quantum of 90% upon the West Asian sources of energy, oil and natural gas including the crucial homestead supply of LNG, PNG and LNG thus any disruption of the oil supplies would have rendered the Indian population bereft of the all essential commodity stunting the supply of Energy instruments and leading to consequential inflation thus endangering the energy ecosystem of the nation. Still, New Delhi

spawned the PPAC (The population Planning and Analysis Committee) arching across to the PSU's, Government sector energy giants and other engaged corporates in order to sustain the nation's supply of energy as far as the refining, transport, storage, awareness of the energy ecosystem is concerned.

Also, as an attendant fact, it can be brought forth that the Indian Government promptly took recourse to the Special commodities Act which was promulgated in 1955 and was amended in 2020 which permitted the Regime to intervene in the food, medicine and fertilizer market in the sense of a commodity easing out. This was attempted in several emergencies including in the epoch of the Covid profligacy. All in all, New Delhi forecasted and prodigiously prognosticated the malady of the oil glut and had maintained a healthy strategic reserve kitty with oil and gas to last for an appreciable time period of 45 days. In comparison the archetypal neighbour, Pakistan has been facing another crisis after its economic crisis, the vagaries of Operation Sindoor and now the oil glut which the Islamabad Regime led by Shahbaz Shareef did not prepare the nation for. The Government there slapped a

three days week on the vocational and professional realms with pinching cutbacks on fuel and power making the homestead population reel under the deleterious fallout of Operation Epic Fury in West Asia. New Delhi might not come out of it untroubled and unscathed but its for the entire Global comity of economies to see and marvel that India is much better off in the face of the glut emanating due to the attacks on oil installations, rigs and refineries from both the maneuvers of the, " Coalition of the Willing" and the, " Axis of Resistance" exemplified by Iran and the rest.

The Indian Scenario

Traditionally the narrative and its concomitant impact of the Oil and Energy resources in Bharat was limited to the twin notions of the modernization and industrialization of the Indian Industry, (that is the Temples of Modern India) and the theme of nuclear energy which soon became a pet peeve of Homi Bhabha, Pandit Nehru and the rest of the newly emerging nation. Both in the times of war and during the rumble of peacetimes, energy security plays a key role in the upkeep and the sustenance of national security.

How to Define National Security?

It's a significant striving in founding the tenet of national security and positing it academically and also for a strategic rendering. The Ministry of Defence informs us that, " The National Security Concept (hereinafter – the Concept) is a document based on the Analysis of Threats to the State that includes the basic strategic principles and priorities for the prevention of threats to the state that have to be considered while developing new documents for policy planning, regulatory enactments, and action plans regarding national security."¹ The portal further informs us that, "The Analysis of Threats to the State and this Concept include information about factors that directly and significantly affect the national security of the Republic of Latvia and are linked to changes in the international security environment, military activities near the Latvian border, tendencies of international terrorism, cyber security, as well as attempts of separate countries to influence the unity of Latvian society, the

¹ [NDK_ENG_final.pdf \(mod.gov.lv\)](#) [NDK_ENG_final.pdf, mod.gov.lv](#). Accessed on 1 November, 2021

direction of foreign affairs and internal stability by creating political, humanitarian, informative, and economic pressure.”² Thus, one can safely posit that a larger ambit is what the approach towards National Security portends which very well subsumes both the military and human security aspects and perspectives of human development all being placed under the larger categorization of national advancement and its attendant interests.

When one refers to the much bandied about yet crucial geo economics of Oil and natural gas then one can't leave out the West Asian region and the boil its involved in. How soever we might deny it, the oil factor has been a crucial element in bilateral relations where in one have a brief look inside the India and UAE tete a tete. Despite merely being India's fifth-largest crude oil supplier, the UAE nevertheless benefits from working together in the energy industry since there are so many opportunities available. In 2015–16, the UAE was India's fifth-largest

² Ibid

crude oil supplier, contributing 8% of the country's total oil imports. 13 India-UAE energy relations are anticipated to gain further traction. India expects to buy 2.5 million tonnes more in 2016-17 compared to the 16.11 million tonnes it bought in 2016. 14 Significantly, the Abu Dhabi National Oil Company (ADNOC) has agreed to store crude oil in India's first strategic storage facility and offer India two-thirds of the oil free of charge in a first-of-its-kind agreement."

Still we need to move beyond a barrel centric security where in a nation's energy security and energy health goes beyond the theme of Oil and natural gas economics. The classical formulation of energy security, availability, affordability, accessibility, and acceptability was designed for a world in which the primary threat was a physical disruption to fossil fuel supply. India's institutional architecture still reflects this origin.³ The Ministry of Petroleum and Natural Gas, the strategic petroleum reserve managed by the Indian Strategic Petroleum Reserve Limited, and the diplomatic emphasis on diversifying oil and LNG contracts are all instruments built for that threat environment.

What they fail to address is a structural shift, according to the IEA's Global Critical Minerals Outlook 2024, under the Net Zero scenario, demand for critical minerals

³ Reedefining Energy Security, URL: <https://www.cppr.in/articles/india-energy-security-shift-oil-to-minerals> (Online : Web), Accessed on 10 April, 2020.

nearly triples by 2030 and grows to over 3.5 times current levels by 2050, with lithium seeing an eightfold increase by 2040. India's 500 GW non-fossil fuel target by 2030 is, at its material foundation, a lithium, cobalt, nickel, copper, and rare earth story. According to the Institute for Energy Economics and Financial Analysis (IEEFA, 2024), India's import dependency on critical minerals will likely continue, as demand is expected to more than double by 2030, while domestic mines will take more than a decade to start producing. A country that cannot secure its mineral inputs cannot complete its energy transition, regardless of how many gigawatts it tenders.⁴

India has taken significant strides in emboldening its energy sector in the contemporary context where in shift in energy economics is towards the unconventional and non traditional sources of energy and natural resources. The nation is making an onwards march and is stridently engaged in creating a space

⁴ Ibid

between the twin objectives of tackling the challenges of rising electricity demand and promoting sustainability. The International Energy Agency (IEA), has recorded the fact that a quantum of 85% of the augmentation in global electricity demand over the next three years will descend from emerging and developing economies. As one of the fastest-growing major economies, India plays a central role in the global energy transition. Its energy demand is expected to grow at the fastest rate among major economies, propelled by gregarious economic progression. As a fall out, Bharat's chunk in the rubric of the primary energy consumption is projected to be augmented by the year 2035.

A PIB release informs us that, "Over the past decade, India's power sector has seen robust expansion driven by rising demand, infrastructure development, and strong policy support for both conventional and renewable energy sources. Electricity generation has increased from 1,168 billion units (BU) in 2015–16 to an

estimated 1,824 BU in 2024–25.”⁵ The PIB release further informs us that, “Similarly, total installed capacity has grown from 305 gigawatts (GW) in 2015–16 to a projected 475 GW in 2024–25.”⁶ Power generation through renewable resources and non coal generation remains the order of the day as part of the paradigm shift in India such as a shift towards the rise in the Orange economy of Green energy sources.

The Covid-19 pandemic has disrupted India’s energy use; our updated assessment shows an estimated fall of about 5% in the country’s energy demand in 2020 due to lockdowns and related restrictions, with coal and oil use suffering the biggest falls. The pandemic has also hit investment in the energy sector, which fell by an estimated 15% in 2020, exacerbating financial strains across the board, in particular among India’s electricity distribution companies. How long the impacts last will depend on how quickly the spread of the virus is brought

⁵ “Powering Growth with Sustainable Energy,” URL: <https://www.pib.gov.in/PressNoteDetails.aspx?NotelId=154717&ModuleId=3®=3&lang=2> (Online: Web), Accessed on 20 April, 2026

⁶ Ibid

under control, and on the policy responses and recovery strategies that are put in place.

Apart from the Covid profligacy, the Energy economics and the national energy profile has undergone a sea change and a structural change has occurred commercially and financially. The manner in which the energy economics functions is changing as rare earths, critical minerals and the geo political factors have taken a toll on the health and the stealth of the energy sector in the nation. Still, in the light of the global mishap in West Asia, featuring Operation Epic Fury the energy and the commercial basket of Bharat has not been shaken for the worse. In a manner, it can be concluded that as the present New Delhi denomination has taken a futurist precaution of maintaining a wholesome and secure Strategic reserve which has paid rich dividends to the nation in the light of Trump's tariff tirade and the disturbances in the world oil supplies and the related Global economy as a result of the fracas in West Asia.

India is a major force in the global energy economy. Energy consumption has more than doubled since 2000, propelled upwards by a growing population –

soon to be the world's largest – and a period of rapid economic growth. Near-universal household access to electricity was achieved in 2019, meaning that over 900 million citizens have gained an electrical connection in less than two decades.

India's continued industrialisation and urbanisation will make huge demands of its energy sector and its policy makers. Energy use on a per capita basis is well under half the global average, and there are widespread differences in energy use and the quality of service across states and between rural and urban areas. The affordability and reliability of energy supply are key concerns for India's consumers.

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