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The Iran Crisis and the Indo-Pacific: India's Energy-Security Tightrope

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 Business Standard

16 April 2026

GS2

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INTERVIEW ANGLE

"The West Asia crisis — centred on Iran and the Strait of Hormuz — is reshaping Indo-Pacific energy security calculations. India, which imports ~90% of its crude oil and ~60% passes through Hormuz, is caught between its energy dependence on the Gulf, its strategic partnership with the USA (which is pressuring countries to reduce Iran engagement), and its principle of strategic autonomy. How should India navigate this?"

 Source: [Original editorial ↗](#)

Business Standard

EDITORIAL SUMMARY

Business Standard examines how the Iran-Hormuz crisis reshapes India's Indo-Pacific energy security calculus. India's ~60% Hormuz exposure, Chabahar investment, Quad commitments, and strategic autonomy principle create a complex trilemma. The editorial recommends SPR expansion, Quad energy security institutionalisation, and renewable acceleration as the structural exit.

INDIA'S ENERGY SECURITY MATRIX

SUPPLIER	SHARE OF INDIA'S CRUDE IMPORTS
Russia	~35%
Iraq	~20%
Saudi Arabia	~16%
UAE	~7%
Iran (when available)	Variable (sanctions-dependent)
USA, Guyana, Others	~22%

~60–65% of these imports transit the Strait of Hormuz — India's primary energy chokepoint risk.

CHABAHAR — INDIA'S IRAN STRATEGIC INVESTMENT

FEATURE	DETAIL
Location	Gulf of Oman, Sistan-Baluchestan Province, Iran
Strategic purpose	Route to Afghanistan, Central Asia — bypassing Pakistan
Operator	India Ports Global Limited (IPGL)
Phase 1	Operational (10-year contract signed 2024)
Phase 2	Under development
US sanctions concern	Iran secondary sanctions risk; India sought waivers

INDIA'S SPR — THE 9-DAY GAP

METRIC	VALUE
SPR capacity	~9.5 million barrels
Locations	Vishakhapatnam, Mangaluru, Padur (all underground rock caverns)
Import cover	~9 days
IEA norm	90 days
India's IEA status	Not a member (Observer since 2017)
SPR Phase 2 plan	Additional ~6.5 million barrels under development

UPSC RELEVANCE

PAPER	ANGLE
GS2 — IR	West Asia crisis; Quad; India-Iran-USA relations; Chabahar Port; strategic autonomy
GS3 — Economy	Energy security; crude oil import dependence; CAD; SPR
GS3 — Environment	Renewable energy transition; green hydrogen as energy security
GS3 — Security	Strait of Hormuz; maritime security; Indo-Pacific energy
Mains Keywords	Strait of Hormuz, Chabahar Port, SPR, Strategic Petroleum Reserve, Quad energy security, India strategic autonomy, Russian crude discounts, IEA, Indo-Pacific, green hydrogen

● KEY ARGUMENTS AT A GLANCE

The Iran-Hormuz crisis forces India to simultaneously manage three strategic tensions: energy import security (~60% of crude through Hormuz), US-India relations (Washington is pressing allies to reduce Iran engagement), and strategic autonomy (India's refusal to sanction Russia or Iran unilaterally) — with renewable energy transition offering the only structural long-term exit from this trilemma.


SUPPORTING

- India imported ~\$4 billion of Iranian crude in 2022-23 before US sanctions pressure forced a pause. The 2026 crisis has re-opened the Iranian crude option as Indian refinery operators (HPCL, BPCL) explore discounted cargoes — creating friction with Washington even as the Quad partnership is being deepened.
- The Chabahar Port project — India’s strategic investment in Iran to bypass Pakistan and reach Afghanistan and Central Asia — is directly at risk from escalating Iran sanctions. India has sought US sanctions waivers for Chabahar repeatedly, with partial success.
- Indo-Pacific energy security is now linked: Japan, South Korea, and Australia (all Quad partners) are similarly Hormuz-dependent. A coordinated Quad energy security strategy — combining US LNG exports, Australian LNG, India’s renewable capacity, and Japan’s storage infrastructure — could reduce individual vulnerability.
- India’s strategic petroleum reserve (SPR — ~9.5 million barrels at 3 locations) covers barely 9 days of import equivalent — well below the IEA’s 90-day norm for members. India is not an IEA member, limiting coordinated release options.


COUNTER

Strategic autonomy in energy — refusing to join sanctions against Iran or Russia — has served India well: discounted Russian crude since 2022 has saved India billions and moderated domestic fuel prices. Aligning fully with US-led sanctions coalitions would eliminate this flexibility and raise India’s import bill significantly.

Energy pragmatism is not hypocrisy; it is realpolitik applied to a country with 1.4 billion people.


WAY FORWARD

Four-pillar energy security strategy for the Indo-Pacific crisis: (1) **Diversification acceleration** — US LNG import contracts (already expanding), Guyana, Brazil, Africa (non-Hormuz routes) as alternatives to Gulf dependence; (2) **SPR Phase 2 urgency** — expand to 45-day import cover minimum; (3) **Quad energy security dialogue** — coordinate with Japan, Australia, South Korea on emergency stock release protocols; (4) **Chabahar protection** — formally request US congressional sanctions waiver for Indian Chabahar investment, framing it as an Indo-Pacific stability measure; (5) **Renewable acceleration** —

the fastest structural exit from Hormuz dependence is India's 500 GW renewable target and green hydrogen scale-up reducing crude demand.

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MAINS ANSWER FRAMEWORK

QUESTION

The West Asia crisis has exposed India's structural energy vulnerability while also creating strategic choices in the Indo-Pacific. Critically examine India's energy security strategy in the context of the Iran-Hormuz crisis. (250 words)

INTRODUCTION

The 2026 West Asia crisis — centred on Iran and potential Strait of Hormuz disruption — has placed India's energy security in sharp relief. With ~87–90% crude import dependence and approximately 60–65% of those imports transiting Hormuz, India is among the most exposed major economies to this chokepoint.

The crisis simultaneously tests India's energy diplomacy, its Quad commitments, and its long-term energy transition ambition.

BODY

The structural exposure: India's daily crude consumption is ~4.7–5 mbpd, with Russia (~35%), Iraq (~20%), and Saudi Arabia (~16%) as the top three suppliers. Most Gulf supply routes transit Hormuz. A prolonged Hormuz disruption would require India to rapidly reconfigure supply chains — expensive, disruptive, and time-consuming. The 2022 Russian crude discount — \$15–25/barrel below Brent at peak — saved India an estimated \$30–40 billion and moderated domestic retail fuel prices.

The Iran crisis creates a similar logic: discounted Iranian crude reduces import costs, but US sanctions pressure complicates the calculation. **The Chabahar dimension:** India's investment in Chabahar Port — Iran's southeastern port on the Gulf of Oman — was conceived as a strategic route to Afghanistan and Central Asia bypassing Pakistan. Phase 1 is operational; Phase 2 is pending.

Escalating US sanctions on Iran directly threaten this investment. India has repeatedly sought — and partially obtained — US sanctions waivers for Chabahar on grounds of regional humanitarian access.

The Quad energy convergence: Japan, South Korea, and Australia share India's Hormuz vulnerability. A Quad energy security framework — combining US LNG exports, Australian LNG, coordinated emergency stock releases, and India's renewable capacity as a long-run substitute — could reduce the

collective vulnerability. This is strategically coherent but requires institutionalising what is currently an informal dialogue. **The renewable exit:** Solar and wind can displace crude only in the electricity sector (~25% of India's crude demand).

Green hydrogen at scale can address refinery and industrial demand. EV adoption addresses transport (60% of crude demand).

The full structural exit from Hormuz dependence requires 15–20 years of consistent renewable investment — there is no short-cut.

CONCLUSION

India's Iran-Hormuz exposure is not a temporary crisis to manage but a structural vulnerability requiring strategic investment over a decade. In the short term: SPR expansion, supply diversification (US LNG, Africa), and Chabahar waiver pursuit.

In the medium term: Quad energy security institutionalisation and green hydrogen scale-up. In the long term: renewable capacity as the primary energy security tool.

Strategic autonomy in energy purchases is defensible; strategic dependence on any single chokepoint is not.

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