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EDITORIAL ANALYSIS

# Nine Days of Cushion: India's Thin Oil Reserve and the Case for Depth

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CURATED & WRITTEN BY

**Bharat Choudhary**

UPSC Educator & Content Creator

linkedin.com/in/epicbharat

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The Economic Times 14 July 2026 GS3

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## THE LIFT LINE

Energy security (https://ujiyari.com/terms/energy-security/) is not measured on the day the tankers arrive but on the day they might not, and a reserve that covers barely a week of imports is a cushion thin enough to feel the floor through it.

## WHY THIS EDITORIAL MATTERS FOR YOUR EXAM

India imports close to 85 per cent of the crude oil it consumes, a dependence that makes the reliability of a few sea lanes a matter of national economics. The recent disruption around the Strait of Hormuz (https://ujiyari.com/terms/strait-of-hormuz/), through which a large share of the country's Gulf crude passes, exposed how little slack the system carries. India's strategic petroleum reserve holds roughly 5.33 million tonnes in its first phase, enough to cover only about nine to ten days of imports, against the International Energy Agency norm of ninety days of net import cover held by member states. That gap is the heart of the argument. A reserve is insurance against a supply shock, and India's is small relative to the risk it is meant to absorb, which is why the case for expanding capacity and diversifying supply has moved from a planning footnote to a strategic priority.

**GS Paper 3:** Infrastructure, energy; Indian economy and issues relating to planning and mobilisation of resources; growth and development.

For **Prelims**, hold the specifics: Indian Strategic Petroleum Reserves Limited (ISPRL), a special purpose vehicle under the Ministry of Petroleum and Natural Gas that builds and manages the reserves; the three Phase I underground rock caverns at Visakhapatnam in Andhra Pradesh, and Mangaluru and Padur in Karnataka, with a combined capacity of about 5.33 million tonnes; the coverage of roughly nine to ten days of imports that this represents; the planned Phase II reserves, including a facility at Chandikhol in Odisha and an expansion at Padur; the International Energy Agency norm that members hold emergency stocks equal to ninety days of net imports; and the distinction between strategic reserves (https://ujiyari.com/terms/strategic-reserves/) held by government and commercial stocks held by refiners. For **Mains**, argue that energy security for an import-dependent economy rests on three legs, adequate reserves, diversified sources and resilient logistics, and that under-investing in any one leaves the whole exposed.



## BACKGROUND AND CONTEXT

Strategic petroleum reserves are a lesson learned from crises. After the oil shocks of the 1970s, importing nations built underground stores of crude they could release when supply was cut or prices spiked, and the IEA formalised the practice with its ninety-day norm. India came to the idea late. ISPRL was set up in the mid-2000s and completed its first-phase caverns at Visakhapatnam, Mangaluru and Padur over the following decade, storing about 5.33 million tonnes. That was a real advance, but it was always understood as a start, not a destination, because the volume covers only a week and a half of the country's swelling import bill.

The strategic logic has only sharpened. India's crude dependence has risen with its economy, and much of that oil travels through a handful of chokepoints, the Strait of Hormuz foremost among them. When tension flared around Hormuz recently, the fragility was laid bare, freight and insurance costs jumped and the question of how long India could ride out a genuine closure moved from the seminar room to the cabinet table. A reserve of nine days does not answer that question comfortably.

## THE CORE ARGUMENT / ISSUE

### The size of the gap

The arithmetic is stark. Phase I holds about 5.33 million tonnes, roughly nine to ten days of imports, while the IEA benchmark is ninety days. Even counting commercial stocks held by refiners, India's total emergency cover falls well short of the norm that peer economies treat as a floor. The reserve was designed for a smaller, less import-dependent India, and the country has grown past it.

## Reserves, sources and logistics



| PILLAR | CURRENT POSITION | THE (HTTPS://UJIYARI.COM/VOCAB/VULNERABILITY/) |
|---|---|---|
| Strategic reserves | About 5.33 mt, 9 to 10 days | Far below IEA 90-day norm |
| Phase II plans | Chandikhol, Padur expansion | Under development, not yet operational |
| Import dependence | About 85 per cent of crude | Exposes economy to price and supply shocks |
| Logistics | Heavy reliance on Hormuz sea lane | Chokepoint (https://ujiyari.com/vocab/chokepoint/) risk, seen in recent disruption |

The three pillars reinforce one another. Deeper reserves buy time; diversified sources reduce the odds of a shock; resilient logistics reduce the impact when one hits. India has made progress on diversification but its reserve depth and its route concentration remain the weak links.

## Why depth is worth the cost

Building caverns is expensive and the oil that fills them is capital locked underground. But the cost of a reserve must be weighed against the cost of a shortage, a spike in prices that feeds inflation, a hit to industry and a scramble for cargoes at panic rates. Insurance always looks costly until the day it pays out. The recent Hormuz scare is a reminder that the payout scenario is not hypothetical.

## HOW TO THINK ABOUT THIS (ANALYTICAL FRAME)

Treat a strategic reserve as an option, not a commodity holding. Its value is not the oil sitting in the cavern but the room to manoeuvre it buys during a crisis, the ability to keep refineries running and markets calm while a disruption is resolved or supply is rerouted. The analytical skill is to price that optionality against the visible cost of construction and locked capital, and to recognise that an import-dependent economy under-insures at its peril. The transferable rule for GS3: energy security is a systems problem, not a single number, so a reserve, a diversified basket and a resilient route must be judged together. The examiner rewards the candidate who sees that expanding Phase II reserves and cutting reliance on a single chokepoint are two halves of one strategy, not competing line items.

## THE DIAGRAM IN WORDS



```
Crude-import dependence near 85 per cent -> most Gulf oil transits the Strait of Hormuz
-> recent Hormuz disruption spikes freight and insurance -> exposes thin buffer: ISPRL
Phase I about 5.33 mt at Visakhapatnam, Mangaluru, Padur -> covers only 9 to 10 days of
imports -> against IEA norm of 90 days of net import cover -> gap widened as economy
outgrew a reserve built for a smaller India -> response: build Phase II reserves
(Chandikhol, Padur expansion) plus diversify sources and routes -> deeper reserves buy
time, diversification cuts shock odds, resilient logistics cuts impact -> energy
security as a three-legged system
```

## WAY FORWARD

1. **Accelerate Phase II capacity.** Government must fast-track the Chandikhol reserve and the Padur expansion, and plan further storage, so that emergency cover climbs meaningfully toward international norms rather than staying stuck at a week and a half.
2. **Fill reserves counter-cyclically.** Use periods of soft global prices to buy and store crude cheaply, turning the reserve into both an insurance stock and a value play, which eases the fiscal case for holding capital underground.
3. **Diversify sources and routes.** Deepen supply ties beyond a few Gulf producers and invest in alternative logistics that reduce dependence on the Strait of Hormuz, so a single chokepoint cannot hold the economy hostage.
4. **Bring in commercial and private stocks.** Encourage refiners and private players to hold larger operational reserves and integrate them into a national emergency framework, multiplying the buffer without the state carrying the entire cost.

## PYQ LINKAGE AND PRACTICE

UPSC has asked about India's energy security, import dependence and the vulnerabilities of its supply chains. This editorial converts that theme into a concrete adequacy question, where the size of a strategic reserve becomes a test of how seriously a growing economy insures itself, which is exactly the applied analysis the examiner rewards over a listing of reserve locations.

**Practice question:** "For an economy importing nearly 85 per cent of its crude, a strategic petroleum reserve (https://ujiyari.com/terms/strategic-petroleum-reserve/) covering barely nine days is inadequate insurance." Examine India's reserve position and suggest a strategy to strengthen its energy security. (250 words, 15 marks)

*Sources: The Economic Times (https://economictimes.indiatimes.com/), Indian Strategic Petroleum Reserves Limited (https://www.isprlindia.com/), International Energy Agency (https://www.iea.org/)*

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