

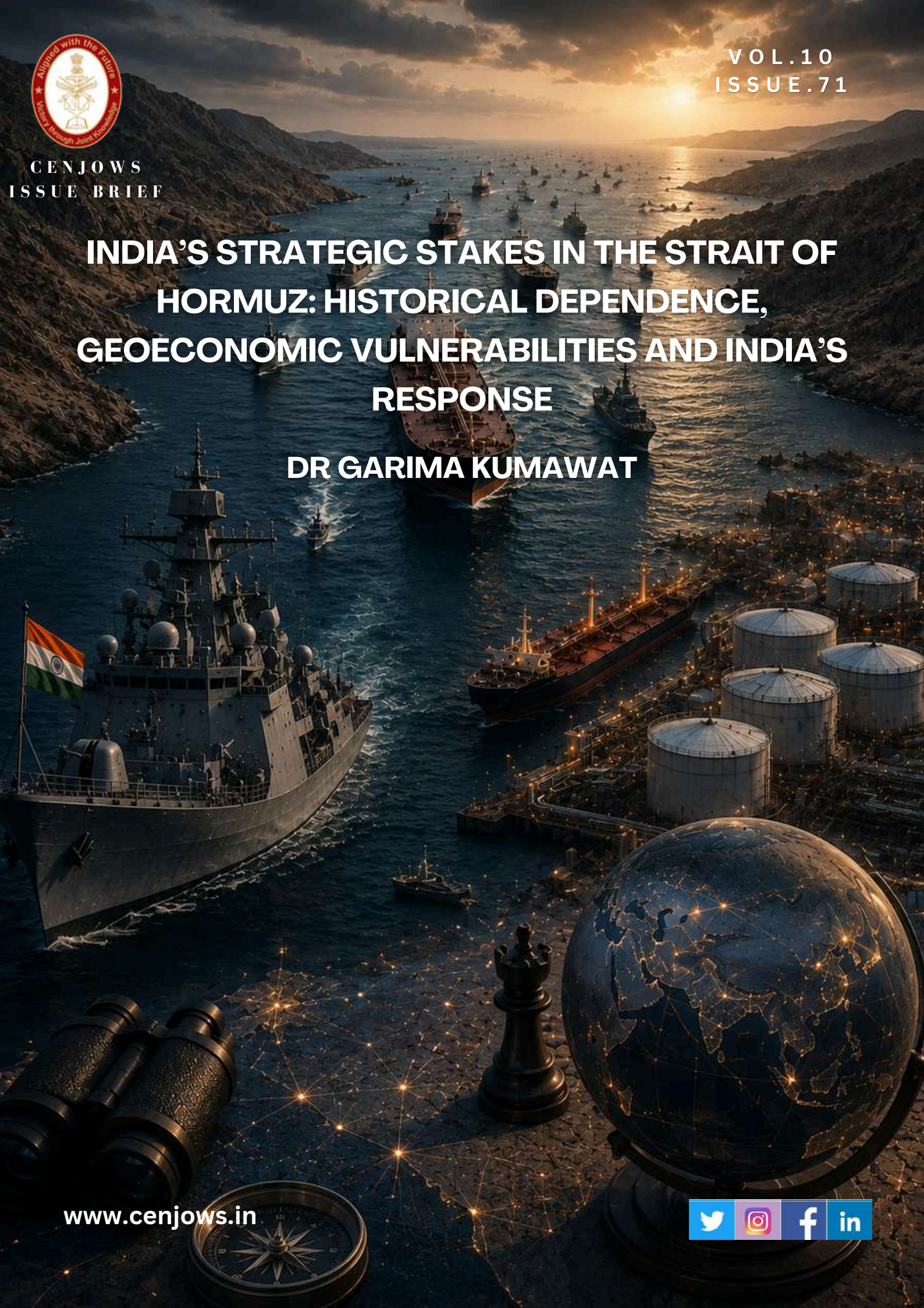


VOL.10
ISSUE.71

CENJOWS
ISSUE BRIEF

INDIA'S STRATEGIC STAKES IN THE STRAIT OF HORMUZ: HISTORICAL DEPENDENCE, GEOECONOMIC VULNERABILITIES AND INDIA'S RESPONSE

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CENJOWS ISSUE BRIEF

Volume 10 Issue 71

AUG 2026



CENJOWS

(Established: 2007)

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ABOUT US

CENJOWS was raised in 2007 as an independent think tank, registered under the Societies Registration Act, 1860. This aims to promote Jointness as a synergistic enabler for the growth of Comprehensive National Power and provide alternatives in all dimensions of its applications through focused research and debate.

Starting Year : 2017

Year of Publication : 2026

Frequency : Weekly

Language : English

Publisher : Maj Gen (Dr) Ashok Kumar, VSM (Retd) Director General,
CENJOWS

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Price: Rs 300/- INR

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India's Strategic Stakes in the Strait of Hormuz: Historical Dependence, Geoeconomic Vulnerabilities and India's Response



Dr Garima Kumawat is a Senior Fellow at CENJOWS

Introduction

Over the decades, the Persian Gulf and the Strait of Hormuz (SoH) have been playing a crucial role in providing energy resources for the sustained growth and development of major emerging and developed economies of Asia, Africa, Europe and beyond, carrying a substantial share of global energy trade. A significant volume of India's energy imports from and exports to the Persian Gulf are also dependent on continuous navigation through this narrow waterway, making it crucial for India's economic resilience and Maritime strategy in the region. Any instability or even the threat of instability in and around this strait can lead to disruptions in the global oil markets, leading to higher freight charges, insurance premiums, massive fluctuations in the trading markets, and surging inflation, making it a region of international concern. With tensions escalating between the US and Israel on one side and Iran on the other, West Asia has become a geopolitical fulcrum, where its criticality is shaped by regional conflicts, great power competition, heavy militarisation, and maritime trade interests rather than just being an energy transit chokepoint. These myriad and complex issues

have massive spillover effects on countries like India, making it one of the most critical determinants of its economic and strategic security.

This paper aims to elucidate India's maritime historical linkages and dependencies concerning the SoH. Furthermore, it provides a thorough analysis of how the geography of the region has influenced the prevailing geopolitical tensions among both regional and extra-regional powers in the strait, resulting in a significant economic crisis for the global economy. This paper specifically examines India's economic dependency on and vulnerability within the SoH during a crisis, as well as potential ways forward for addressing these challenges.

Historical Dependence of India's Trade on the Strait of Hormuz

- **Ancient Trade Linkages**

India, having a rich maritime history, maintained its trade linkages with Mesopotamia, Persia, and the Arabian Peninsula since the Indus Valley Civilisation, exporting beads, semi-precious stones and cotton textiles. During the mediaeval period, these maritime relations persisted through coastal trading networks that stretched from India's Gujarat along the Makran shoreline, close to the gateway to the Persian Gulf, and continued westward to the Red Sea.¹ During this time, the kingdom of Hormuz became one of the most prosperous trading centres in the region.² Marco Polo, in his writings, mentions the Indian merchants trading with Hormuz merchants exporting spices, silk textiles, pearls and precious stones, ivory and much more in return for good-bred horses imported from Qeshm and Hormuz.³ Ibn Battuta also mentioned the ports of India and Sind, which exported wares to the Fars and Khurasan region.⁴ Traders from West Asia and the Middle East brought their goods to Hormuz in exchange for the goods brought by merchants across the different regions of Bengal, Malabar, Vijayanagar, Cambay and Gujarat in India.

- **Colonial Control Over the Strait**

In the early 16th century, the Portuguese conquered Hormuz Island, controlling the trade route between the Persian Gulf and India, for which, K.M. Pannikar in his book wrote, '*The European Empire in Asia was thus born on October the 24th when the Fort of Ormuz was built, and the King declared a tributary of*

*Portugal.*⁵ Portuguese in the 16th century developed a stronghold on Hormuz, an entrance to the Persian Gulf, and levied taxes on the Asian spice and silk traders.⁶ Combined with control over Goa and Malacca, the Portuguese dominated the principal sea lanes of communications (SLOCs) connecting Europe, Africa, India and Southeast Asia. However, in the year 1622, the Shah Abbas of Persia successfully seized Hormuz Island with the support of the British and Dutch, which was followed by an intense rivalry between England and the Dutch, the latter of whom maintained a trading post in Bandar Abbas and held a monopoly over the spice trade. As per Dutch estimates, about 54 ships from foreign ports used to call annually at Hormuz, of which 50 were from Indian ports.⁷ The Fourth Anglo-Dutch War between 1780 and 1784 led to the withdrawal of the Dutch from the Persian Gulf, creating a power vacuum duly filled by Britain.

In his writings, Italian historian Robert Cessi discussed the size and complexity of Venetian merchant networks in the 15th century encompassing Europe, the Middle East, the Persian Gulf, India, and Central Asia.⁸ It draws attention to the strategic importance of this Strait as a maritime chokepoint that regulated trade across the continents centuries before it became the world's most important energy transit route. The British exerted significant influence over the Arab monarchs by granting them autonomy within their own internal matters of the countries while exercising control over foreign policy, defence, and trade routes through a combination of diplomatic efforts and naval power. Britain's dominance over this chokepoint facilitated its unhindered extraction of resources from South Asia and the export of substantial quantities of British-manufactured goods across the region. Britain's dominance over this chokepoint not only facilitated its unhindered extraction of resources from South Asia and the export of substantial quantities of British-manufactured goods but also helped keep check against the expansion of other imperial powers, especially Russia.

In 20th Century, the pursuit of oil began in the Persian Gulf and West Asia, transforming the area into the world's foremost strategic energy hotspot. The

existence of historically known natural oil reserves and the rapidly expanding worldwide demand for petroleum were the main drivers leading to oil exploration in this region. It began with the maps and descriptions of oil seeps from western Persia published by the French scientist Jacques de Morgan in the 1890s.⁹

At that time, the substantial petroleum production in the vicinity of Baku had already positioned Azerbaijan as the leading oil producer, producing half of the world's oil in 1899.¹⁰ Subsequently, large-scale petroleum extraction began in this region after 1908, with the discovery of oil in Masjed Soleiman, Iran.¹¹ Later, commercially viable exploration and oil discoveries in Bahrain, Saudi Arabia, Iraq, Kuwait and Abu Dhabi redirected the attention of global powers towards ensuring access to energy resources. This significantly altered the economic and strategic landscape of the Persian Gulf, transforming the SoH into not only a major conduit for growth and development but also a site of power competition for its control. For British India, uninterrupted navigation through the Strait became essential for commerce, military logistics, and imperial governance.

- **India's Relations Post-Independence**

Later in the 19th century, the onset of the post-colonial era and the Cold War dynamics of regional and extra-regional powers reshaped the economic and strategic landscape of the Persian Gulf and elevated the strait's significance to an unprecedented level.¹² For India, post-independence, the SoH received renewed economic and strategic attention in its external economic interests. The rapid industrialisation of the Indian economy, coupled with rising domestic energy demand, steadily increased dependence on Gulf hydrocarbons. However, the Arab-Israeli conflict of 1973, followed by the Iran upheaval in 1979 and the subsequent conflict with Iraq, exposed India's vulnerability to regional tensions in the Gulf.¹³ The oil shortage led to skyrocketing oil prices, creating a balance-of-payments crisis for India.¹⁴ It also affected agricultural production in India due to shortages of petroleum-based fertilisers. Ever since the 1990 LPG reforms, India has expanded its trade and investment in the Gulf region,

importing crude oil, petrochemicals, fertilisers, and chemicals while exporting Indian pharmaceuticals, engineering goods, food products, textiles, and services. Any disruptions in and around this chokepoint have implications extending beyond energy prices to encompass trade flows, shipping costs, inflation, financial markets, and the welfare of millions of Indian nationals residing in the Gulf.

- **Current Scenario**

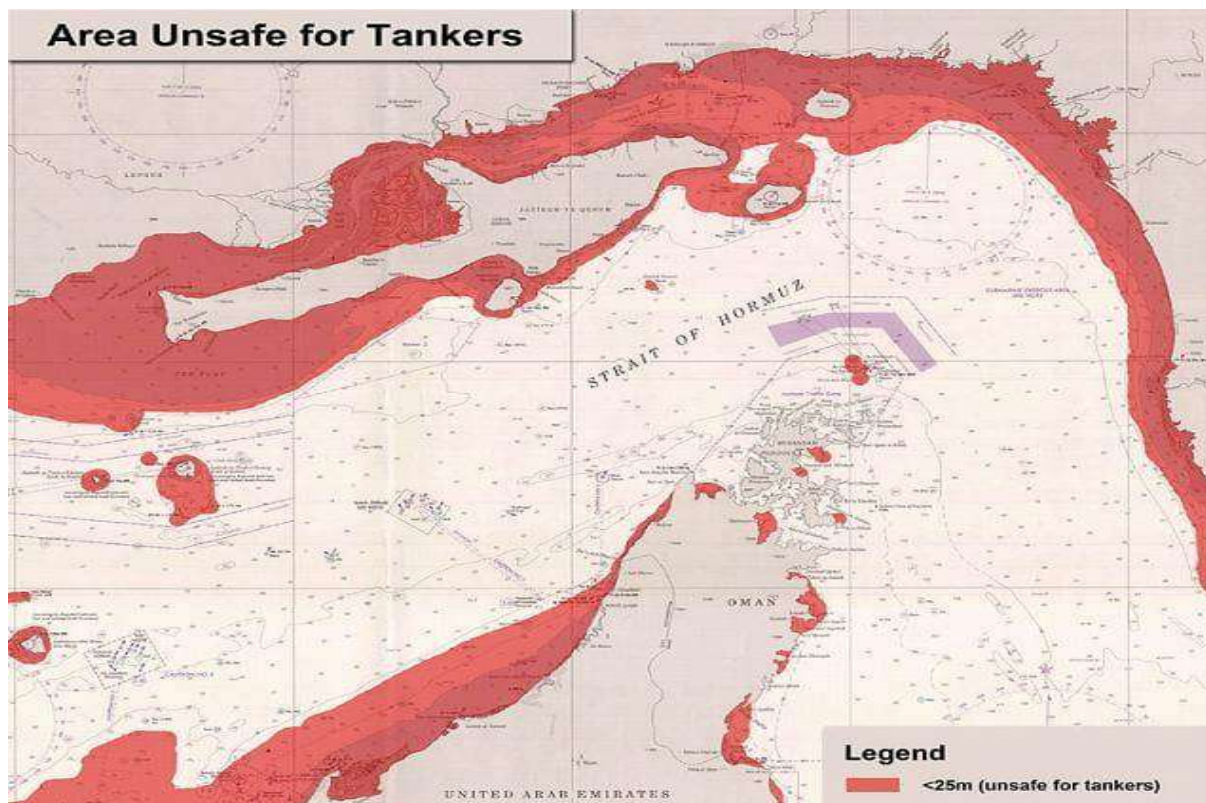
Currently, the Persian Gulf region is characterised by intense geopolitical rivalries that encompass both regional powers and external nations, including the United States and China. The conflict between Iran and the United States, which broke out in February 2026, has caused significant economic repercussions globally, with India also facing adverse economic consequences. The intricacy of the conflict is highlighted by geographical factors, energy security concerns, the longstanding dynamics of Iran with Israel and the US, and the naval blockade imposed by Iran, particularly in the absence of alternatives to the Hormuz route. Consequently, for India, the SoH signifies not only a historical trade route but also a vital maritime artery where economic security, diplomatic engagement, naval strategy, and regional stability intersect.

Geographical and Strategic Dimensions of the Strait of Hormuz

The Arabian Peninsula constituted a segment of the Arabian Plate, which gradually moved northward. This movement resulted in a collision with the Eurasian Plate, triggering significant geological transformations that culminated in the formation of folded mountains like Zagros.¹⁵ As the mountains ascended in the north, other regions experienced a gradual subsidence, resulting in the formation of extensive basins. Water from the nearby ocean flooded the area, resulting in the formation of the Persian Gulf. As tectonic forces continued to shape the landscape, a natural passage emerged between Iran and the Musandam Peninsula of Oman. Over time, the action of waves and currents contributed to the widening and deepening of the passage through erosion. Such geomorphological changes didn't just shape the geography but also created an ideal condition for vast oil and gas accumulation in the region, making the Persian Gulf countries richly endowed but strategically exposed. The tectonic activity

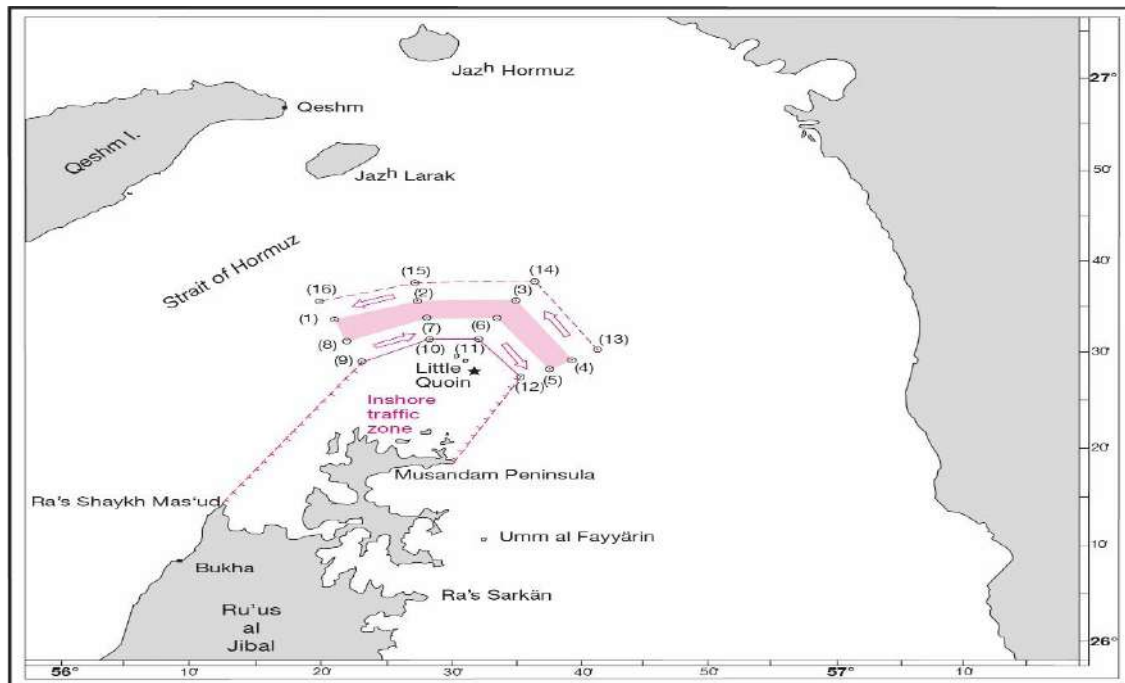
folded, faulted and heated sedimentary rocks, transforming organic-rich marine deposits into hydrocarbons, as can be evident through the Hanifa and Tuwaiq mountain formations in Saudi Arabia and the Kazhdumi formation in Iran, with high organic content ranging between 1 and 13 per cent.¹⁶ Also, the region's bent and fractured rock layers, along with its domes, create a structural trap that provides an optimal environment for the entrapment of hydrocarbons, as evidenced by the Ghawar oil field (Saudi Arabia) and the South Pars-North Dome gas field (Iran and Qatar).¹⁷

These geological features, formed millions of years ago, affect regional geopolitics and economics today. At its most constricted juncture, the width of the strait measures 22 nautical miles and is situated within the territorial waters of Iran in the north and Oman to the south, connecting the Persian Gulf to the west and the Oman Gulf and Arabian Sea to the east.¹⁸ The strait's navigable depths range from 60 to 90 meters, which is adequate for Very Large Crude Carriers (VLCCs) and Ultra Large Crude Carriers (ULCCs) that are fully loaded with a draft of roughly over 22 meters.¹⁹ However, these vessels are confined to a limited deep-water corridor, as the areas shallower than 25m are unsuitable for such large crude carriers.²⁰



Map 1: Unsafe Area for the tankers with water depth below 25 m. ²¹

To enhance safety and minimise the risk of collisions, Iran and Oman put forth a traffic separation scheme (TSS) in the strait, establishing designated shipping lanes for maritime traffic.²² This proposal was subsequently adopted by the International Maritime Organisation



Map 2: Traffic Separation Scheme in the Strait of Hormuz, IMO Ships' Routing publication.²³

(IMO) in 1968, establishing an inbound and an outbound shipping lane, each 2 miles wide and segregated by a buffer zone of 2 miles.²⁴

The Strait's strategic significance is increased by these physical limitations as well as Iran's control over the Northern shore via its strategically significant islands, including Hormuz, Hengam, Qeshm, Larak, and Siri. Additionally, Lesser Tunb, Greater Tunb and Abu Musa are under Iran's jurisdiction, although their status is contested by the United Arab Emirates. These islands serve as military outposts for Iran, providing it with scope for surveillance and area denial capabilities affecting maritime traffic.²⁵ Oman observes the southern coastline from the Musandam Peninsula.

Divergent Interests and Legal Frameworks

Such a configuration becomes increasingly intricate with the introduction of political complexities stemming from overlapping territorial claims and divergent understandings of maritime legal governance of the region by the states. Though the Strait fulfils the geographical criteria necessary to be classified as an international strait utilised for navigation, the legal framework regulating navigation through it continues to be a topic of contention within the realm of international law. The United Nations Convention on the Law of the Sea (UNCLOS) in its Article 3, states that, *'every State has the right to establish the breadth of its territorial sea up to a limit not exceeding 12 nautical miles, measured from baselines determined in accordance with this Convention.'*²⁶

However, if the distance between the opposite or adjacent coasts is less than 24 nm, the claims to the territorial sea may overlap. In such instances, Article 15 of the UNCLOS is applicable, stipulating that in the absence of an agreement, the territorial sea shall extend up to the median or equidistance line from the baseline.²⁷ From this viewpoint, the waters adjacent to the Strait are under the jurisdiction of Iran and Oman. However, for some, the Strait is considered an international waterway that should remain accessible for unimpeded maritime navigation. Article 38 of the UNLCOS states that *'all ships and aircraft enjoy the right of transit passage, which shall not be impeded.'*²⁸ In addition to this, Article 44 establishes corresponding obligations for the states bordering the strait, mandating that they refrain from imposing measures that would unnecessarily make the lawful transit difficult.²⁹

Though Iran has signed the UNCLOS, it is not bound by it, as it has not ratified it, unlike Oman. Customary International Law governed the seas before the introduction of UNCLOS and became the basis of its formation.³⁰ Many maritime nations, regardless of the treaty status of the coastal states concerned, consider transit passage to be usually reflective of contemporary customary law, which also applies to the SoH.³¹ Conversely, UNCLOS III plenary debates suggest that transit passage resulted from a negotiated compromise rather than the formalisation of pre-existing customary law. Iran, upon signing UNCLOS, based on Article 310 of the Convention, released a similar interpretative declaration.³² Consequently, Iran does not consider itself bound by the transit passage regulations of Article 38 of UNCLOS, and instead

applies the more restrictive innocent passage provision of it. While the right of transit passage may be recognised in customary international law, from many Iranian legislative sources, it can be contended that Iran has persistently objected to the establishment of this rule. The draft conclusions on identification of customary international law 2018 also highlighted that *'where a State has objected to a rule of customary international law while that rule was in the process of formation, the rule is not opposable to the State concerned for so long as it maintains its objection.'*³³ Iran further contends that the law of the seas must be interpreted alongside the law of armed conflict at sea, where coastal states can adopt proportionate measures to protect their security, which may include the regulation or limitation of passage for vessels deemed to pose a threat.³⁴ Thus, the varying interpretations regarding the legal status of the SoH have led to heightened tensions and rivalries among major powers. Some argue for unimpeded transit passage for global trade, whereas others supporting Iran identify the self-defence rights of the coastal states. This has significantly impacted the control and operational dynamics of this narrow strait.

Economic Dependence on the Strait of Hormuz

This narrow waterway provides the only maritime transit route to and from the Persian Gulf for regional nations surrounding it. This strategic channel links to the Suez Canal, Bab el Mandeb, and extends to Europe, East Africa, and the Strait of Malacca and beyond. Approximately 48-50% of the world's proven oil reserves are situated in the Persian Gulf.³⁵ According to the 2024 Statistical Review of World Energy, the region accounts for over 30% of global crude oil extraction and around 11% of refining capacity.³⁶ In the first half of the year 2025, out of a total global oil supply of 104.4 million barrels per day, approximately 20.9 million barrels of oil transit via this chokepoint. This represents approximately one-fifth of the daily global production, and approximately 26 % of the global maritime oil trade flows.³⁷

Some reports highlighted that 89% of the crude oil and condensate from this strait was headed towards Asian markets in the first half of 2025, with India, China, South Korea and Japan emerging as the primary stopover, collectively representing approximately 73% of total crude oil and condensate flows from this region.³⁸ In 2022, the US imported around 0.7 mn b/d of

Country	2021	2022	2023	2024	1H2025
China	4.3	4.6	5.1	4.9	5.4
India	2.3	2.4	2	1.9	2
Japan	1.9	2.1	1.9	1.7	1.7
South Korea	1.5	1.8	1.9	1.8	1.7
Other Asia and Oceania	2.1	2.3	2.2	2.2	2.3
Europe	0.5	0.9	1	0.7	0.6
USA	0.6	0.7	0.5	0.5	0.4
Other	1.3	1.4	1.3	0.8	0.6

Table 1: Volume of Crude Oil and Condensate in million barrels per day Transported Through the Strait of Hormuz, by Destination between 2021-1H2025.³⁹

crude oil and condensate from Persian Gulf nations across the SoH, which constituted approximately 11% of its imports of crude oil and condensate and 3% of its petroleum liquid usage.⁴⁰ The imports reduced to 0.49 mn b/d in 2025, constituting 8% of the total U.S. crude oil imports of 6.2 mn b/d.⁴¹

It serves as a transit route not only for oil but also for various goods, including petrochemicals, LPG, LNG, fertilisers and much more. Around 20% of global LNG trade transits through this route. It is observed that an increase in petrol prices is frequently associated with a rise in fertiliser prices. The Persian Gulf serves as a significant source of urea fertiliser, with over one million tonnes of fertiliser exported monthly through this region.⁴² Also, more than 1/3rd of the global urea is supplied by Saudi Arabia, Iran, Bahrain, the UAE and Qatar collectively. Disruptions in its supplies, coupled with an increase in its prices, may compel farmers to decrease their use of chemical fertilisers, which could result in a decline in global food production. In 2025, Iran, the UAE, Qatar, Saudi Arabia, and Kuwait collectively accounted for nearly 25% of the global sulphur supply, which is utilised in the production of phosphate fertilisers, sulphuric acid, and various other chemicals.⁴³ Qatar contributes approximately 30% to global helium production capacity, primarily derived from the byproduct of natural gas processing.⁴⁴ It serves multiple applications, one of which is in the manufacturing of semiconductors. It is transported in substantial volumes in specially engineered insulated and pressurised containers, which maintain the helium in a liquid state at -452 degrees Fahrenheit for around 45 days.⁴⁵

The continuous flow of hydrocarbons and related goods across the Strait is crucial to Middle Eastern producers and customers in Europe, Africa and Asia, especially India, Japan, China and South Korea. Disruptions or closures in this area may result in oil supply interruptions within the Middle East, consequently impacting global oil prices. The scale of price fluctuation and the magnitude of economic losses caused by any interruption in this strait can be predicted or assessed based on the duration of supply disruptions, availability of alternate routes and diverse sources, and contingency planning by the nations.⁴⁶ The implications extend beyond Gulf commerce, affecting the broader strategic equilibrium in the western Indian Ocean and interconnected global regions.

Economic Impact of Iran-USA Conflict in the Strait on the Global Economy

In February 2026, a major conflict erupted between Iran on one side and Israel and USA on the other in the Persian Gulf, leading to trade disruptions across multiple sectors globally. The conflict impacted approximately 20–30% of global oil and refined fuel supply chains, resulting in one of the most rapidly soaring oil-price forecasts in the past several years. The oil market witnessed a swift reaction, as the Brent oil price reached \$126 per barrel by the end of April 2026.⁴⁷ The conflict has impacted the oil and natural gas markets. Iran's production exceeded 3 mn b/d, with exports nearing 1.5 million barrels. The conflict compelled Asian consumers to look for expensive alternative sources. Qatar constitutes 20 per cent of global LNG exports. With its complete dependence on sea transportation and no alternative pipelines, it halted production after attacks on energy facilities in March 2026.

Shipping activities in the SoH experienced a significant decline due to this ongoing conflict, resulting in heightened shipping costs and increased war-risk insurance premiums ranging from \$14 to \$18 per barrel.⁴⁸ Consequently, import expenditures for major energy-importing economies have escalated substantially.⁴⁹ It is to note that between February 27 and March 3, the total number of ships passing via the Strait decreased from 141 to 3.⁵⁰

Furthermore, economies in Europe and Asia that rely on energy imports have experienced increased import costs and worsened cost-push inflation. Such shocks have propagated inflation not solely via supply disruptions but also through precautionary stockpiling behaviour, conflict induced- risk premium, enhanced freight

rates, route blockages, and costs associated with tanker routing. The World Bank and the IMF have also lowered their projections for the world economy. Furthermore, as per the United Nations report, an additional 32 million individuals may be driven into poverty as a consequence of the ongoing conflict.⁵¹

Impact on India

India exhibits a structural dependency on energy resources imported from the Gulf region and thus makes it strategically vulnerable to any disruption in the strait. Given the increasing energy demand and the geographical proximity of Gulf oil sources to Indian ports, they have become pivotal for India's energy sector. Before the onset of the crisis, it was observed that 45 per cent of India's crude oil imports, roughly 50-55% of its LNG and 90% of its LPG imports transited via this waterway.⁵² However, the conflict surged India's crude oil basket price from \$69 to \$114 per barrel in April 2026⁵³ and later reached up to US\$ 120 per barrel. Apart from this, India solely acquires more than 40% of its requirements for urea and phosphate fertilisers through this route. India has encountered heightened inflationary pressures compared to countries that have diversified their energy exports.

Despite the crisis being exogenous, the disturbance in the commodity supply chain originating in the Gulf region generated significant spillover effects on other dependent commodity and services sectors in India, for instance, influencing oil and diesel prices, household electricity and petrol expenditures, aviation fuel costs, supply of industrial energy and other critical inputs in the cement, steel and construction sectors, like limestone and gypsum.⁵⁴ It has also resulted in cost-push inflation across various linked sectors, including agriculture, manufacturing, chemicals, logistics, and food processing. It further impaired supply-chain efficiency and trade competitiveness due to elevated freight rates, insurance premiums, and delivery delays. This has led to rising import bills, depleting foreign exchange (Forex) reserves, a negative Balance of Payments, and a widening Current Account Deficit (CAD), which creates downward pressures on exchange rates, making Indian currency weaker.⁵⁵ The direct impact on the Indian Economy can be assessed based on the following:

- India imports approximately 1.8-2 billion barrels of crude oil every year, with the fuel import bill amounting to \$134.7 billion in FY26.⁵⁶ Between April and June 2026, the country imported 59.7 million tonnes of crude, down from 73 million

tonnes in the same period last year. Every US\$1 rise in the oil price adds roughly US\$2 billion to its import bill. Thus, despite an 18% decline in import volume, crude oil import expenditure reached US\$ 49 billion, compared with US\$ 39 billion in the corresponding period last year.⁵⁷ The cascading impact of surging oil prices led to a trade deficit of \$28.4 billion in April 2026, with exports at \$43.6 bn and imports at \$71.9 bn.⁵⁸

- This has direct ramifications for Indian oil refineries, which are already operating at their maximum capacity. They extract valuable petrochemical feedstocks, used for nearly 95% of all manufactured goods. As per 2024- 25 data, the chemical and petrochemical sector contributes 7-8% to India's GDP. The price fluctuations have impacted linked sectors like price-sensitive fast-moving consumer goods, plastics and packaging, textiles, automobiles, paints and adhesives, pharmaceutical industries and many more.⁵⁹
- India's dependence on Middle Eastern energy extends beyond crude oil. Around half of its natural gas imports come from Qatar, Kuwait and the UAE, making disruptions particularly consequential for linked sectors. LPG, in particular, exhibits greater social vulnerability, given its widespread use as a cooking fuel by around 330 million households.⁶⁰ Approximately 10 crore low-income households depend on subsidised cylinders⁶¹, which constrains the government's ability to transmit international price shocks to consumers. This structural limitation was evident when the administered price of a 14.2 kg domestic cylinder in the national capital was raised only modestly from ₹913 to ₹942. At the same time, parallel reports indicated that black-market prices were surging to as high as ₹5,000,⁶² underscoring the acute pressure on both formal and informal supply channels.
- It was also observed that foreign investors started exiting the Indian equities market at a record pace, from ₹1.66 lakh crore in the year 2025 to ₹2.87 lakh crore until June 2026⁶³, putting further pressure on the Indian currency and CAD.

- India's agriculture sector, which contributes 16% to the GDP, relies heavily on fertilisers. It is the 3rd largest importer of fertilisers despite being the 2nd largest producer and consumer in the world.⁶⁴ According to government data, India imports 100% of Muriate of Potash, 20–30% of Urea, and 30% of Di-Ammonium Phosphate (DAP).⁶⁵ With fertiliser bills increasing between December 2025 and April 2026 by 46% prices of urea doubling, and DAP being imported at a 40% higher price⁶⁶, India has already spent 40% of its allotted fertiliser subsidy budget of ₹ 1.71 lakh crore until July 26.⁶⁷ Further, 87% of the urea requirement is met domestically, with natural gas as the primary feedstock. Around 35% of natural gas imported to the country is used in the fertiliser sector.⁶⁸
- In addition to this, India is the recipient of the highest number of remittances globally. The Indian diaspora, comprising approximately 9 million individuals residing in the Gulf countries, contributed nearly 38 per cent⁶⁹ of the total USD 135.4 billion remittance inflows in the fiscal year 2025.⁷⁰ It contributes substantially to India's foreign exchange earnings. Any major disruption in the region can have a severe impact on employment opportunities and remittance inflows, inducing reverse migration and exerting additional pressure on India's labour market.⁷¹

Measures taken by India and Way Forward

- To ensure the security of India's daily consumption of approximately 5.5 mn b/d of crude oil,⁷² India sourced 70% of its crude imports from 40 countries located outside the SoH.⁷³
- India's total natural gas consumption amounts to approximately 189 million metric standard cubic meters per day (MMSCMD), with domestic production contributing 97.5 MMSCMD to this total.⁷⁴ To address natural gas supply constraints, the Indian government in March 2026, in pursuant to the provisions of the Essential Commodities Act, promulgated a Natural Gas Control Order, to regulate gas supplies and safeguard priority sectors.⁷⁵ For instance, fertiliser plants were put under 'Priority Sector- 2' and were assured of at least 70% of their average six-month consumption. To accelerate PNG adoption and ease

pressure on commercial LPG supplies, the government prioritised PNG connections for commercial and essential establishments, offered incentives for new PNG connections, expedited City Gas Distribution (CGD) network approvals, and provided an additional 10% commercial LPG allocation to support the transition from LPG to PNG.

- India imports around 54% of its liquefied petroleum gas (LPG) consumption via the strait. In an effort to mitigate dependency, India has augmented its domestic LPG production by 25 per cent.⁷⁶ Domestic LPG production was increased, commercial LPG allocations were progressively restored, and additional supplies of kerosene and coal were arranged to meet essential energy requirements. Measures were also taken to prevent diversion and ensure equitable distribution.
- To protect domestic fertiliser availability, the Government maintained substantial fertiliser stocks during low-consumption periods, India had a substantial fertiliser buffer of 180.12 LMT ahead of the Kharif season, 36.6% higher than the 131.79 LMT recorded during the corresponding period last year in March 2025. Also, it secured additional imports and diversified sourcing from countries like Russia, Australia, Morocco, Malaysia, Indonesia, Canada, Jordan, Egypt, Algeria, Tog and Finland.⁷⁷ A dedicated mechanism was also established to continuously monitor global supplies and coordinate procurement.
- Although India's external debt-to-GDP ratio rose up to 20.8% in March 2026 from 19.8% earlier during the same period,⁷⁸ RBI and Government have sought to contain external vulnerability through tighter regulation of external commercial borrowings, longer maturity structures, viable management of foreign-currency liabilities and accumulation of sufficient Forex reserves reaching \$707 billion in August 2026.⁷⁹

- This became particularly important as FPI outflows from Indian equities surged from ₹1.66 lakh crore in 2025 to ₹2.29 lakh crore in 2026⁸⁰, mostly due to high yielding US assets, oil shocks and weakening rupee. To curb this capital outflows, the Ministry of Finance in the Union Budget 2026-27, widened foreign-investment avenues by raising PROI investment limits in certain Indian companies to 10% from 5% previously, with an investment limit for all individual PROIs from 10% to 24%.⁸¹ It also expanded the Fully Accessible Route (FAR) for foreign investment in longer-tenor G-Secs of 15, 30 and 40 years and Sovereign Green Bonds.⁸² Together, these actions would probably broaden the investor base, attract more stable and long-term foreign capital, deepen domestic capital markets and reduce excessive reliance on external debt, thereby strengthening India's external-sector resilience.
- The Government under the Export Promotion Mission, introduced RELIEF (Resilience & Logistics Intervention for Export Facilitation) scheme to support Indian exporters against increasing insurance, freight charges and other war-related risks arising from the crisis with special focus on MSMEs.⁸³

These measures are not enough. It is imperative to explore alternative maritime and land routes to facilitate the uninterrupted and seamless transit of trade. For instance, the strategic Habshan–Fujairah pipeline in the UAE, also referred to as the Abu Dhabi Crude Oil Pipeline (ADCOP), spans approximately 360–380 kilometres with a surge capability of up to 1.7–1.8 mn b/d.⁸⁴ Saudi Arabia's East-West pipeline, referred to as Petroline, extends from the Abqaiq oil processing centre to the Yanbu port located on the Red Sea with a capacity of approximately 7 mn b/d.⁸⁵

It is also important for India to have a comprehensive Maritime Domain Awareness of the strategically and economically important for it. The setting up of the Indian Fusion Centre-Indian Ocean Region (IFC-IOR) signifies a calculated transition from a reactive approach to naval deployment as a fundamental component of strategic engagement. To enhance the security of its maritime trade, India must expand its capabilities through the establishment of white shipping agreements, logistics support arrangements, widespread surveillance networks, and active participation in coordinated patrols in the region.

Such incidents have highlighted India's shortcomings in having an operational framework for resilient and continuous supply in case of a disruption. It is imperative for India to re-evaluate its excessive reliance on the SoH, as many other countries are currently undertaking. India's Gulf policy should move beyond transactional energy ties towards a comprehensive maritime strategy anchored in security partnerships and multilateral cooperation. India's energy security assessment predominantly emphasises internal vulnerabilities, including strategic petroleum reserves (SPRs), refinery capacities, and crude procurement strategies. Nevertheless, the principal threats associated with this issue also encompass its maritime transportation network facing challenges like naval blockade, regional confrontations, hybrid methods of warfare, and conflicting legal frameworks, all of which exist beyond India's governance parameters. Therefore, India must diversify energy supply chains, invest in alternative maritime and land corridors, enhance maritime resilience through improved maritime domain awareness, and uphold strategic autonomy in an unstable Gulf maritime environment to effectively absorb the shocks induced by geopolitical tensions.⁸⁶

Conclusion

Geography constricts energy flow into a confined maritime corridor, thereby engendering a disproportionate impact of its geographical features on the political economy and security dimensions of the countries dependent on them. Historically evident through the 1973 Arab oil embargo, the 1979 Iranian revolution of 1979, the Iran-Iraq war of 1980 and the Gulf War of 1990 have demonstrated this, that geography facilitates a scenario in which the capacity to exert influence over a limited expanse of maritime territory can result in significant leverage concerning international markets, naval operations, and diplomatic decision-making.

Although the measures implemented by India are undeniably significant, they frequently overlook a more fundamental component of India's energy framework - the maritime supply chain through which imported hydrocarbons reach the shore. If viewed from a theoretical lens of a systems approach, India's energy security concerns do not begin upon the unloading of crude oil at Indian ports; instead, it commences at the source point where energy commodities integrate into the maritime transportation network. Consequently, the establishment of long-term crude supply agreements is inadequate if geopolitical tensions, naval blockades, or underwater mines pose a

threat to commercial shipping. These threats pose a huge potential to impact refinery operations, fuel availability, industrial production, electricity generation, and various other sectors within the destination nation. Therefore, India needs to safeguard its western maritime gateway. Simultaneously, India needs to uphold forward defence and engage in maritime diplomacy. Mission-based deployments and anti-piracy patrols, including operations such as Operation Sankalp, are crucial for the protection of India's maritime interests.

It has been commonly acknowledged that many countries have developed strategic dependency on the SoH. For India, the strait is geographically situated beyond territorial limits; however, it is strategically well within India's security perimeter. India's Maritime Doctrine designates the SoH region as a primary area of interest due to the significance of India's seaborne trade, diaspora, overseas investments, and political relations. These conflicts serve as a critical examination of India's maritime strategy, given that India has refrained from participating in any military alliances within the Gulf region. Instead, the nation aims to maintain its strategic autonomy while safeguarding its national interests.

Declaration

I declare that this manuscript is being submitted exclusively to CENJOWS for publication consideration, is original, and has not been published or submitted elsewhere. I further certify that it contains no classified, restricted, or sensitive information and is based entirely on open-source material suitable for publication in the public domain.

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