



Mains Practice Question

Q. Critically examine the significance of India's energy cooperation with West Asian countries in ensuring its energy security. What are the key challenges and how can India address them?? **(250 words)**

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Approach

- Give a brief introduction about India's energy security
- Highlight the significance of India's energy cooperation with West Asia
- Mention the challenges involved in India's energy security
- Give a way forward to deal with the challenges
- Conclude suitably

Introduction

India, the world's third-largest energy consumer, relies heavily on external sources to meet its growing energy demands, especially in oil and gas. In 2023, India's total primary energy consumption was 39.02 exajoules, with domestic production covering only about 68% of its needs. This makes energy cooperation, particularly with West Asian countries, crucial for ensuring the country's energy security amidst its rapid economic growth.

Body

Significance of India's Energy Cooperation with West Asian Countries:

- **Major Suppliers of Oil and Gas:** West Asian countries, including the Gulf Cooperation Council (GCC) states, **supply nearly 55-60% of India's oil and gas imports.** These nations have been reliable partners in fulfilling India's energy needs, especially for the transportation sector, which heavily depends on petroleum imports.
- **Geographical Proximity and Established Networks:** The Gulf region's close proximity to India, coupled with long-standing buyer-seller relationships, ensures efficient and cost-effective energy transportation. This proximity minimizes transit times and logistical challenges, enhancing India's energy security.
- **Price Stability and Special Pricing Agreements:** Countries like Saudi Arabia, UAE, and Qatar offer oil and gas at special prices, providing stability in energy costs despite global market volatility. These agreements are vital for India's budget planning and economic stability.
- **Dependability Amidst Global Market Fluctuations:** The Gulf states have consistently supplied energy to India, even during periods of international market instability. Their commitment to maintaining a steady supply has been crucial in safeguarding India's energy needs.
- **Strategic Geopolitical Relations:** India's strong political and economic ties with West Asian countries contribute to securing favorable energy deals and ensuring uninterrupted supply. These relationships are key to navigating the complex geopolitics of the energy market.

Challenges Associated with West Asia for India's Energy Security:

▪ **Supply Disruptions Due to Political Instability:**

West Asia, contributing approximately 55-60% of India's total oil and gas imports, is a region marked by frequent political instability.

- Conflicts and tensions in countries like Iraq, Syria, and Yemen, or in critical transit points like the Strait of Hormuz, can lead to severe disruptions in oil supplies.
 - For instance, any blockade or conflict in the Strait of Hormuz could immediately jeopardize the transport of around 21.98 exajoules of oil that India consumed in 2023, leading to energy shortages and price spikes.

▪ **Heavy Reliance on a Few Key Suppliers:**

India's significant dependence on a few West Asian countries—such as Saudi Arabia, Iraq, and the UAE—for oil imports makes its energy security highly vulnerable to any political or economic upheaval in these nations.

- In 2023-24, these countries ranked among the top suppliers, with Iraq being the second-largest source. This reliance, particularly when domestic production covered only 32% of total energy needs, underscores the risk of supply shocks if these key suppliers face instability.

▪ **Geopolitical Tensions and Rivalries:**

The complex geopolitical environment in West Asia, with rivalries between countries like Saudi Arabia and Iran, as well as the involvement of external powers like the U.S. and Russia, complicates India's ability to secure uninterrupted energy supplies.

- India's need to maintain balanced relations in a region rife with alliances and conflicts presents a diplomatic challenge, especially when over 35% of its primary energy supply, particularly oil and gas, is tied to these volatile geopolitics.

▪ **Impact of International Sanctions:**

International sanctions, particularly those imposed by the U.S. on Iran, have significant implications for India's energy security.

- For example, India was forced to drastically reduce its oil imports from Iran, a key supplier offering favorable terms, due to sanctions, despite the high energy demands.
 - This necessitated a shift to other suppliers, often at higher costs and with less favorable terms, adding to the complexity of managing energy security.

▪ **Economic Vulnerabilities Due to Oil Price Fluctuations:**

The West Asian oil market is highly susceptible to price volatility, driven by regional conflicts, production cuts by OPEC countries, or global economic shifts.

- Given that India's oil consumption in 2023 was 5.44 million barrels per day, any significant price rise could strain India's economy, increasing import bills and affecting the balance of payments.
 - This economic vulnerability is heightened by India's dependence on oil imports for its transportation sector, which remains critical for overall economic stability.

Ways to Enhance India's Energy Security Amid West Asian Challenges:

▪ **Diversification of Energy Sources Beyond West Asia:**

India should expedite its efforts to diversify energy imports by tapping into alternative regions like Africa, Central Asia, and the Americas.

- For instance, in 2023-24, Russia became India's largest oil supplier, illustrating the success of diversification strategies. Expanding such efforts can reduce dependency on West Asia, thereby mitigating risks associated with regional instability.

▪ **Strengthening Strategic Partnerships and Hedging Risks:**

By fostering strong bilateral relations with both Iran and Saudi Arabia, especially in the wake of their recent diplomatic rapprochement, India can hedge against potential supply disruptions.

- This approach allows India to negotiate better deals and secure stable, long-term energy supplies, thus insulating its economy from the volatility of the global oil market.

▪ **Enhancing Domestic Production and Strategic Reserves:**

Investing in domestic oil and gas exploration, along with expanding refining capacities, is crucial for reducing India's import dependency.

- In 2023, India's domestic production met only 32% of its total energy consumption needs. Additionally, increasing strategic petroleum reserves—currently capable of covering about 9.5 days of imports—can provide a buffer against short-term disruptions caused by geopolitical tensions in West Asia.

▪ **Promoting Regional Stability for Secure Energy Supplies:**

India can leverage its growing diplomatic influence to advocate for peaceful conflict resolution in West Asia.

- A more stable region directly correlates with a more reliable and steady energy supply chain, crucial for meeting India's burgeoning energy demands, which stood at 35.16 exajoules in 2023.

▪ **Accelerating Investment in Renewable Energy Sources:**

By intensifying its focus on renewable energy, such as solar and wind, India can significantly reduce its reliance on fossil fuels imported from West Asia.

- With the potential to harness up to 2500 GW of solar energy annually, increasing renewable energy capacity is key to achieving energy independence and aligning with India's net-zero carbon targets.

Conclusion

In conclusion, while West Asia remains pivotal to India's energy security, the region's political instability and economic volatility pose significant challenges. To mitigate these risks, India must diversify its energy sources, strengthen strategic partnerships, and enhance domestic production. Additionally, investing in renewable energy and advocating for regional stability will be crucial for securing long-term energy independence and economic resilience.

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