

# Oil, Autonomy, and Foreign Policy: India's Geopolitical Risks in the Middle East

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**Abstract:** India's dependence on Middle Eastern oil has long shaped its economic stability and foreign policy behavior. By 2023, over 85% of India's crude oil needs were met through imports, primarily from Iraq, Saudi Arabia, and the United Arab Emirates. This reliance exposes India to geopolitical shocks such as OPEC production decisions, regional conflicts, and maritime insecurity in the Strait of Hormuz. Case studies of the 1973 Oil Crisis, the 1990 Gulf War, and the 2019 tanker attacks illustrate how external disruptions have repeatedly constrained India's strategic autonomy, forced largescale diaspora evacuations, and triggered domestic political pressures. In response, India has pursued diversification of suppliers, creation of strategic petroleum reserves, and investment in renewable energy. These measures reflect an effort to strengthen resilience and reduce vulnerability, yet the Middle East remains central to India's energy security. The paper highlights how resource dependence links external volatility with internal governance challenges.

**Keywords:** India, Middle East, oil dependence, OPEC, strategic autonomy, diaspora politics, energy security, foreign policy

## Introduction

India is the world's thirdlargest consumer of crude oil, after the United States and China. Its domestic production of oil has been falling for more than a decade, while demand has continued to rise (Ministry of Petroleum & Natural Gas, 2023). This gap has forced India to depend heavily on imports. By 2023, more than 85% of

India's crude oil needs were met through imports, and most of these came from the Middle East (Reserve Bank of India, 2023).

The Middle East is home to countries such as Iraq, Saudi Arabia, the United Arab Emirates (UAE), Kuwait, and Qatar. These nations are rich in oil and gas resources and have long been India's main suppliers (Pant, 2020). However, this dependence creates a serious vulnerability. The Middle East is one of the most politically unstable regions in the world. Conflicts, rivalries, and sudden policy changes there can quickly disrupt oil supplies and raise global prices (Joshi, 2022).

This paper reviews India's oil dependence on the Middle East, explains why this dependence makes India vulnerable to geopolitical shocks, and discusses the economic and strategic consequences. It also looks at India's policy responses up to 2023 and explores possible future directions.

## **India's Oil Dependence**

India's demand for crude oil has consistently outpaced its domestic production. In 2022–23, the country imported about 212 million metric tonnes (MMT) of crude oil, while domestic production was only 27.3 MMT, continuing a decadelong decline (Ministry of Petroleum & Natural Gas, 2023). This imbalance highlights the structural nature of India's dependence on external suppliers.

The majority of imports came from the Middle East. Iraq accounted for nearly 20% of India's crude supply, Saudi Arabia contributed about 17%, and the United Arab Emirates (UAE) supplied around 11%. Imports from Kuwait and Qatar were smaller but steady. Russia emerged as a new major supplier after the Ukraine war, reaching about 12% of India's imports by 2023 (Pant, 2020).

In contrast, imports from Iran fell sharply after 2019 due to U.S. sanctions, despite Iran's earlier role as a significant supplier (Joshi, 2022).

Oil imports are India's single largest item of trade. In 2022–23, the import bill for crude oil and petroleum products was about USD 158 billion, making it the biggest contributor to India's trade deficit (Reserve Bank of India, 2023). This dependence on Middle Eastern oil therefore not only shapes India's foreign policy but also directly impacts its economic stability.

### **The Middle East's Geopolitical Volatility**

India's dependence on the Middle East for oil is risky because the region is often unstable. Several factors make the supply of oil uncertain and vulnerable to disruption.

#### ***The Strait of Hormuz***

The Strait of Hormuz is one of the most important shipping routes in the world. Almost 40% of India's crude oil imports pass through this narrow waterway (Ministry of Petroleum & Natural Gas, 2023). Any conflict involving Iran, the United States, or Gulf countries can block or slow down shipments. Even small incidents, such as the attacks on oil tankers in 2019, caused insurance costs to rise and created fear of shortages (Joshi, 2022).

#### ***Regional Conflicts***

- The Middle East has seen many wars and rivalries that directly affect oil supply and India's foreign policy:
- The rivalry between Iran and Saudi Arabia has divided the region and often influences oil production decisions (Pant, 2020).
- The Yemen war disrupted shipping routes and created risks for Indian workers living there (Kumar & Singh, 2021).

- The Syrian conflict destabilized the wider region and made energy markets nervous (Pant, 2020).
- The Israel–Palestine conflict continues to create diplomatic challenges for India, which must balance its ties with Israel and Arab states (Joshi, 2022).

### ***OPEC Decisions and India's Vulnerability***

Most Middle Eastern countries are part of OPEC (Organization of the Petroleum Exporting Countries). Together with Russia, they form OPEC+. Their collective decisions to cut or increase oil production directly affect global prices. For example, deliberate OPEC+ production cuts in 2022 pushed prices above USD 95 per barrel, which hurt India's economy by raising import costs and inflation (International Energy Agency [IEA], 2022; IMF, 2022). India, which imports more than 85% of its crude oil, remains highly exposed to such external shocks (Yadav & Rao, 2022).

### ***Economic Vulnerabilities and Political Consequences***

India's dependence on Middle Eastern oil is not only an economic issue but also a political one. Rising oil prices directly affect the government's ability to govern effectively. When global prices increase, the state faces pressure to control inflation through subsidies or price caps. These measures, while politically necessary to maintain public support, weaken fiscal stability (Anjum, 2025). In political science terms, this reduces the state's capacity to allocate resources toward longterm development priorities such as infrastructure, education, and health. Oil shocks therefore constrain the government's policy autonomy, forcing shortterm populist measures over structural reforms.

The dependence also shapes India's foreign policy behavior. Because oil imports are paid in U.S. dollars, large import bills weaken the rupee and increase India's vulnerability to external economic pressures (Reserve Bank of India, 2023). This dependence ties India's economic stability to decisions made by Middle Eastern producers and OPEC+. India's Gulf policy has historically been driven by energy security imperatives, often limiting its freedom of action in other areas.

Another political consequence is the impact on India's domestic legitimacy. Oil price shocks translate into higher fuel costs for households, which can trigger public dissatisfaction and protests. Governments are often judged by their ability to manage inflation, and energy prices are highly visible indicators of performance. Thus, Middle Eastern supply decisions indirectly influence India's domestic political stability. In 2022–23, when the oil import bill reached USD 158 billion, the government faced criticism over rising fuel prices, illustrating how external shocks can become internal political challenges (Reserve Bank of India, 2023; Joshi, 2022).

Finally, dependence on Middle Eastern oil reinforces India's strategic vulnerability in global politics. Because it cannot easily replace these imports, India's bargaining power in international negotiations is limited. This dependence makes India more cautious in its foreign policy positions, especially on sensitive issues like the Israel–Palestine conflict or U.S. sanctions on Iran (Kumar & Singh, 2021; The Print, 2026). In political science terms, oil dependence reduces India's strategic autonomy, a principle that has long guided its foreign policy since independence.

### **Strategic Vulnerabilities**

India's dependence on the Middle East for oil is not only an economic challenge but also a strategic one.

In political science terms, it reduces India's strategic autonomy and forces the country to adjust its foreign policy to external pressures (Pant, 2020). Three areas show this vulnerability clearly: the Indian diaspora, maritime security, and diplomatic balancing.

### *The Indian Diaspora*

More than 8.5 million Indians live and work in the Gulf states. They send home remittances worth over USD 40 billion each year, which support India's economy (Kumar & Singh, 2021). However, this large diaspora also creates a strategic risk. Any conflict in the Middle East—such as the Gulf War in 1990 or the Yemen crisis in 2015—puts Indian citizens in danger and forces the government to carry out large evacuation operations (Rajagopalan, 2016). Protecting the diaspora becomes a foreign policy priority, which means India must maintain good relations with host countries even when political differences exist. In political science terms, this is a case of interdependence shaping diplomacy (Chaudhuri, 2020).

### *Maritime Security*

Most of India's oil imports travel by sea through the Arabian Sea, the Gulf of Oman, and the Strait of Hormuz. These routes are vulnerable to piracy, terrorism, and military conflict. For example, tanker attacks in 2019 raised insurance costs and created fear of supply disruption (Joshi, 2022). India has responded by strengthening its navy and conducting joint exercises with Oman, UAE, and Saudi Arabia (Scott, 2019). Yet, the dependence on Middle Eastern shipping lanes means India's security is tied to regional stability. This illustrates how geopolitical chokepoints limit national security autonomy (Tellis, 2021).

### *Diplomatic Balancing*

The Middle East is divided by rivalries: Iran versus Saudi Arabia, Israel versus Palestine, and the broader Sunni–Shia divide. India imports oil from both Saudi Arabia and Iraq, invests in Iran’s Chabahar Port, and buys defence technology from Israel. To protect its energy interests, India must balance relations among these rivals.

This balancing act often restricts India’s ability to take strong positions in international forums. For example, India supports the Palestinian cause but also deepens ties with Israel (Chaudhuri, 2020). Similarly, India reduced oil imports from Iran under U.S. pressure, even though Iran is strategically important for connectivity projects (Joshi, 2022). In political science terms, this shows how resource dependence constrains foreign policy choices.

### *India’s Policy Responses till 2023*

India has long recognized that its dependence on the Middle East for oil creates economic and strategic risks. In response, the government has taken several steps to reduce vulnerability and strengthen energy security. These responses can be grouped into three main areas: diversification of suppliers, creation of strategic reserves, and promotion of renewable energy.

#### *Diversification of Suppliers*

To reduce the risks of relying too heavily on the Middle East, India began importing more oil from other regions. After the Ukraine war in 2022, Russia emerged as a major supplier, accounting for about 12% of India’s imports by 2023 (IEA, 2022). India also increased purchases from the United States and African countries such as Nigeria (Yadav & Rao, 2022). This diversification is important in political science terms because it reflects India’s effort to expand autonomy in foreign policy.

By spreading its imports across multiple partners, India reduces the leverage that Middle Eastern producers can exercise over its economy (IMF, 2022).

### *Strategic Petroleum Reserves (SPR)*

India has built underground storage facilities to hold crude oil in case of emergencies. By 2023, the capacity of these reserves was about 5.33 million metric tonnes, enough to cover roughly 10 days of demand (Ministry of Petroleum & Natural Gas, 2023). Plans were underway to expand this to cover about 22 days (IEA, 2022). The creation of SPRs shows how the state tries to increase resilience against external shocks. In political science terms, this is an example of the government strengthening its state capacity to manage crises and protect citizens from sudden disruptions (Tellis, 2021).

### *Renewable Energy and Energy Transition*

India has also invested heavily in renewable energy to reduce dependence on imported oil. The government set a target of 500 GW of renewable capacity by 2030 (NITI Aayog, 2021). Ethanol blending in petrol was promoted, with a goal of 20% blending by 2025 (Ministry of Petroleum & Natural Gas, 2023). Electric vehicle adoption policies were introduced to cut oil demand in the transport sector (IEA, 2022).

These measures are not only economic but also political. They show India's attempt to redefine its development model in line with climate commitments under the Paris Agreement, while reducing vulnerability to Middle Eastern oil politics (Dubash & Khosla, 2022). In political science terms, this reflects India's effort to increase strategic autonomy by diversifying energy sources and reducing reliance on external suppliers.

## Some Case Studies

### *The 1973 Oil Crisis*

The first major oil shock India faced came during the 1973 Arab–Israeli war. In response to Western support for Israel, Arab members of OPEC imposed an oil embargo and cut production. Prices quadrupled in a matter of months (Yergin, 2009). For India, which was already struggling with food shortages and inflation, the sudden rise in oil prices created severe economic stress (Gupta, 2014). Politically, the crisis highlighted India’s vulnerability to decisions taken in the Middle East. It also reinforced the importance of nonalignment in foreign policy, as India sought to maintain good relations with Arab states while avoiding confrontation with the West (Pant, 2020). The 1973 crisis is often cited as the moment when energy security became a permanent concern in India’s political agenda.

### *The 1990 Gulf War*

The invasion of Kuwait by Iraq in 1990 created another major shock. Oil prices spiked, and India had to carry out the largest civilian evacuation in its history, airlifting more than 170,000 Indians from Kuwait (Rajagopalan, 2016). This event showed how dependence on the Middle East was not only about oil but also about the safety of millions of Indian citizens living in the region. Politically, the Gulf War forced India to rethink its foreign policy. It had to balance relations with Iraq, a traditional partner, while also engaging with Saudi Arabia and other Gulf states (Chaudhuri, 2020). The evacuation demonstrated the link between diaspora politics and foreign policy, a theme that continues to shape India’s engagement with the Middle East (Kumar & Singh, 2021).

### *The 2019 Strait of Hormuz Tensions*

In 2019, tensions between Iran and the United States led to attacks on oil tankers near the Strait of Hormuz. Insurance premiums for ships passing through the area rose sharply, and fears of supply disruption spread across global markets (Council on Foreign Relations, n.d.). For India, which imports a large share of its oil through this route, the incident was a reminder of how vulnerable its energy security is to regional conflict. Politically, India had to adopt a cautious stance, avoiding taking sides while ensuring the safety of its shipping (Tellis, 2021). This case illustrates how geopolitical chokepoints in the Middle East directly affect India's foreign policy behavior and economic stability.

### **Way Forward**

India's dependence on Middle Eastern oil will remain a structural reality in the medium term, but several strategies can mitigate vulnerability and strengthen autonomy. First, deepening diversification of suppliers including Russia, the United States, and African producers reduces leverage exercised by Middle Eastern states and OPEC+. Second, expanding Strategic Petroleum Reserves (SPR) to cover at least 60 days of demand would provide a buffer against sudden disruptions. Third, accelerating the energy transition through renewable capacity, ethanol blending, and electric mobility can gradually reduce oil's share in the energy mix. Fourth, India must pursue maritime security cooperation with Gulf states and Indo-Pacific partners to safeguard chokepoints like the Strait of Hormuz. Finally, India should continue practicing multi-alignment diplomacy, balancing ties with rival states while prioritizing energy security. Together, these measures represent a pragmatic path toward resilience and greater strategic autonomy.

## Conclusion

India's dependence on the Middle East for oil is one of the most important features of its foreign policy and economic strategy. By 2023, more than 85% of India's crude oil needs were met through imports, and the majority of these came from Middle Eastern suppliers such as Iraq, Saudi Arabia, and the UAE. This structural reliance has repeatedly exposed India to geopolitical shocks, from the 1973 oil crisis to the Gulf War of 1990 and the Strait of Hormuz tensions in 2019. Each of these events demonstrated how external conflicts in the Middle East can quickly translate into domestic economic stress and political challenges in India. This dependence reduces India's strategic autonomy. It forces the government to balance relations among rival states, adopt cautious positions in international forums, and manage domestic legitimacy during periods of high inflation. Oil dependence therefore links external vulnerability with internal political stability. The Indian state must constantly adjust its policies to protect both its economy and its citizens abroad, showing how resource interdependence shapes foreign policy behavior. India has taken steps to reduce this vulnerability through diversification of suppliers, creation of strategic petroleum reserves, and promotion of renewable energy. These measures strengthen resilience, but they cannot fully eliminate dependence on the Middle East in the short term. The region will remain central to India's energy security and diplomacy for the foreseeable future. The challenge for India is to balance immediate reliance with longterm transition, while preserving its principle of strategic autonomy in a volatile global environment. India's oil dependence on the Middle East is not just an economic issue; rather, it is a political and strategic reality. It ties India's domestic stability to external decisions and conflicts, making energy security a core element of foreign policy. The future of India's engagement with the Middle East will depend on how effectively it can diversify, innovate, and negotiate while safeguarding its national interests in a region that remains both indispensable and unpredictable.

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