Indian Economy · GS - III

Recent disruptions in global energy supply have highlighted the importance of diversifying India's LNG imports. Examine the implications of India's changing LNG import sources for its energy security and economy. Suggest measures to reduce external vulnerabilities.

EXAM YEAR	PAPER	SUBJECT
DAILY PRACTICE 15/10/2026	GS - III	Indian Economy

MARKS	WORD LIMIT
10	~150 words

Answer Hint

Energy security, LNG imports, Strait of Hormuz, supplier diversification, long-term contracts, import dependence, fertiliser sector, power generation, industrial costs, inflation, current account deficit, strategic reserves, renewable energy, domestic natural gas production, energy efficiency.

Model Answer

1. Introduction

Liquefied Natural Gas (LNG) is important for India's fertiliser, power and industrial sectors. The rise of Oman as India's largest LNG supplier in September 2026, amid reduced US shipments and disruptions in West Asia, highlights the importance of flexible sourcing.

2. Implications for India

- **Supply resilience:** Diversification reduces excessive dependence on a single supplier or route.

- **Economic stability:** LNG price shocks can raise production costs in fertilisers, power and industry, contributing to inflation.
- **Geopolitical security:** Dependence on vulnerable maritime routes, including the Strait of Hormuz, exposes supplies to conflict and shipping disruptions.

3. Measures Required

1. Diversify suppliers across the Middle East, Africa and the Americas.
2. Negotiate suitable long-term contracts while retaining flexibility to purchase spot cargoes.
3. Increase domestic gas exploration and improve storage and infrastructure.
4. Expand renewable energy, biogas and energy efficiency to moderate import dependence.

4. Conclusion

India needs a balanced energy strategy combining diversified imports, reliable contracts and domestic clean-energy alternatives to strengthen energy security and protect economic stability.

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