

Vedanta's Anil Agarwal Seeks Domestic Push For Oil, Gas Amid Iran War Jitters

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Amid rising tensions in the Middle East and fears of major oil supply disruptions following the closure of the Strait of Hormuz, Vedanta Chairman Anil Agarwal has called for India to urgently prioritise domestic oil, gas and mineral production, warning that the country's heavy reliance on imports leaves it exposed to geopolitical shocks.

In a post on X, Agarwal said a conflict in a resource-rich region such as Iran is a major risk for a country like India, given its reliance on overseas energy supplies.

"Today, 90% of our oil is imported. This fuels our transport. 66% of our LPG is imported. We use it in our homes to cook. So is 50% of LNG, which goes into low-emission public transport vehicles," he wrote.

Agarwal's statement comes on the back of tensions in the Middle East, which have rocked global energy markets, with Iran closing the strategic Strait of Hormuz, a key artery for global oil shipments. Analysts believe any prolonged supply shock could be detrimental to oil prices, which could reach up to the three-digit mark.

Oil and gas are the largest components of India's import bill at about \$176 billion annually, Agarwal noted. "Any sharp rise in prices has an adverse effect on macroeconomic indicators like current account deficit, value of the rupee, fiscal deficit and inflation. The common man ultimately has to pay the price," he said.

He added that gold, India's second-largest import at around \$65 billion a year, also tends to surge during periods of uncertainty. Combined, oil, gas and gold account for nearly 30% of total imports.

Calling for sweeping reforms, Agarwal urged the government to declare the natural resources sector a national priority and fast-track approvals.

"Government should exempt the sector from time-consuming regulations, including public hearings," he said, advocating self-certification for environmental clearances with audits conducted later.

He also suggested divesting up to 50% stakes in government-owned assets to experienced operators while ensuring no job losses and offering employee shareholding.

"Self-reliance is more than a desirable aspiration. It is an immediate economic and strategic imperative," Agarwal said.