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## Lessons from Hormuz crisis: Vedanta's Anil Agarwal shares how India can break the 88% crude dependency cycle

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### Synopsis

Recent Strait of Hormuz tensions reveal India's deep dependence on imported oil. Vedanta Chairman Anil Agarwal stresses India is under-explored, not resource-poor. He advocates for faster exploration and investment, suggesting India could hold vast untapped hydrocarbon potential. Agarwal believes technology and global partnerships are key to reducing import reliance and securing India's energy future.



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ANI The recent tensions around the Strait of Hormuz have once again underscored a structural weakness in India's energy system, its heavy **reliance** on imported crude oil. With nearly 88 per cent of crude requirements and more than half of natural gas supplies sourced from abroad, India remains exposed to global shocks that are often far beyond

its control.

From shipping disruptions to geopolitical standoffs, the ripple effects of such crises are immediate and wide-ranging. Aviation fuel costs rise, LPG supply chains tighten, and industrial input costs move higher, feeding into broader inflationary pressures.

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For industry veteran and Vedanta's Chairman [Anil Agarwal](#), the message from Hormuz is not just about volatility, it is about urgency.

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### “India is under-explored, not resource-poor”

Agarwal has argued that India's energy challenge is not geological scarcity, but under-exploration and under-investment.

“India is not resource-poor. It is under-explored and under-invested,” he said, stressing that the country holds significant untapped hydrocarbon potential that remains largely unutilised due to structural bottlenecks.

He estimates that India could be sitting on nearly 300 billion barrels of oil equivalent in resources, much of which has not been fully developed because of slow exploration cycles and limited technological adoption.

### The import trap

The Strait of Hormuz crisis, according to him, has once again highlighted what many call India's “import trap”, a deep dependency on external energy sources that creates strategic vulnerability.

Any disruption in global chokepoints or producer economies directly affects India's supply chain. The result is a domestic economy that is increasingly reactive to global energy shocks rather than insulated from them.

Agarwal has described this as a structural risk rather than a temporary challenge, arguing that energy security must be treated as a strategic priority, not just a commodity issue.

### Technology and speed as enablers

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Agarwal believes that the global energy landscape has already changed, but India's execution pace has not fully caught up.

Modern tools such as enhanced oil recovery techniques and digital reservoir management can significantly shorten exploration and production cycles, particularly in deepwater and complex reserves.

However, he argues that technology alone is not enough. Speed of decision-making and execution remains critical.

"Vedanta has committed around \$5 billion towards [oil and gas exploration](#), production expansion, and technology-led development. The company's ambition is to scale production significantly over the coming years, with a long-term target of nearly one million barrels per day. If achieved, such output could meaningfully reduce India's dependence on imported crude," Aggarwal said.

The strategy is heavily technology-driven, focusing on advanced seismic imaging, AI-based exploration analytics, and digital oilfield systems designed to improve efficiency and reduce development timelines.

### **"Do first, refine later" mindset**

One of Agarwal's key policy suggestions is a shift in mindset, from excessive procedural caution to faster execution with iterative improvements.

He has advocated for a more agile approach to [energy development](#), where investment decisions are enabled quickly and refined through operational learning, rather than being delayed by prolonged approvals.

In his view, India must move closer to a "do first, refine later" framework if it wants to compete with faster-moving global energy markets.

### **The role of global partnerships**

Agarwal has also emphasised the importance of international collaboration, particularly with US energy companies that bring deepwater expertise and advanced extraction technologies.

He argues that global players contribute more than capital, they bring execution experience from regions such as the Gulf of Mexico and the North Sea, where complex offshore production has been developed at scale.

Such partnerships, he believes, can accelerate India's learning curve and reduce the time required to unlock domestic reserves.

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### Policy momentum, execution gap

While India has undertaken several reforms in its upstream oil and gas sector, Agarwal points to an execution gap between policy intent and ground reality.

"Improvements in licensing frameworks and a more facilitative regulatory approach have helped, but delays in approvals and operational bottlenecks still slow down exploration outcomes," he said.

### Energy narrative in transition

Agarwal also highlights a broader shift in how natural resources are perceived. Mining and hydrocarbon extraction, once viewed primarily through an environmental risk lens, are increasingly being seen as critical enablers of energy transition, especially in developing economies.

The lesson from the Hormuz crisis is clear: India's energy security cannot depend solely on external supply chains.

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