Indian Economy · GS - III

Analyse how production decisions by OPEC+ influence global energy security and the economic interests of oil-importing countries like India.

EXAM YEAR	PAPER	SUBJECT
DAILY PRACTICE 28/11/2026	GS - III	Indian Economy

MARKS	WORD LIMIT
15	~250 words

Answer Hint

OPEC+, crude oil supply, global energy prices, import dependence, inflation, current account deficit, energy security, diversification

Model Answer

OPEC+ plays an influential role in global energy markets through coordination of oil production among participating countries. Its production decisions can affect crude oil availability, international prices and the economic stability of importing nations.

Major implications for India

1. **Import expenditure:** Higher crude oil prices increase India's petroleum import bill and put pressure on foreign exchange reserves.
2. **Inflation:** Rising fuel prices can increase transportation, manufacturing and food distribution costs.
3. **Fiscal pressure:** The government may face difficult choices regarding fuel taxation, subsidies and consumer protection.
4. **Current account deficit:** Expensive oil imports can widen the trade deficit and increase pressure on the balance of payments.
5. **Energy security:** Production disruptions and geopolitical tensions expose India to external supply uncertainties.

Policy priorities for India

India should diversify its sources of crude oil imports, strengthen strategic petroleum reserves and accelerate renewable energy deployment. Greater domestic exploration, energy efficiency and alternative fuels can reduce external vulnerability.

OPEC+ decisions demonstrate how international energy coordination can influence national economic stability. India's long-term response must combine diversified imports with a gradual transition towards a resilient and sustainable energy system.

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