International Relations · GS - II

India's petroleum refining capacity can serve as an instrument of economic diplomacy. Examine how India can use its refining strengths to advance its trade negotiations with the United States while safeguarding energy security and strategic autonomy.

EXAM YEAR	PAPER	SUBJECT
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MARKS	WORD LIMIT
10	~150 words

Answer Hint

Refining capacity, value addition, petroleum exports, crude oil imports, US-India trade relations, LNG imports, trade deficit, supplier diversification, strategic autonomy, renewable energy.

Model Answer

Introduction

India is a major crude oil importer with substantial petroleum refining capacity. As highlighted in the article, this combination may create opportunities to connect energy purchases, refined-product exports and broader trade negotiations with the United States.

Refining as Economic Leverage

- **Value addition:** Indian refineries convert crude oil into higher-value petroleum products for domestic consumption and export.
- **Trade opportunities:** Purchases of American crude oil and LNG can expand bilateral commerce and potentially help address trade imbalances.

- **Commercial bargaining:** India's large refining sector offers a significant market for energy suppliers, creating scope for negotiated commercial arrangements.

Key Challenges

India remains exposed to global oil prices, shipping disruptions and geopolitical tensions. US energy imports must compete with alternative suppliers on price, quality, freight and reliability. Excessive dependence on one country could also weaken strategic flexibility.

Way Forward

1. Diversify suppliers while evaluating purchases on transparent commercial terms.
2. Link energy negotiations with broader trade and technology cooperation without compromising national interests.
3. Strengthen strategic petroleum reserves and improve supply-chain resilience.
4. Expand renewable energy, energy efficiency and domestic alternatives to reduce long-term import vulnerability.

Conclusion

India's refining capacity can strengthen its position in energy diplomacy, but durable leverage depends on competitive industry, diversified supplies and prudent negotiations. Strategic autonomy requires balancing immediate trade gains with long-term energy security.

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