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Impact of Iran–U.S. Relations on India: Strategic, Economic and Geopolitical Dimensions

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Impact of Iran–U.S. Relations on India: Strategic, Economic and Geopolitical Dimensions

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Abstract

The Iran-US war significantly impact India's geopolitical, economic and strategic dimensions. As India is a developing country whose energy supply comes mostly from the Middle East, through imports of crude oil, is highly vulnerable to disruptions in global energy markets and trade routes. A significant share of India's oil imports comes from the Middle East, and it has very cordial business relations with nations located in the Gulf region. Furthermore, India has the good relations with both Iran and the US, making things quite difficult for it. The emergence of a conflict between these two countries would adversely affect many important aspects of Indian life such as its economic well-being, access to oil supplies, trade activities, foreign policy, and even domestic stability. The research paper aims to analyze the consequences of war on India's economy, rising prices of crude oil, supply chain disruption, disruption vital of maritime trade through the Strait of Hormuz. It also examines the difficulties faced by India in maintaining its strategic relationships with Iran and the US simultaneously. The research finds that despite the presence of some strategic advantages like energy diversification and greater diplomacy, the overall effect of the Iran-US war on India will be negative. Thus, India needs to secure its energy, diversify its trade routes, and pursue a balanced foreign policy in order to protect its interests.

Keywords: *Iran – US conflict, India, Energy Security, Crude Oil Prices, Inflation, Foreign Policy, Trade Disruption, Strait of Hormuz, Geopolitics, Economic Impact, National Security, Diplomatic Relations, Gulf Region, Strategic Autonomy, Defense*

Introduction

The war between Iran and the US is one of the key geopolitical threats in the 21st century that may have a considerable impact on the stability and economy of the whole world. In particular, it is necessary to admit that both Iran and the United States have a significant role in global politics and the energy industry. For example, the USA is one of the leading countries in the world with regard to military power and economic might. Iran is situated in the strategically important area, which is called the Middle East, and has control over one of the most important oil corridors, the Strait of Hormuz. The battle between the two nations will not only affect the region but will also have an impact on international businesses, oil production, finance, and diplomacy.¹ India being among the fastest growing economies in the world and being the third largest importer of crude oil

¹ [https:// Indian defence institute of Law](https://indiandefenceinstituteoflaw.com/)

makes it extremely sensitive to any geopolitical unrest in the Gulf region. Most of the energy supplies imported by India come from Middle Eastern countries such as Iraq, Saudi Arabia, UAE, and formerly Iran. As India imports nearly 85–90 percent of its crude oil requirements, any hindrance in oil supply lines and sudden increase in crude oil prices would directly affect the Indian economy. Higher fuel prices will raise transportation and manufacturing costs inflation and fiscal pressure on government. Thus, an Iran-US war will present many economic problems for India's development.

In addition to these economic difficulties, there will be many strategic and diplomatic issues that India will face. India continues to have strong strategic and defense relationships with the United States even while maintaining its historic and economic relationship with Iran. The United States has emerged as one of India's key partners on issues related to defense, technology, business, and the Indo-Pacific region. On the contrary, Iran will continue to be important for India due to the energy collaboration and the connectivity initiatives like Chabahar port that would provide India access to Afghanistan and Central Asia without going through Pakistan. In case of a war, India would find itself under diplomatic pressure to take sides despite attempting to safeguard its own interests.²

There are also millions of Indian expatriates living in the Gulf region, who greatly contribute to the Indian economy through remittances. The UAE, Saudi Arabia, Kuwait, Qatar, and Oman are some countries where Indians work in large numbers. A regional crisis in the Gulf will lead to serious economic and humanitarian crises for India. Its heavy dependence on the Middle East region means that any kind of instability is likely to have an immediate effect on its national security and economy. Another important aspect of the Iran–US conflict is its effect on global trade and maritime security. Strait of Hormuz is vital for international oil transport, and any military disturbance in this region can disrupt the international shipping industry. As the international business transactions of India rely heavily on maritime shipping, any disruptions in shipping will result in higher freight and insurance costs. The Indian financial market will be affected by increased investor worries, devaluation of currency, and changes in foreign investment flow.

Apart from economic and strategic implications, the war can have a geopolitical impact both regionally and internationally. Instability in the Middle East region will lead to increased intervention by world powers like China and Russia, which will affect the power balance in Asia. In such a scenario, India will have to deal with the geopolitical complexities, and at the same time, safeguard its interests concerning energy security and diplomacy. The unrest might also hasten India's pace towards renewable energy generation and oil imports.

The objective of this research paper is to examine the possible consequences of the Iran-US war for India. This analysis will take into consideration the impact of the war on India's energy security, economy, foreign policy, financial markets, and society.³

² <https://www.inventiva.com>

³ <https://www.wikipedia.com>

Objectives of the study

This research intends to analyse the multidimensional impacts of the war between Iran and the US on India in terms of its economy, foreign policy, and national security. As India enjoys good economic ties and relations with both the United States and its Gulf neighbours, there will inevitably be some consequences due to such a war.

These objectives of this research are outlined in the following:

1. One of the main purposes of this study is to examine the impact of a military confrontation between Iran and the United States on the economy of India.
2. Energy security forms an essential part of the development of India. This research seeks to find out how disruptions in oil supply routes such as those at the Strait of Hormuz could pose difficulties for India.
3. Another important objective of the research is to study the geopolitical implications of an Iran–US war for India.
4. The research will seek to analyze the impact of middle East war on the Indian economy, its stock market, foreign investments, and the safety of Indians who live in the Gulf states.
5. The last objective of this research is to suggest policy measures that India should adopt to minimize economic risks, energy security issues, and diplomatic problems during international warfare.⁴

Research methodology

This paper relies on an approach that involves descriptive and analytical methods with the help of secondary data sources. Data have been collected from research journals, government publications, newspapers, international organizations, and online resources concerning the Iran-US tension and its implications for India. The study discusses economic, geopolitical, and strategic issues by considering issues like oil price increases, trading relationships, energy security, finance, and foreign policy. The information collected has been interpreted carefully to assess the likely impact of the Iran-US war on India.⁵

Background of Iran-US conflict

However, the war between the US and Iran cannot be considered as a phenomenon of the year 2026. Instead, it is the result of decades of political tension, ideological differences, regional rivalry, and disputes over nuclear weapons and military influence in the Middle East. To examine the reasons for starting of this war, it is necessary to study the history of relations between these countries, their geopolitical interests, and other factors that led to armed conflict.⁶

- 1. Friendly Relations Before 1979:** Before 1979, there were very good political, economic, and military ties between Iran and the USA. At that time, Shah Mohammad Reza Pahlavi ruled Iran and was regarded as an ally of America in the Middle East. There was extensive military, economic, and technical cooperation between the two countries. In exchange for American help, Iran was loyal to Western interests in the region and sold oil to global markets.
- 2. 1953 Coup in Iran:** The origins of enmity date back to 1953 when Prime Minister of Iran, Mohammed Mossadeq nationalised Iran's oil companies (Anglo-Iranian Oil Co., now BP). The

⁴ Boussou, Julien (14 march 2026), Middle East War: gulf economies on the brink of suffocation.

⁵ ibid

⁶ <https://www.britannica.com>

British colonial power had control over the majority of shares held by the company since the discovery of oil at the beginning of the twentieth century. The nationalize of the oil company was not approved by the United States and Britain due to its negative impact on their economy. Therefore, they supported a coup that removed Mossadegh from power and restored the Shah's authority once more. This move was seen by many Iranians as an interference in the affairs of their country, leading to anti-American sentiments.⁷

3. **1979 Iranian Revolution⁸** : The Iranian Revolution took place in 1979 due to massive public protest against the rule of Shah, who was later dethroned by Ayatollah Ruhollah Khomeini, resulting in the emergence of the Islamic Republic of Iran. The new ruling authority showed its strong opposition against the involvement of western countries, particularly the United States. The government of Iran was not friendly towards the West, considering that the West had supported the regime of the Shah. It totally transformed Iran's foreign relations and created a strong enemy of the US.
4. **Hostage Crisis** : After the Iranian revolution, Iranian students stormed the U.S. Embassy in Tehran in November 1979. the Iranian students held hostages 52 American diplomats and citizens for 444 days in the embassy because they believed that the United States meddled in Iranian affairs and supported the former Shah of Iran. This hostage crisis destroyed the diplomatic relationship between Iran and the United States and led to the termination of diplomatic relations.⁹
5. **Iran–Iraq War (1980–1988)** : It became one of the most prolonged and devastating wars of interstate conflict during the 20th century as a consequence of the competition between the two countries and the aftereffects of the 1979 Iranian Revolution. The Iran-Iraq War of 1980–1988 started because Saddam Hussein attacked revolutionary Iran with the aim of gaining control over the Shatt al-Arab waterway and avoiding the spread of the Islamic Revolution in Iraq. The US backed Iraq politically and militarily because it was concerned about the expansion of the Islamic revolution of Iran in the Middle East region. America's backing to Iraq was perceived by Iran as an act of aggression towards its country. The war had resulted in enormous destruction of property and lives.
6. **Iran's Nuclear Program** : One of the biggest causes of today's disputes between Iran and America is Iran's nuclear program. According to Iran, its nuclear program has purely peaceful intentions and is meant for producing energy. But America and other Western countries are afraid that Iran could be developing nuclear weapons. As a result of this situation, America sanctioned Iran economically, which had devastating effects on the Iranian economy and international business relations.
7. **Iran Nuclear Deal (JCPOA) – 2015** : In 2015, Iran entered into the Joint Comprehensive Plan of Action (JCPOA) deal with the US, the UK, France, Germany, China, and Russia. According to this deal, Iran agreed to restrict their nuclear operations and accept international monitoring in exchange for lifting economic sanctions on Iran. This move marked a significant step in minimizing any nuclear conflict between Iran and other countries.¹⁰
8. **U.S. Withdrawal from JCPO** : The withdrawal by the United States from the agreement happened in 2018, where the reason given was that the agreement had weak measures which could be used to constrain Iran's nuclear plans. The US then re-imposed harsh economic

⁷ <https://www.cfr.org>

⁸ ibid

⁹ <https://www.britannica.com>

¹⁰ ibid

sanctions against Iran following their withdrawal from the deal. These sanctions were imposed on Iran's export of oil, its financial institutions, and its foreign transactions.

- 9. Regional Conflicts and Military Influence :** The influence of Iran has grown politically and militarily in many countries in the Middle East such as Syria, Iraq, Lebanon, and Yemen. According to the US, the country is fueling unrest in the Middle East because of their support for certain groups. Iran, on the other hand, feels that they are ensuring their own national security and regional interests.
- 10. Killing of General Qasem Soleimani :** In January 2020, the USA conducted a drone operation at Baghdad Airport in Iraq that resulted in the death of General Qasem Soleimani of Iran. He was among the most senior military figures in Iran. According to the U.S., Soleimani planned to conduct attacks on American troops stationed in the area. Following this assassination, the tension between the two states escalated to such levels that war could break out soon after.
- 11. Current Tensions :** Currently, the ongoing tension between Iran and the U.S. is as a result of economic sanctions, issues concerning nuclear weapons, military confrontations, cyber attacks, and naval confrontations within the Persian Gulf and Strait of Hormuz. The U.S. is still worried about the nuclear programs of Iran and its power in the region, while Iran has issues with the American military and the sanctions in the region. Even though there has been no war between the two nations, they are still highly unstable.

Impact of Iran – US war on India

1. Impact on Energy Security ¹¹

The issue of energy security for India becomes extremely sensitive in case of any hostilities arising between Iran and the United States due to the heavy dependence of the country on imported crude oil and natural gas. The fact is that India imports almost 85-90% of its oil needs from outside the country, and a major share of these imports takes place from the Middle Eastern region.¹² One of the biggest concerns for India is the strategic importance of the Strait of Hormuz, a narrow sea route through which a large share of global oil trade passes. Countries such as Saudi Arabia, Iraq, Kuwait, Qatar, and the United Arab Emirates transport oil through this route. Due to the war or military tensions lead to the closure or disruption of the Strait of Hormuz, because of that India had to face delays in oil imports, increased transportation costs, and fuel shortages.¹³

The energy sector of India will also confront certain difficulties pertaining to the diversification of its energy sources. Due to the economic sanctions imposed by the United States on Iran, India decreased its oil purchases from Iran and relied more heavily on other states in the Persian Gulf region. But an outbreak of war across the region would impact several sources at once.

This middle East conflict had put significant effect on the energy supply chain of the Indian:

- **LPG & LNG Disruption :** The recent global energy crisis due to increased tension between Iran, Israel, and the USA in West Asia has resulted in unprecedented supply shocks for both LPG and LNG. For India, the Gulf region is the most important source of LPG and LNG. Due to the ongoing situation, it has become extremely difficult for India to ship any cargo from the Gulf region, resulting in shortages of LPG. India imports around 60% of all its LPG needs from other countries, and a large proportion of these imports are from Qatar, UAE, Saudi

¹¹<https://www.amu.apus.edu>

¹² ibid

¹³ <https://www.the-conversation.com>

Arabia, and Kuwait. In the war, the important Strait of Hormuz through which almost 90% of all India's LPG imports pass got shut for transshipments. The biggest oil refinery of Saudi Aramco in Ras Tanura is attacked while Qatar has suspended its LNG production due to the strike on Ras Laffan facilities. This has resulted in the government of India issuing a notification prioritizing domestic LPG consumption at the cost of limiting LPG availability to industries. Due to limited availability of commercial LPG, its prices have skyrocketed.¹⁴

| Cylinder type | Pro-war base price | Post-war current price | Total War-Induced Surge |
|--------------------|--------------------|------------------------|-------------------------|
| Domestic (14.2 kg) | ₹853.00 | ₹940 | + ₹80 |
| Commercial (19 kg) | ₹1,768.50 | ₹3,071.50 | +₹1,303.00 |

- Crude Oil:** A conflict involving Iran and the US will significantly affect the international crude oil market since the Middle East region is one of the largest producers of oil in the world. Iran itself is a major oil producer, while other major oil exporters like Saudi Arabia, Iraq, Kuwait, and the UAE are located in the Persian Gulf. Nearly 88 percent of India's oil is imported, and half of that (2.5–2.7 million barrels per day) passes through the Strait. The strait of Hormuz is among the most vital oil routes in the world, accounting for almost one-fifth of all oil traffic in the world. Due to conflict, Iran block shipping activities in this route, as a result the supply of the crude oil in international market was declined rapidly.¹⁵

As a result, global oil prices also rise rapidly due to the fear or disruption in the supply chain. Increased oil prices would pose huge problems for India since India needs oil for her import requirements from other nations. Before the tension arise in the middle East, the crude oil prices were \$69 to \$70 a barrel. After hostilities erupted and the straits of Hormuz were closed down by the Iranians, world Brent futures prices topped at over \$120 a barrel. At the same time, the Indian Crude Oil Basket price hit an all-time high of \$142.69 a barrel. The prices of petrol, diesel, LPG, and transport costs would rise, causing inflation and increasing the price levels of goods and services. Industrial sectors relying on fuel and transport would experience rising production costs. Fluctuations in the cost of oil during the period of war also impact the global financial system. In situations where there is geopolitical instability, investors opt for safer investments such as gold, while the stock market becomes volatile. Countries that are oil importers, such as India, witness a fall in their currencies value.¹⁶

2. Inflation and Economic Slowdown

An Iran-US war would have an impact on the Indian economy through an increase in inflation and reduction in economic growth. It directly pressures India's economy by rising crude oil prices, increase the Current Account Deficit (CAD), and resulting in depreciation of the Indian Rupee. Higher global uncertainty makes investors turn towards safe assets such as the US dollar, resulting in the rupee falling to an all-time low of ₹95-97 against the US dollar. This leads to higher costs for all imports, thus pushing inflation higher. Since crude and Liquefied Natural Gas (LNG) are imported in dollars, the high cost of oil and depreciation of the rupee causes massive increases in the cost of importing fuel. This places huge pressure on India's foreign exchange reserves and

¹⁴ The Economic Times of India

¹⁵ The Times Of India

¹⁶ [https:// ciaa.gov](https://ciaa.gov)

balance of payments. In order to counter imported inflation and protect the rupee, the RBI is compelled to keep interest rates high or tighten the money supply, thus causing higher cost for loans by corporations and consumers. Increasing interest rates will affect investments, business growth, and consumer demand. This might negatively impact economic activity and job creation. In order to deal with these pressures, the Indian government and the Reserve Bank of India (RBI) keep on monitoring the scenario so that market stability is maintained and The RBI effectively uses its reserves to avoid huge fluctuations in the foreign exchange markets.

An Iran–US war also slowdown the India’s economic growth rate. Petrol and diesel are necessary for transport, agriculture, and manufacturing industries. An increase in the price of fuel also results in an increase in transportation cost which leads to high prices. The prices of food items can also increase as they need fuel for their cultivation i.e. irrigation, machinery, and transportation. This will result in an increase in the price of essential commodities, thus decreasing consumer purchasing power and hence low standards of living for people.¹⁷

Transportation industries, including those in aviation, manufacturing, chemicals, and logistics, which consume large amounts of fuels and energy, will be adversely impacted. A rise in the cost of living can make small business owners and average households struggle financially. Furthermore, during international disputes, foreign investors tend to be cautious, which could mean decreased foreign investments for India.¹⁸

A slowdown in the economy amid middle east wars lead to low revenues and high expenditure, to a higher deficit, putting pressure on the economy for a very long time. Hence, a continued tension between these two countries had adverse impact on the Indian economy.¹⁹

3. Impact on Trade and Shipping

The persistent tension between Iran and the US is having a huge effect on India’s commerce and shipping because of the blockage created in the critical channel known as the Strait of Hormuz. This creates an increase in global oil prices, large diversion (takes 15-20 more days for shipment), and shipping rates and insurance.²⁰

- **Disruption of International Trade Routes:** War between Iran and the US may lead to disruption in the world’s important trade routes in the Middle East region, especially in the Persian Gulf. The Strait of Hormuz is one of the most vital maritime routes on earth when it comes to oil and commerce transportation. Military action and blockade of this route had put a serious effect on international commerce²¹.
- **Increase in Shipping Costs:** The conflict arises in the gulf region had put effect on the transportation and increasing the risk in that area, it causes the increase in the shipping costs for passing through the conflict area or change the route as a result, take a long route. The freight rates charged will be higher. Long transport time, high bunker fuel costs, and expensive war risk insurance will greatly increase the total landed cost of goods. Increased shipping

¹⁷ <https://commerce.gov.in>

¹⁸ Forbes: How The Iran War Impact Indias Economy Fortune

¹⁹ <https://www.reuters.com>

²⁰ [https:// www. CNN.com](https://www.CNN.com)

²¹ [https://www dallasfed.org](https://www.dallasfed.org)

charges, marine insurance costs, and rising oil prices worldwide have impacted the Indian Rupee as well as increased India's trade deficit.²²

- **Negative Effect on Exports and Imports:** This war has affected the international trade between the India and other countries. Exports by India to Gulf countries, such as textiles, machinery, chemicals, and foods, might decrease. Imports of India had also adversely affected, for example, those of petroleum, fertilizer, and minerals.
- **Delays in Supply Chains :** The global supply chain depends highly on marine transport systems. War in the Gulf region reduce cargo delivery, which is likely to lead to shortages of goods and raw materials in the manufacturing industry in India.²³
- **Impact on Ports and Maritime Security:** A conflict between Iran and the US escalate the security threat in the Arabian Sea region and surrounding areas. India might have to improve its maritime security and surveillance capabilities to safeguard the interests of its commercial ships. More expenditures towards maritime security might be needed.²⁴

4. Impact on Indian Financial Markets

An Iran-US conflict affects India's economy through high oil prices, currency depreciation, capital flows, and restructuring of industries. The Iran-US conflict mainly transmits volatility into India through supply chains and risk premia.

- **Stock Market Sell-offs:** Tensions have often led to huge selling pressure, compelling FPIs to withdraw money from developing nations into safe havens. The Indian stock market indices (Sensex & Nifty) often fall. For instance, it has been reported that Indian stock markets such as the Nifty and Sensex have fallen by up to 4% in just a couple of days as a result of rising "risk-off" sentiment and capital flight.
- **Rupee Depreciation:** An increase in crude oil prices amid war will have adverse effects on India as most of its oil needs are imported. An increased need for USD to cover the costs of costly imports will negatively affect the value of the Indian Rupee against USD. This will raise the price of imports and fuel inflation in India.
- **Increase in Gold Prices :** In times of global instability and conflict, investors turn to investment in gold as a safer choice. With increasing global demand for gold, there is an increase in the price of gold in India too. This may influence consumer spending and imports since India is among the largest consumers of gold in the world.²⁵

5. Impact on Indian Diaspora

Any rise in tensions between Iran and the US poses a direct threat to the safety and well-being of the approximately 9-10 million Indians residing in the Gulf region/West Asia. The critical impacts on the Indian diaspora include:

- **Threat to Safety and Security:**²⁶ War between Iran and the US, would posed many security threats to the lives of millions of Indians who have settled down in various Gulf nations. Indian nationals residing in nations like Saudi Arabia, the UAE, Kuwait, Qatar, Bahrain, and Oman may be affected by military activities and missile attacks in the region.

²² ibid

²³ ibid

²⁴ ibid

²⁵ <https://www.CNN.com>

²⁶ The Economic Times of India

- **Evacuation Challenges:**²⁷ The Indian government would have to carry out mass evacuations to bring Indian nationals home safely. This task becomes hard because there may be disruptions in air travel, sea ports, and other means of transportation. The Indian government has undertaken such evacuation operations before in cases like the Gulf War and the Yemen Crisis.
- **Loss of Employment Opportunities:** The war causes economic slowdowns in the region and reduces industrial output, resulting in delayed recruitment processes, business closures, and limited job prospects in industries such as oil services, construction, and retail businesses. There will be fewer job openings for people returning to their countries.
- **Plummeting Remittances:** ²⁸About 38 percent of the remittance income of India comes from Gulf countries, loss of income is putting tremendous pressure on household incomes at home. This has especially become problematic for states like Kerala, Maharashtra, Tamil Nadu, Telangana, and Karnataka which are highly dependent on remittances.
- **Diplomatic Pressure on India :** Protection of Indian nationals from abroad will be an important duty of the Indian government in the midst of the war. India may have to continue with its diplomacy both with Iran as well as with other Gulf nations to guarantee the safety of its citizens and to establish safe evacuation routes.

6. Geopolitical and Strategic Implications

An Iran-US war poses a serious threat to India's national security and economic stability. It compels India to maintain a balance between its close military relations with the United States and Israel on one hand and Iran on the other.

- **Diplomatic Balancing Between Iran and the United States :** India has excellent relations with both countries – Iran as well as the United States. While the latter country is of utmost importance from a strategic point of view, the former plays a crucial role in India's energy security. Escalation of tension compels India to perform a balancing act between two critical allies.
- **Impact on India's Energy and Trade Interests:** Iran and the Gulf region are vital for India's energy supply and seaborne commerce. More than 60% of India's oil requirements pass through the Strait of Hormuz, thereby rendering India very vulnerable to any regional blockade. The situation creates problems for India's biggest connectivity project in Iran, which connects India to Central Asia while bypassing Pakistan.²⁹
- **Security Challenges in the Indian Ocean Region:** Iran-US conflict will automatically lead to destabilization of the Indian Ocean Region due to weaponization of key shipping channels as well as overstretched forces of the region. In particular, a blockade (either full or partial) of the Hormuz Strait along with missile attacks would paralyse energy flows to the rest of the world. Naval mines, unmanned drones, and electronic warfare by Iran would result in an unsafe maritime zone for both military and merchant ships, causing insurance premiums to soar out of control.³⁰
- **Growing Influence of China and Russia :** An armed conflict between Iran and the US will lead to great changes in geopolitics, allowing China and Russia to increase their presence in

²⁷ [https:// cepr.com](https://cepr.com)

²⁸ <https://wikipedia.com>

²⁹ <https://www.dallasfed.com>

³⁰ <https://www.researchgate.com>

the Indian Ocean region at the cost of a distracted US. China may use its navy on the pretext of providing protection to its trade fleets, using its chain of dual-use ports in Gwadar and Djibouti to assure others of its neutrality and act as an arbiter in any dispute. Russia would be using Western distraction to strengthen intelligence cooperation, perform naval exercises, and expedite delivery of new weapons to non-Western clients, while aggressively marketing overland transport routes such as the International North-South Transport Corridor (INSTC) as more secure than sea lines of communication. Together, both countries would make use of forums such as BRICS and the Shanghai Cooperation Organization (SCO) to form an effective diplomatic block to any unilateral actions by the US government, thus hastening the process of de-dollarization in regional energy trade.³¹

- **Pressure on India's Foreign Policy :** India has always been pursuing the policy of strategic autonomy, whereby it remains in good relations with many global powers. In the case of a conflict between Iran and USA, India will find it difficult to balance energy security, diplomacy, military relations, and expectations.³²

Recommendations

- Increase SPRs to build up oil reserves for emergencies.
- Financially hedge crude oil prices to shield the state oil companies against price surges.
- Diversify oil imports by sourcing more from beyond the Persian Gulf region.
- Implement other routes as an alternative to the Strait of Hormuz.
- Boost local production of fertilizer to safeguard farmers from price increases due to natural gas shortages.
- Set up an insurance scheme to shield the government from any unexpected subsidy costs of fuel and fertilizer.
- Boost naval security in the Arabian Sea
- Evacuation plan for Indians stranded overseas
- Boost cyber and maritime defense preparedness
- Strategic neutrality and Diplomatic dialogue
- Financial channels to stabilize interrupted Gulf remittances.

³¹ <https://inidanforce.nic.in>

³² Al Jarecva.com

Conclusion

A prolonged confrontation between Iran and the United States poses a significant risk to macroeconomic stability and growth in India. This is because the nation's dependence on energy supplies from the Persian Gulf is enormous; hence, any problem in the region will lead to an oil crisis that will have adverse effects on India's economic situation. In addition to energy, the dispute causes other serious secondary problems by increasing shipping costs, disrupting fertilizer supplies for agriculture, and threatening the security and financial contributions of many Indians who live abroad in the area. India can ensure that its economy and financial markets remain safe by developing its own oil reserves, opening up new trade routes, and utilizing rupee-denominated transactions, all while keeping its diplomacy strictly neutral.³³

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- <https://www.dallasfed.com>
- The Economic Times of India

³³ www.reddit.com

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