



## IMPACT OF IRAN–AMERICA WAR ON IMPORT–EXPORT IN INDIA: A RESEARCH STUDY

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### *Abstract*

*The conflict between Iran and United States (2026) has led to immense disruption of trade dynamics across the world, disturbing the international balance of businesses and economies. Nations relying heavily on the import of crude oil from the Middle East via the strategically crucial Persian Gulf have been under economic stress owing to geopolitical tension causing changes in oil prices, rise in the cost of marine shipping insurance, and interruptions in important waterways like the Strait of Hormuz.*

*Being among the greatest consumers of crude oil from the Middle East region, the Indian economy remains extremely vulnerable to this issue. Most of India's energy needs are fulfilled by importing oil from the Gulf countries; hence, the country's economic condition is largely dependent upon the pricing and supply issues. Furthermore, India has developed close ties with nations from the Middle East regarding export activities. Textiles, food items, and machinery have been exported from the country to destinations like the United Arab Emirates and Saudi Arabia. These export markets have been severely affected by the ongoing conflict. By applying appropriate research methodology, including data analysis and comparative assessment, the study seeks to understand how geopolitical tensions influence India's broader business environment and economic stability.*

*This research paper intends to provide a thorough analysis of the problem regarding its impacts on the import and export situation in India.*

**Keywords:** *Import, Export, War, Crude Oil, Pre-war, Post-war, Middle East, Hormuz, Economic Impact*

### **Introduction**

It should be noted that the Middle East has immense importance in the global economy because a considerable share of energy supply originates from there. The confrontation between Iran and the USA has shaken the peace in the region and has adversely affected the trade routes in the Strait of Hormuz. In light of geopolitical issues, the activities in the region have become uncertain.

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Being one of the largest trading partners of the Middle Eastern countries, India relies heavily on the region to meet its requirements for crude oil. About 50-60 percent of India's total oil imports take place from this region. Consequently, the confrontation between the two countries has had a direct influence on India's export-import scenario.

### **Objectives of the Study**

1. First, the major purpose of this research is to determine the effects of the Iran-America war on the Indian imports sector, considering their importation of oil and other necessary commodities.
2. Second, the study will also focus on identifying the effects of the ongoing conflict on the export capacity of India, especially its exports to Middle Eastern countries.
3. Third, the effects of supply chain interruptions on trade activities will be considered.
4. Finally, recommendations will be proposed to minimize the impact of trade risks for India.

### **Research Methodology**

This research is both descriptive and analytical in nature. It describes the current situation caused by the war and analyzes its impact on India's trade and economy. The study focuses on understanding real-world problems and interpreting them systematically.

#### Sources of Data:

The study is based on secondary data collected from reliable sources such as government reports, economic surveys, research papers, and news articles. These sources provide relevant and updated information about trade patterns, economic changes, and global developments.

#### Tools & Techniques:

Various tools such as comparative analysis and trend analysis have been used in this study. The comparison of trade conditions before and after the war helps in understanding the extent of impact. Qualitative analysis is also used to interpret data and explain economic changes.

### **Review of Literature**

#### 1. Iran Conflict and Indian Economy (2026): A ResearchGate study

This research examines how the Iran conflict affects the Indian economy. Rising costs of crude oil, inflation, depreciation of currency, and disruptions in marine shipping have a profound effect on India's imports and exports.

#### 2. Vision IAS (2026): Energy Perspective

Vision IAS reports that the war between Iran and the US has affected the supply of oil, making it costlier than before. This is having an adverse impact on the import bill of India. Moreover, high costs lead to low profitability in the export sectors.

### 3. Drishti IAS Analysis (2026): Disruptions in Supply Chains

According to Drishti IAS analysis, India faces a lot of threats because of geopolitical events happening in the Middle East region. Geopolitical events have impacted the supply chain and made it evident that India's trade, inflation, and energy are vulnerable. Shipping disruption, especially through the Strait of Hormuz, affects India's imports and exports.

### 4. India Briefing Study (2026): Impact on Imports and Exports

The India briefing report analyzes the relationship between imports and exports under the influence of rising oil prices and currency depreciation. Due to high costs, the exports become less competitive and contribute to increased trade deficits.

### 5. EXIM Federation (2026) – Effect on Export Business

As per the findings provided by EXIM Federation, the Iran war is causing major disruptions to exports, such as delayed shipping, increased freight rates, and higher insurance premiums. These have a direct negative effect on the efficiency and profitability of export business for Indian companies involved in international business.

The research conducted above proves that Iran America war creates an adverse impact on the import-export industry of India, resulting in high oil prices, disrupted logistic systems, high cost of logistics, and exchange rate issues, making the trade imbalance more difficult.

### **Limitations of the Study**

This study is limited to secondary data, which may not always reflect real-time changes. The geopolitical situation is continuously evolving, making it difficult to provide completely accurate and up-to-date conclusions. Additionally, limited access to detailed trade statistics may affect the depth of analysis.

### **Result and Discussion:**

Following is the major impact of Iran-America war in first financial quarter of 2026 on import and export of India.

### ***Impact on Imports in India:***

Following table shows the war impact total exports and imports on India in 2026.

**Table No. 1**  
**Impact of Iran-America War in First Financial Quarter of 2026 on Import and Export of India**

Indicator	Pre-War Situation	War Impact (2026)	Result
<b>Total Exports</b>	Stable growth	Middle East exports sharply ↓	Trade diversion to US
<b>Exports to Middle East</b>	Strong	↓ by billions	Market loss ( <a href="#">Reuters</a> )
<b>Exports to USA</b>	Moderate	↑ 17.4%	Compensation effect ( <a href="#">Reuters</a> )
<b>Imports (Oil &amp; Gas)</b>	Stable	Prices ↑, supply disrupted	Import bill ↑ ( <a href="#">The Times of India</a> )
<b>LPG Imports</b>	Smooth supply	Severe shortage	Domestic crisis ( <a href="#">Wikipedia</a> )
<b>Shipping Cost</b>	Normal	Insurance ↑, routes risky	Cost ↑ ( <a href="#">Reuters</a> )
<b>Trade Deficit</b>	High	Narrowed (due to import fall)	Mixed impact ( <a href="#">Reuters</a> )
<b>Rupee Value</b>	Stable	Depreciation pressure	Inflation risk ( <a href="#">Reuters</a> )

(Source: <https://www.reuters.com/world/india>)

**Table No. 2**  
**Impact of war on import and export in various sector**

Sector	Impact on Imports	Impact on Exports
<b>Petroleum</b>	Severe disruption	Refining exports ↑
<b>Agriculture</b>	Fertilizer shortage	Rice exports affected
<b>Gems &amp; Jewelry</b>	Raw material delay	Exports ↓
<b>Chemicals</b>	Import disruption	Export instability
<b>Shipping/Logistics</b>	High cost	Delivery delays

(Source: <https://www.reuters.com/world/india>)

#### 1. Increased Price of Oil Imports

As a result of the conflict between Iran and America, the price of oil all around the world has increased. Since India is dependent on oil imports, it is directly affected by the increase in the price of oil. The increased cost of oil imports will increase the cost of total imports, putting additional strain on India's foreign reserves. Moreover, the increased cost of fuel will result in an increase in the cost of transportations and productions, thus creating inflation.

#### 2. Disruption in the Supply of LNG and Fertilizers

India does not only import oil but other important goods as well, such as liquefied natural gas (LNG) and fertilizer. Because of the ongoing conflict, there have been difficulties faced

by India in receiving these essential products from the Middle Eastern countries. Has affected industrial operations. This disruption has created challenges in maintaining steady production levels in both agriculture and industry, slowing down economic growth.

### 3. Closure of Strait of Hormuz

The Strait of Hormuz is one of the most important global shipping routes, through which a significant portion of oil and goods is transported. Due to war tensions, this route has become unsafe, leading to partial closures and restricted movement of ships. As a result, shipping companies are forced to reroute their vessels, which increases transportation time and cost. This has created uncertainty in imports and delayed the availability of essential goods in India.

### ***Impact on Exports in India***

#### 1. Decline in Exports to Middle East

The Middle East is an important export market for India, especially for products like food items, textiles, and machinery. Due to the war, demand in this region has decreased, and trade activities have slowed down. Political instability and economic uncertainty have reduced purchasing power in Gulf countries, leading to a decline in India's exports. This has resulted in a loss of revenue and affected the country's balance of trade.

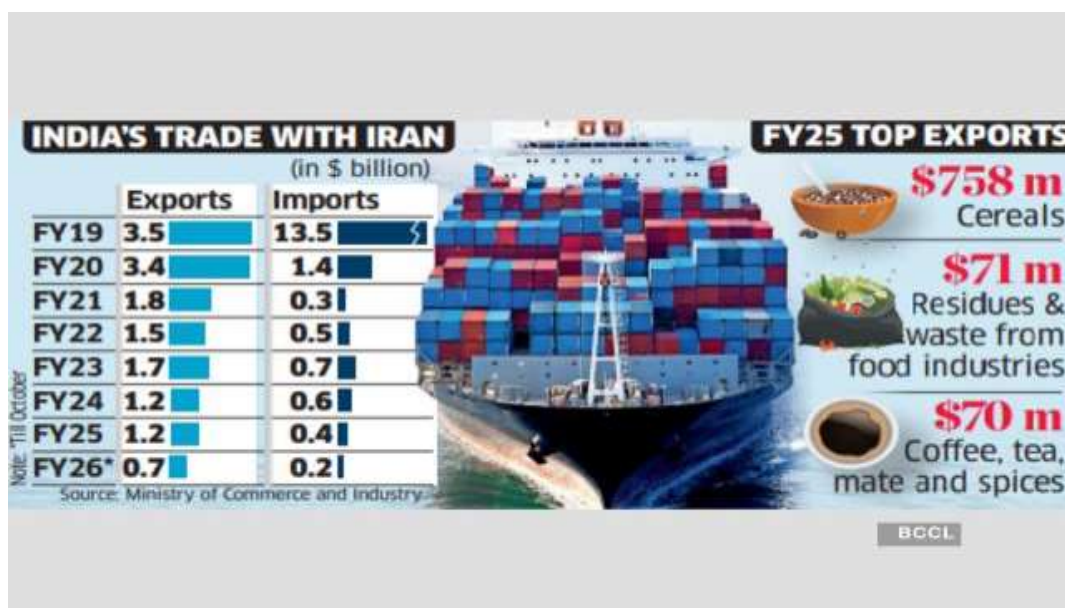
#### 2. Sector-wise Export Impact

Different export sectors in India have been affected in different ways. The gems and jewelry industry has experienced a sharp decline due to reduced demand and disruptions in logistics. Similarly, textile and engineering goods exports have been impacted by delays in transportation and increased shipping costs. These sector-specific challenges have reduced India's overall export performance and foreign exchange earnings.

#### 3. Shift in Trade Partners

In response to reduced exports to the Middle East, India has started focusing on alternative markets such as the United States and Europe. This shift in trade strategy has helped in partially compensating for the losses. Increasing exports to new markets has also encouraged diversification, reducing dependency on a single region. However, this transition requires time and investment in building new trade relationships.

## India's trade with Iran from FY 2019 to FY 2026



(Source: Ministry of Commerce and Industry)

### Impact on Supply Chain Management

Major impact on supply chain management of India is discussed below.

#### 1. Increased Freight and Insurance Charges

Due to the increased risks in transporting cargo overseas and through the regions that are in the state of war, the cost of the insurance has increased. There has been an increase in freight costs because of the high insurance rates charged by the firms dealing with the insurance of the cargo.

#### 2. Delay and Problems in Shipping

Rerouting and inspection of cargo during shipping have led to delay in the shipment of goods. The time taken for shipping is longer than expected, which has affected both delivery plans and other business activities. This has reduced the efficiency in transportation of cargo.

#### 3. Unavailability of Raw Materials

Due to the increased shipping costs, there has been delay in importing the necessary raw materials. The unavailability of raw material has caused industries to reduce the level of production.

### Overall Economic Impact on India

The conflict has affected the Indian economy in multiple ways. Higher prices for fuel have resulted in higher inflation rates, making life expensive for Indians. The value of the Indian Rupee has declined due to high import costs and lower foreign exchange earnings. Moreover,

many Indians who were employed abroad have come back home due to unrest, leading to fewer remittances. All of these aspects have led to issues like unemployment and low growth rates.

### **Findings of the Study**

According to the findings from the research, the import activities of India have been adversely affected more than its export activities, primarily because it heavily relies on oil imports. In addition to that, disruptions in the supply chain have made operations costly for firms. Moreover, there is an indication of a change in the export market of India.

### **Suggestions / Recommendations**

Diversification of the sources of India's imports is a necessary strategy that the country must undertake in order to limit its reliance on the Middle East region. The expansion of energy resources by using alternative forms of energy will ensure reduced dependence on the importation of oil. Enhanced capacity of domestic production will ensure increased self-reliance and security.

### **Conclusion**

The Iran-America war has created an adverse effect on the import and export business in India as far as costs are concerned. Despite this, India is a resilient nation and has adopted various measures that have enabled the country to cope with these issues. Nevertheless, it is crucial for India to adopt various strategies, including energy diversification and sound trade policies, in the long run.

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