International Journal of Social Science and Human Research

ISSN (print): 2644-0679, ISSN (online): 2644-0695

Volume 09 Issue 02 February 2026

DOI: 10.47191/ijsshr/v9-i2-09, Impact factor- 8.007

Page No: 961-971

Tariffs and Bretton Woods: India's Energy Trap

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Abstract: This study aims to examine the influence of Bretton Woods institutions and global tariff policies on India's energy security. This paper critically examines how the Bretton Woods institutions, namely the International Monetary Fund (IMF) and the World Bank, along with global tariff policies have shaped India's energy vulnerability in the post-2020 era. Originally designed to foster global economic stability, these institutions have increasingly reinforced Western dominance, imposing structural adjustment programs and trade liberalization measures that undermine the autonomy of emerging economies.

The paper analyzes tariff escalation, institutional frameworks, and their implications for India's energy resilience. Methodology: A qualitative systematic review of 50 scholarly articles, government reports, and trade data from 2020-2025 was chosen for the study. Results: The study indicates that rising tariffs and structural adjustment programs have deepened India's dependency on imported energy resources, creating an 'energy trap'. Implications: The findings underscore the need for policy reforms, diversification of energy sources, and rethinking global governance to empower emerging economies.

KEYWORDS: Energy, Tariffs, Bretton Woods, Status quo, and Economic Crisis

1. INTRODUCTION

Institutions created to ensure global stability may be the very reason emerging economies struggle to secure energy. In 1930s, the world witnessed the Great Depression and protectionist trade wars. The world feared that without a stable framework to guide, such crises might repeat. In 1944, the Bretton Woods Conference, led primarily by the United States and the United Kingdom, brought 44 nations together for the creation of a new international economic order and hence maintained the status quo. By creating institutions like the International Monetary Fund as well as the World Bank, they were created to stabilize global financing and trade. These institutions were made with the intent of stabilizing the currency exchanges, helping in the reconstruction and development of nation-states, and encouraging freer trade. Hence, the IMF and the World Bank formed the backbone for a new and better economic order. However, while their vision seemed to build a more globalized world, the reality was far worse. The structure of the Bretton Woods institutions reflected the dominance of Western powers, especially the United States, over developing nations, with most decision-making heavily reliant on financial contributions. The wealthier nations gained more influence, while other actors became passive contributors.

The Bretton Woods institutions exert a significant impact on trade policies. Through the requirements tied to loans and aid, nations are prompted to reduce trade barriers, thereby facilitating the opening of markets for developed countries. Nevertheless, this process undermines the ability of developing nations to safeguard their local industries and increases their reliance on global markets. For instance, during the 1990s, the IMF's structural adjustment programs compelled numerous African and South Asian nations to decrease tariffs on agricultural products. As a result, Indian farmers struggle to earn a decent income, while countries like the United States and the United Kingdom expand their markets. This disparity of power is leading to the creation of monopolies within the economy, as emerging markets find it challenging to compete against inequitable trade agreements while developed nations grow their markets.

While emerging economies are urged to lower trade barriers, developed countries maintain high tariffs, especially for essential goods. This exerts their control over which economies can access critical resources. They export necessary commodities such as machinery and raw material at extremely high prices. Hence, developing nations are forced to pay large sums of money for goods that are crucial for development, infrastructure, and technological progress. This guarantee developed countries' ability to maintain their economic power over the world economy. Emerging economies are encouraged to reduce trade barriers, while developed nations continue to impose high tariffs on essential items. This allows them to dictate which economies can obtain vital resources. They sell necessary products like machinery and raw materials at exorbitant prices. As a result, developing countries have to spend significant amounts on goods that are essential for their development, infrastructure, and technological advancement. This situation ensures that developed nations can sustain their economic dominance in the global economy.

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This unequal order in the global economy also extends to energy security. Emerging economies, despite having a growing demand for affordable energy, are often limited due to the structures created by the Bretton Woods institutions. Developing countries are unable to gain vital energy imports like coal, oil and natural gas. For example, India, a country heavily reliant on crude oil, often struggles with fluctuating global prices to get energy sources. Hence, emerging economies get left behind, remaining dependent on global markets for their own energy security. Industrialized nations continue to prioritize their own energy security. The very institutions created to foster stability in these financial markets are causing inequalities, making emerging countries increasingly vulnerable to dependency on energy security. The next section focuses on the review of literature, broken down with the start of the Bretton Woods institutions, to discuss the impact of the Bretton Woods tariff policies on building dependency among emerging economies aiming to secure energy resources.

2. REVIEW OF LITERATURE

When India emerged as an independent nation, it entered a world where the economy was ruled by the Bretton Woods, filled with trade disputes, and where countries relied on tariff protection to nurture their domestic industries. Over time, with globalization and ensuring safeguarding of domestic infant industries, geopolitics tensions rose. Mechanisms of the Bretton Woods institutions and tariffs along with heightened geopolitical tensions often leads to emerging economies unable to secure resources in the global trade. This is nowhere clearer than in India's ongoing energy trap. In India, protectionist policies, dependency on imports as well as Bretton Woods, restrict India's growth in energy and hinders its pathway towards sustainable development.

Saxer (2025) discusses the role of Bretton Woods like WTO, IMF, World Bank in shaping global economies, ensuring financial stability. WTO provides a legal framework for global trade, while the Bretton Woods addresses monetary stability. Together, they form a quasi-constitutional architecture for globalization. The Press Trust of India discusses the IMF Managing Director's call for a "new Bretton Woods moment", urging for enhanced global cooperation to combat the COVID pandemic and aid in the rebuilding of a more resilient global economy (Pti, 2020). However, it comments on the lack of clarity in the implementation of these debt relief measures and sustainable growth as stated by the director. Fioretos and Heldt (2019) dwells into organizations like the International Monetary Fund as well as the World Bank, and how the legacies of these Bretton Woods organizations impact growing and emerging economies, helping shape their political scenario and economic status on the world stage. While these nations once believed that infant industries protection was of foremost importance, in recent years globalization has made economic decisions more transactional in nature focusing on short term trade and cost benefits rather than long term economic growth of these emerging economies. Building on this, Dasgupta (1997) examines the role of structural adjustment programmes, designed by Bretton Woods institutions under the leadership of some of the wealthiest nations, often operate predominantly on less developed countries. These programmes are largely mechanisms that help in the safeguarding of the international economic system and to open new markets for multinational corporations, particularly US origin, rather than providing genuine strategies that help in fostering sustainable development in emerging economies. Extending on this, Adedeji (1999) focuses on the consequences of the Structural Adjustment Programmes on Africa. While it was designed to be a debt-relief mechanism, the program in fact narrowed economic scope and neglected the broader development of Africa. While there was short term economic growth that was achieved, however, long term outcomes in regard to diversification of imports and exports and social inequalities remained limited. Moreover, Alaye (2024) situates Bretton Woods in the debate of the post-colonial development, as to whether it promoted growth or perpetuated more dependency in the Global South. It highlighted the uneven impact of liberalization, showing the structural inequalities present in global economic governance of the Bretton Woods institutions. In addition, Parfitt (1995) provides case studies of Ghana and Gambia to provide a closer look at the Structural Adjustment Programmes in practice. While both these countries were presented as "Successes" by the Bretton Woods, yet their policies still followed the neo-classical measures of liberalization and deregulation. These policies were made to improve efficiency and reduce inflation, but in reality, it only weakened the efforts to build the domestic industries. So, while the structural adjustment plans are shaped by free-market ideologies and often claimed as successes, often the deeper economic struggle of the countries is ignored. Building on this, Abiodun (2025) exposes how IMF and World Bank conditionalities, while framed as developmental tools, only deepened underdevelopment in sub-Saharan Africa. The Nigeria case illustrates the broad vulnerability of emerging economies under Bretton Woods. Momoh (2023) highlights a contested role of Bretton Woods in Africa. It is critiqued that development strategies of Bretton Woods and externally imposed models to showcase how they actually have a limited impact on reducing underdevelopment in the regions of Africa. Moreover, Levy-Orlik (2022) highlights the often-overlooked critiques of Kalecki, Schumacher, Balogh, and Prebisch as well as the Keynes White plan. These are examples which show how early concerns of development asymmetries to the Bretton Woods remain relevant even to this day and are not completely resolved. Vernengo (2021) challenges the conventional narrative that the collapse of Bretton Woods was credited to structural flaws but rather framed it as a political choice to ensure US dominance. This made emerging economies even more vulnerable to external shocks with the collapse of global monetary order.

Bretton Woods have laid a foundation for the global economic order, promoting trade liberalization being a pathway to growth. Within their framework, tariffs which were once seen as an essential tool of protectionism, are now not remaining as so. Tariffs are proving to have largely negative impacts on emerging economies. By pressuring countries to lower import duties to have more liberalized trade, they weaken the protection that emerging economies' infant industries depend on. This leaves developing nations exposed to more of foreign competition and limits their own long term economic growth and development.

Contractor (2025) examined the role of tariffs and highlighted that while they often serve as part of short-term national interests, their economic or political costs in the long term often outweigh their advantages. For example, US tariffs often trigger retaliatory action because they lead to a disruption in the supply chain and increase inflation which burdens its consumers. For emerging economies, tariffs are often seen as a way to reinforce their vulnerability which is created by Bretton Woods. Often tariffs don't act as a protective tool but rather increase exposure to global markets, creating shocks in the domestic economies. Nuruzzaman and Zainab (2025) explains tariffs as a central tool for US trade policies under the Trump presidency, which reshapes global trading relationships. Moreover, their immediate influence on financial markets along with fluctuations in global shock indices showcases the short-term economic uncertainty throughout the world with new protectionist trade policies and tariff jumps by the United States. Editorial (2025) in The Guardian criticizes Trump's global tariffs to be reckless, warning that it would disrupt trade, raise consumer prices and trigger economic instability in the global economy. It also highlights how unilateral actions can deviate from the establishment of proper global trade norms. In addition, Mckibbin et al. (2025) highlighted that frequent shifts in tariff policies significantly reduce global growth. Rather than securing any long-term national benefits, they often destabilize both the international and domestic markets. Hence it affirms how vulnerable emerging economies remain within the global system created by Bretton Woods institutions. Moreover, Dadhania et al. (2025) shows how measures like section 232 and 301 in US tariffs reduced India's export performance in sectors like steel and textile. It led to raising input costs in domestic industries as well. Hence these tariffs not only contracted the trade flow but also forced certain structural adjustments like market diversification. Hence for emerging economies like India, tariff policies rooted in the framework set by Bretton Woods created vulnerabilities and emphasized on the importance of stronger domestic competitiveness and newer trade diplomacy. Boeters and Meijerink (2024) showcases how Trump-era tariffs policies underscore a dual impact when it comes to encouraging domestic production while raising consumer and business costs with expensive imports. In the EU and Dutch, manufacturing industries like vehicles and electronics have faced a noticeable decline in imports. Moreover, he also showcases that retaliatory tariffs by the EU, along with strategies like subsidies and market diversification prove to be effective in mitigating the risks associated with escalation of US tariffs. Kurtkoti (2025) examines India's experience with tariffs during Trump's era and reveals that while tariffs initially increase trade frictions, they also coerced India towards diversification of trade and building greater resilience to global trade. Across various Indian industries like steel and agriculture, tariffs acted as both disruptions and catalysts. Hence, tariffs often shape more strategic policies in emerging economies like India to become more resilient in global markets. Building on this, Fazal and Kanwal (2020) describes the US - Sino trade conflict highlighting how its roots are in the protectionist policies implemented by the Trump administration which led to intensified economic and political rivalry among the two powers. Moreover, he elaborates on the devastating impacts on Chinese firms like Huawei and Haier who faced a reduction in their access to the US markets. However, he also noted that emerging economies like South Korea and India gained access to US markets that were left by China. Hence to conclude, Rotunno and Ruta (2025) emphasized on the role of US tariffs in reducing market access for trade partners of the US and also leading to policy responses including retaliation and subsidies. Moreover, the study showed that while retaliatory tariffs are meant to improve the terms of trade, they also lead to market distortions, creating long term inefficiencies. Hence for emerging markets, it is crucial to choose alternative partners in trade that offer the most sustainable trade gains, which boosts the real income in the country and minimizes the risk posed by trade distortion globally.

Bretton Woods, who once claimed to be the designer of a freer trade market, was in reality quietly shaping how emerging economies like India approached their pathway to growth - Energy. Calling it liberalization, tariffs that would have acted as a shield of India's domestic markets were lowered, allowing for cheap imports of oil, coal and even renewable energy. But with each import, it only deepened India's dependence on foreign goods for its energy security. So, with each global price increase, each supply shock, it was a realization that India's energy security was no longer in the hands of its own domestic industries.

Singh and Jana (2024) highlights India's persistent dependence on fossil fuel imports between 2006 to 2020 with crude oil dominating energy sectors. It shows how reliance on external resources undermines both economic and environmental sustainability. Khan et al. (2025) identified petroleum, fertilizers, chemicals and coal to be the key drivers of India's dependence with its implications on economic growth and employment in India. In addition to this, Kondratov (2024) relates India's rapid GDP growth, industrialization and urbanization to its growing energy demand. It highlights the country's dependence on oil and coal imports from Russia. Baloyi and Krinsky (2022) highlights the risks of an international climate financing structure showing how blended finance models can actually deepen dependency, increase energy poverty and also restrict local industrialization. It warns the global south countries against financial architecture and suggests green credit allocation as alternatives. Mishra et al. (2023) studies that India's crude oil import demands have become increasingly inelastic to both price and income. Hence traditional levers like carbon taxes have limited impact. This showcases India's dependence on energy imports despite prices increasing. On the contrary, Shivanna and Rangappa (2024) emphasizes India's aim to transition to renewable energy. With this India aims to balance energy security without relying on imports for energy, working towards climate change mitigation and ensuring economic welfare. It reinforces the UN Sustainable Development Goals by ensuring access to modern energy with human development. To build on the same, K.C. (2025) also highlights India's strategic recalibration with China prompted by the excessive US tariffs. Such a geopolitical shift has direct implications on India's energy security as energy trade routes, pricing and access to global markets are heavily influenced by the United States. By hedging diplomacy, India aims to safeguard its energy imports and economic interests while also reducing the exposure to external pressures of the global market such as tariffs. Similarly, TOI business desk (2025) pinpoints India's firm stance on continuing using Russian imported oil despite US pressures. This emphasizes their strategic autonomy and maintaining their self-respect on a global stage. Moreover, TOI Business Desk (2025a) discusses Russia's criticism towards US tariffs against India and China, emphasizing how both these nations have historically not yielded to coercion. Hence, these threats rather push these emerging economies to diversify their energy trade. To conclude, India is seen strategically shifting its allies to China and Russia for its energy imports. On the contrary, Mohan et al. (2025) argues that India's ties with China offer short term benefits like cheap energy resources, but pose long term strategic and economic risks.

3. OBJECTIVES OF THE STUDY

The study seeks to:

1. Examine the role of Bretton Woods institutions in shaping India's energy policies.
2. Analyze the impact of tariff escalation
3. Explore strategic responses and policy implications for sustainable energy development.

4. RESEARCH METHODOLOGY

The research adopts a qualitative systematic review approach. Inclusion criteria: documents published between 2020-2025 focusing on tariffs, Bretton Woods institutions, and energy security. Sources include peer-reviewed journals, government reports, and international trade databases. A total of 50 documents were analyzed using thematic and theory-based analysis.

5. RESULTS AND DISCUSSION

Table 1: Strategies of Western Countries for Subjugating Developing Countries
(Secondary Data: IMF Handbook & World Bank Annual Report)

World	Poverty Reduction Strategy Papers (PRSPs)	Poverty Reduction Strategy papers by developing countries created under the guidance of the World Bank help to reduce poverty and instill economic growth. The World Bank then decides on loan eligibility and conditionalities.
	Environmental and Social Safeguards	This is a policy to ensure that the World Bank funded projects do not harm the environment or vulnerable communities. Hence, it assesses and mitigates risks for the environment before any funding is approved by the World Bank.
	Project Financing	The World Bank provides countries with monetary aid to improve infrastructure through low-interest loans. Each project is evaluated based on economic and environment factors before approval.
International	Surveillance Policy	Surveillance policy involves the monitoring of global and national economies to be able to identify policy and financial vulnerabilities. This prevents crises and promotes stability, sound governance and transparency. IMF also is responsible for studying and resolving global trends of trade imbalance
	Lending Policy	Lending policies are for countries which cannot pay for essential imports due to foreign debt. Policies like the "Stand-By Arrangement" and "Extended Fund Facility" come with conditions yet restore economic stability. The IMF helps in reforms like reducing fiscal deficits to strengthen the financial systems too.
	Structural Adjustment Plans	Structural adjustment programs help developing countries overcome debt crises. By giving financial aid, countries adopt policies like trade liberalization. Hence while SAPs promote trade, they are criticized for worsening inequalities and not addressing the main cause of the problem.
	Debt Sustainable Framework	The Debt Sustainable Framework helps developing countries to manage debt levels and maintain financial stability. It guides lenders like the World Bank to offer loans on terms that prevent over-indebt for countries while still aiding in supporting financial investments, and hence prevent debt crises.

Bretton Woods systems, which were established in 1944 after World War II, created two major global financing institutions, the World Bank and the International Monetary Fund. While they were created to serve the purpose of ensuring financial stability, their policies over time reinforced the political influence of Western powers, especially the United States. Table 1 summarizes the strategies of western countries for subjugating developing countries as reported in the IMF handbook and World Bank Annual Report.

The World Bank's key policies include the Poverty Reduction Strategy Papers and Environmental and Social Safeguarding and Project Financing. While the Poverty Reduction Strategy Papers are presented to be development plans to reduce poverty, they are often aligned with the World Bank's economic framework set by the United States of privatization of services, reduction in government subsidies and deregulation to attract new foreign investment. These are tools that benefit Western countries and multinational corporations while limiting developing countries from pursuing independence and protection of infant industries. The Environmental and Social Safeguarding policy although meant to prevent environmental and social harm is actually a mechanism of conditionality. They delay urgent projects or impose costly compliance to environmental and social needs, which burden the developing countries who are unable to invest in the same, reinforcing dependency on external organizations like the Bretton Woods. Lastly, the World Bank's low interest loans for infrastructure projects come with conditions regarding government transparency and market liberalization which are also mirrors of Western models. So, they allow Bretton Woods to shape domestic policies in developing nations, similar to that of Western powers, showing the influence of the North on the global economy.

Similarly, the international Monetary Fund has instruments like the Surveillance and Lending policy, Structural Adjustment Programs and Debt Sustainability Framework. The Surveillance and Lending policies allow for the monitoring of the local economies to recommend ways to prevent crises. While it is to ensure sustainability it gives the IMF and Western powers oversight of domestic economic policies of developing countries. The lending policy also comes with conditions of IMF prescribed reforms like cutting public spending, liberalized trade which reflects Western influence on the global economy. The Structural Adjustment Programs provide financial assistance in exchange for countries to implement austerity measures and open markets to foreign competition. While they allow nations to control debt, they often create national poverty and inequality as infant industries in emerging economies are unable to compete with Western firms. Lastly, the Debt Sustainability Framework assesses whether countries can manage debt responsibly. However, these criteria of assessment are often drafted by Western standards, pushing them to comply to Western fiscal standards.

Overall, these frameworks result in policies showcasing the Western dominance in global trade and governance. Developing countries become overly reliant on these institutions for aid and debt relief while being influenced to also adopt Western economic frameworks. These organizations are made to support global stability, limit innovation to protect local economies, reduce developing countries autonomy and keep the wealth flow from Global South to Global North. In essence, Bretton Woods institutions showcase the asymmetric power relations between developing and developed nations, embedding Western ideologies in the global market.

Tariffs are another way through which developed countries can gain influence and dominance in the global trade market. Tariffs are taxes which are imposed on imported goods and services by the government. They are one of the oldest instruments used by countries in their foreign trade policies. Tariffs help in regulating the flow of goods and services across borders to influence the economic balance between the foreign and domestic markets. Tariffs aid in protecting domestic markers by ensuring that imported goods are expensive and hence incentivising consumers to buy local alternatives. This helps in safeguarding employment and nurturing the infant industries as well as building a pathway to a self-sufficient economy.

Tariffs are often used as a tool of leverage in international relationships. It is a method of exerting economic dominance on the world stage and negotiating concessions in diplomatic disputes. Major superpowers throughout history have used tariffs as a method of defending their local economy under the guise of national security.

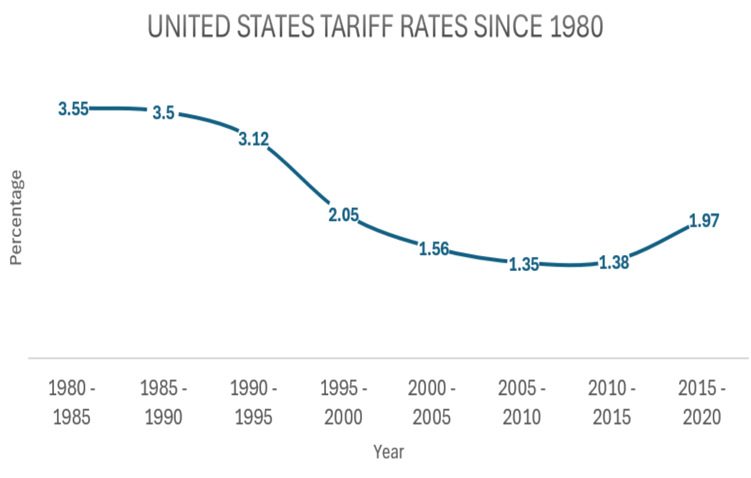

Figure 1. Percentage of Tariffs over the last 20 years
(**Secondary Data:** Visual Capitalist - Media source)

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Over the last few decades, US tariffs have reflected free trade and protectionist policies, tariffs rising and falling in response to change in international relationships and economic priorities (Figure 1). From the 1980s onwards, a gradual decline in the United States tariffs can be observed. The world was moving towards freer trade, more integration and globalization. Hence trade barriers were reduced with lower tariffs embracing the idea of trade liberalization. With organizations like the GATT and later the WTO, increasing tariffs by the United States would have been met with retaliation and disputes, hence tariffs continued to be kept low. In the 1990s, the United States played a key role in various trade agreements such as the North American Free Trade Agreement under the World Trade Organization, and so the tariffs imposed by the United States continued to reduce (Neufeld, 2025).

With changes in the administration in the United States, there was a slight, almost unnoticeable increase in the tariffs set by the United States. However, by the mid-2010s, protectionist sentiments rose across the global economy. Trade barriers rose especially in manufacturing regions where the economy was being hurt due to import competition. Protectionist policies were a major cause of the use of aggressive tariffs from 2018 onwards, under the Trump administration. These were targeted at emerging economies like China and India, who were gaining influence on the world stage.

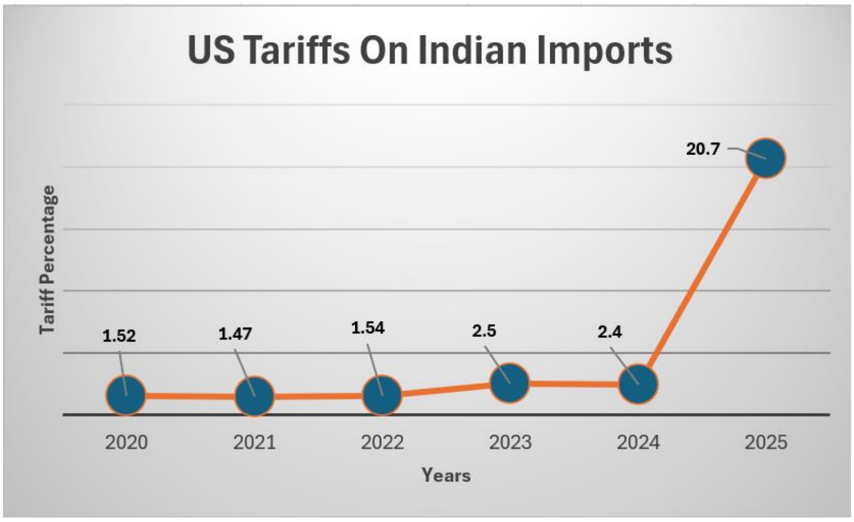

Figure 2: Tariffs on Indian Imports
(Secondary Data: The Economic Times)

In recent times, the trends of the United States tariffs on Indian imports reveal the clear shift from stability to building strategic tension (Figure 2). Between the years 2020 to 2022, tariff levels by the US on Indian imports have remained relatively stable, remaining below 2%. This period is a reflection of the post-pandemic normalization of trade between the US and India. However, from 2023 onwards, the data shows a gradual and steady rise in tariffs to close to 4%, which aligns with US's economic policy shift showcasing protectionist sentiments. This shift which was rooted in the narrative of "America First" is used to protect US domestic manufacturing and reduce dependence on other countries. However, 2025 marked a critical turning point in economic policy adjustments with US tariffs on Indian imports facing a sharp escalation to 20.7%. This policy shift showcases a political maneuver which aims to increase US dominance in global trade relations. These increased tariffs have major implications for India's export dependent sectors like pharmaceuticals, textiles and information technology. A tariff hike also diminishes price competitiveness of India in US markets making their goods less attractive due to higher prices (ET Bureau, 2025).

Over the past decade, India has positioned itself to become an emerging superpower, which is largely driven by their rapidly increasing pool of skilled yet affordable labor force. For example, during the pandemic, India played a crucial role in producing vaccinations at a large scale for the global economy. With a rapidly improving manufacturing hub and combined with their efforts for digital transformation and self-reliance, India is amplifying its influence in the global markets. However, this inevitably challenges the US's long standing economic and political dominance, prompting protectionist measures such as increased tariffs by the United States.

The repercussions of these heightened tariffs penetrate the trade of India. The lower and middle class of India, who are often referred to as the backbone of the economy, suffer the most. India's trade is heavily reliant on small scale manufacturers and artisans who continue to export handicrafts and textiles. A tariff escalation by the US increases production costs for these producers which reduces their profits and makes their goods less competitive in the global market. With declining demand, these small-scale businesses face loss in income and job security weakening India's trade in the international economy.

However, while India's manufacturing sector has always remained competitive, India is heavily reliant on the United States for energy resources and technology. The recent escalation in tariffs however, makes imports costlier and reduces India's energy supply. As production costs rise with higher tariffs and energy costs, India faces increased economic pressure.

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In response, India has strategically adjusted their foreign policies, guided by realism principles. The theory of realism states that national interest is paramount and a pursuit of power is crucial to ensure national security. Hence, India has been seen diversifying its alliances, reducing dependency on the US and strengthening its policy and trade ties with China and Russia, aimed to secure alternative energy sources and assert India's autonomy in the international arena.

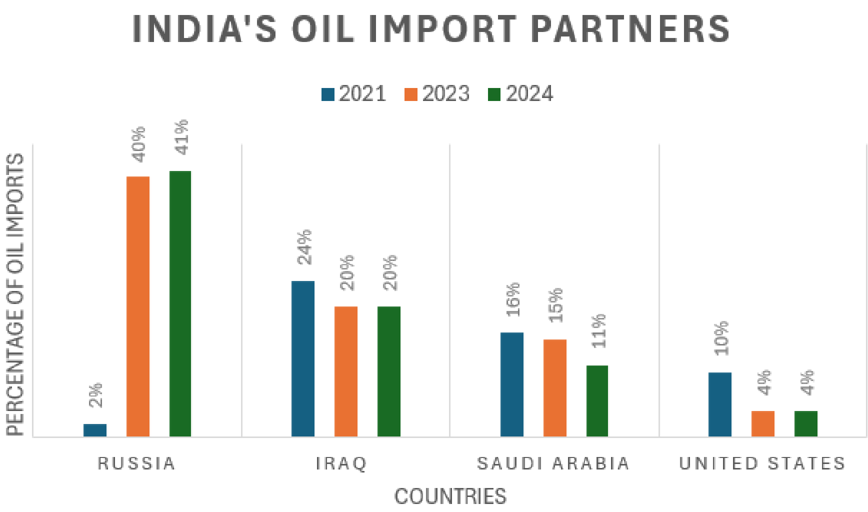

Figure 3: India's Oil Import Partners
(Secondary Data: The National Bureau of Asian Research)

As per The National Bureau of Asian Research (2024), India has grown in its energy demand exponentially over the past decade. This is driven by urbanization, industrialization and a growing population. In 2024, India imported around 85% of its crude oil, showcasing how the country is heavily dependent on other countries for energy requirements. The graph (Figure 3) showcases the shifts in the import structures from 2021 to 2024 reflecting shifts in geopolitical alliances and strategic economic decisions.

Firstly, Russia has become a dominating partner in energy. In 2021, Russia accounted for only 2% of the Indian oil imports, however by 2024 it has increased to 41% making Russia the dominating partner for crude oil. This is a rise due to the Russia Ukraine conflict and subsequently the western sanctions on Moscow. This ensured that Russia offered its Crude oil at extremely discounted prices to markets like India and China. India capitalized on these discounts to diversify their energy sources. From a realist point of view, it was within India's national interest in energy security. It reflected India's priority in economic stability rather than its alignment with the Western power. In addition, from the Balance of Power perspective, it allowed India to maintain autonomy and avoid its overreliance on Western suppliers.

Middle Eastern countries are another one of India's primary energy suppliers. In 2021, Iraq was India's primary oil supplier with imports of 24%, but declined to 20% in 2024. Similarly Saudi Arabia fell from 16% in 2021 to 11% in 2024. However, despite these declines, Middle East countries maintain an integral partner due to its geographical proximity and long-standing bilateral trade agreements. From the lens of a Comparative Advantage theory, Middle Eastern economies have natural advantages with very large oil and natural gas reserves and well-developed facilities that allow for smooth export processes, making them efficient in producing and selling energy resources to other countries. In addition, the Interdependence theory explains the sustained cooperation of India and Middle Eastern countries to fuel its economic growth where India relies on the Gulf oil, while the Middle East relies on India's large and stable market. This creates a dependency which fosters diplomatic stability and continued investment in energy trade infrastructure.

Lastly, the US shares of India's crude imports declined from 10% in 2021 to 4% in 2024 which reflects both India's diversification strategy and the US's own energy transition towards renewable energy sources. While this decline is not an indication of weakening ties, instead the India-US relations has shifted towards renewable energy collaboration through initiatives like QUAD Energy Working Group. Under the framework of liberal institutionalism, this partnership showcases how economic and technological cooperation among democracies can strengthen the trust and shared goals of the US and India outside of trade. The Complex Interdependence theory also supports this view emphasizing that the India-US relations spans across various dimensions like energy, technology and defense which builds a mutual reliance and reduces the likelihood of conflict.

India's evolving import structures showcase its progress towards strategic diversification, economic efficiency and national autonomy. Diversification towards Russia offers cost advantages and strategic leverage, however, the overdependence could contribute to geopolitical risks in the future. Maintaining ties with Middle Eastern producers and Western powers to ensure diplomatic trade ties without building interdependence on any nation, keeping national interests paramount and maintaining the status quo. The play of realist, liberal and interdependence theories showcase how India's energy policy is not only reactive to global events but also a calculated pursuit for energy security in a multipolar world.

6. CONTEMPORARY DEBATES

(Retained for contextual relevance: This section provides critical perspectives on India's strategic choices in energy policy and global governance.)

In a globalized world, where each country is becoming increasingly interconnected through the global economy, India's policy in foreign trade reflects a balance between maintaining sovereignty, sustainability and also ensuring strategic alignment. From its historical participation in the Bretton Woods institutions, to the present-day trade ties with the United States, Russia and China, and even its future economic journey mirrors the global tension between cooperation and control in the international economy. This section introduces contemporary debates which dwells into the question of how India is pursuing global growth, while also ensuring that national interest remains paramount.

Firstly, Raghavan (2019) dwells on the Bretton Woods conference of 1944 establishing a cooperative global economic order. India's participation in the Bretton Woods, before even gaining independence is cited as evidence of the institution's inclusivity showing that developing countries too were given a voice while shaping the post-conflict financial environment. The proposition argues that Bretton Woods offered countries like India a platform to present their developmental priorities, to build a collective effort towards global economic reconstruction and stability. However, there are critics that argue this idealistic narrative. They believe that the framework of the Bretton Woods institutions is eventually reflecting the dominance of the western powers like the United States and United Kingdom. India's demand regarding the multilateral settlement owed by Britain after the conflict was sidelined showing the imbalance of power, and the institutions need to preserve Western hegemony.

Following this a debate in the Business Day (Ojabello, 2024) revolves around the effectiveness of the Bretton Woods advice to foster a sense of development. The proposition argues that these institutions help countries to achieve sustainable development. Through financial assistance, policy guidance and technical support they aid the countries during times of crisis. Moreover, supporters believe that a single set of policies by the Bretton Woods is not enough to ensure development, but rather development is multifaceted, requiring good governance, strong institutions and policy adaption in national context. China and South Korea are countries that demonstrate the effective use of the Bretton Woods policies, when selectively applied to fit the national context to ensure recovery and modernization. However, critics argue that aid by these institutions often comes with stringent conditions like austerity measures, market liberalization and subsidy reduction. While they aid in stabilizing the economic situation immediately, they also cause social welfare loss like increased poverty and unemployment. Many of these policies are not tailored to the needs of each individual country, and do not address the political structures and corruption into account. Hence, these Bretton Woods institutions pursue global stability at the expense of national welfare.

The discussions of international financing systems are not limited to only the Bretton Woods, but also expand the impact of tariffs. Michel and Kedia (2025) discuss the impact of tariffs on inflation. Just as the Bretton Woods were created to bring stability to the economies, tariffs are a form of national economic control to protect domestic industries. The proposition argues that tariffs do not inherently cause inflation. Import prices do rise temporarily due to heightened tariffs, but it's a one-time increase rather than a pathway to inflation. Economists believe that inflation is caused due to a monetary phenomenon, and fiscal and monetary policies cause inflation. They believe that tariffs alone cannot drive inflation. Once the high prices are adjusted, inflation rates are reduced. However, on the other hand, critics believe that broader, sweeping tariffs can fuel inflation. When tariffs extend beyond a few commodities it can increase the overall cost of living and increase the Consumer Price Index. It reduces the real purchasing power of consumers, especially in low-income households. Hence, while it is meant as a protectionist tactic, but it disrupts economic stability.

Much like tariffs and inflation, India's energy policies also reflect the tensions between national autonomy and global growth. According to Priyadarshi (2025), India acts pragmatically within a multipolar world to balance its energy security against external political pressures. The proposition criticizes the narrative by United States officials like Peter Navarro who label India's actions as opportunistic or misaligned with Western agendas. This showcases the double standard where Western nations continue energy engagement for their self-interest, yet India is expected to compromise their security for Western powers. They argue that India should not subordinate its energy security to prioritize Western preferences. On the other hand, the critics argue that India's long-term development also depends on trade liberalization to align with global goals of climate action (Sutton & Ghosh, 2024). They argue that India-United States economic partnership and energy cooperation can become crucial for a cleaner and resilient global economy. They argue that India must liberalize its trade, attract foreign investment and enhance technological exchange to align India's energy policies to international standards to build a pathway for clean energy. Hence the debate showcases how India's decision of autonomy or trade liberalization will not only shape national growth but also international economic cooperations.

Surrounding India's energy policy, a question about strategic alignment also arises. In recent years, one of the most polarizing debates in India's energy policy is regarding the revival of the Russia-India-China Framework (RIC). The proposition articulates their thoughts and argue that the RIC alliance fits the India of Yevgeny Primakov's idea of a multipolar world, to counter the US hegemony (*Why The Russia-India-China Strategic Triangle Is No Longer a Fantasy*, *2025*). As Donald Trump has weaponized trade through sanctions and tariffs during his presidency, it accelerates the resurgence of the RIC framework. Supporters emphasize on the long-lasting RIC cooperation extending in sectors like health, agriculture and disaster management. Moreover, by choosing the RIC framework over US-India ties, it is a method of ensuring that India is not subordinated to US preferences, and is able to maintain its national autonomy in the international arena. However, critics argue that India's integration into China's industrial ecosystem also exposes it to the structural asymmetries in sectors of electronics and manufacturing (Mohan et al., 2025). While there are short term benefits from discounted Russian oil and defense imports, however, it overshadows the long-term dependency that limits India's leverage in technological and economic domains. Critics warn that the RIC framework emphasizes shared opposition to the West, but it does not support genuine interdependence. Ultimately, the RIC framework showcases the dilemma in India's contemporary strategy to counter the Western dominance through alternative alliances, but also ensuring strategic diversification to ensure autonomy in global markets.

As India continues to navigate the balance in autonomy and integration into global markets. A debate regarding the future of the India-US partnership arises as the proposition of this perspective frames the India-US link as a strategic choice (Priyadarshi, 2025a). They argue that the partnership will help to elevate India's status in the global innovation ecosystem. Hence, it is not only about trade, but also a symbol of India's foreign policy success and alignment with the democratic West. By embedding itself in the Western supply chain, India gains strategic and economic relevance in the world gaining its place on the world stage. However, critics argue that this optimistic overlook also provides domestic economic vulnerability for India. They argue that this liberalization is driven by politics rather than good economic planning and trade frameworks. Rushing into such partnerships without safeguarding domestic industries could lead to asymmetries in India's trade sector, leaving the economy exposed to shocks and dependency cycles.

In conclusion, these debates show the complexity of India's pursuit of maintaining autonomy while also growing in the international arena. From India's connection to the Bretton Woods historically, to the scrutiny in advice of the Bretton Woods even to this day, India has been seen struggling between the need for external aid while keeping national interest paramount. Economic policies like tariffs meant to protect domestic markets are in fact leading to rising rates of inequality in the Global South, and showing the hegemony of the Global North. India's alignment with the RIC framework and the United States both have its advantages, but the disadvantages cannot be ignored either. Hence, these debates collectively showcase how the Bretton Woods institutions and tariffs are making the path towards energy security for India even more challenging.

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