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**Myanmar's Political  
Crisis, Fuel Shortage, and Its  
Impact on India-Myanmar  
Relations**

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# Myanmar's Political Crisis, Fuel Shortage, and Its Impact on India-Myanmar Relations

## Abstract

*Myanmar is currently facing a challenging situation marked by disputed elections and significant fuel shortages, which are fundamentally altering its internal stability and its strategic relationship with India. Although, the military government has conducted controlled elections, the escalating economic crisis and changing geopolitical factors are prompting New Delhi to adjust its strategies for regional security and diplomacy.*

**Keywords:** Political Crisis, Middle East Instability, Fuel Crisis, Refugee Influx, Act East Policy, China's Geopolitical Influence, Regional Security

## Introduction: The Aftermath of Elections and Ongoing Political Crisis

Since the military coup in February 2021, that ousted the democratically elected government, Myanmar has been engulfed in ongoing civil conflict and has faced heightened international isolation. To legitimise their authority and create an illusion of democratic progress, the ruling military junta initiated a three-phase election process that concluded on 25 January 2026. These elections were tightly controlled and largely boycotted by major democratic opposition parties, including the National Unity Government (NUG), and was seen by the international community as a staged event.

Rather than achieving stability, the elections deepened national divisions. The military-affiliated Union Solidarity and Development Party (USDP), along with a few smaller parties, chose to collaborate with the junta, but this did little to restore legitimacy or end the ongoing armed resistance. The civilian population and the People's Defence Forces (PDFs) continued their widespread opposition. Ethnic armed organisations (EAOs) like the 'Three Brotherhood Alliance' launched significant offensives, challenging the military's control over territory. The loss of critical military posts, such as the regional headquarters in Laukkai, highlighted the diminishing power of the Tatmadaw (Banerjee, S. 2026).

Consequently, Myanmar has turned into a fragmented nation, with large regions, particularly along its borders, under the control of ethnic armed organisations, while the military junta maintains power in the central urban areas and the capital, Nay Pyi Taw. This persistent instability has resulted in a major humanitarian crisis, causing the internal displacement of thousands and a continuous influx of refugees heading to neighbouring countries for safety. The situation has further undermined public institutions, disrupted vital services, and placed

additional strain on neighbouring nations, especially India, to engage in coordinated security, humanitarian, and diplomatic responses.

### **The Recent Fuel Crisis and Its Socio-Economic Consequences**

Adding to the political unrest is an intense and unprecedented fuel crisis affecting Myanmar. Triggered by global supply challenges, instability in the Middle East, and severe economic difficulties domestically, the shortage of petrol and diesel has brought daily life and critical economic sectors to a halt. Further, the situation is worsened by the sharp depreciation of the Myanmar kyat, hence making it difficult for the financially constrained junta to import sufficient fuel. Dwindling reserves, transportation systems, power generation, and industrial operations have caused significant disruptions; it have heightened public dissatisfaction and worsened the difficulties experienced by ordinary people, already grappling with conflict, inflation, and unreliable access to essential goods and services.

### **The Socio-Economic Impacts of This Crisis are Profound and Complex**

- ***Disruption in Agriculture and Daily Life.*** The fuel shortage has significantly affected Myanmar's agricultural core, especially in the crucial rice-producing Delta region. Farmers are struggling to operate machinery reliant on fuel, thus disrupting planting and harvesting schedules and jeopardising food security. In cities like Yangon and Mandalay, residents and drivers are facing severe inconveniences and often waiting for hours in line for rationed fuel (CNA, 2026).
- ***Economic Stagnation and Inflation.*** Lack of fuel has led to soaring transportation costs, resulting in crippling hyperinflation. Supply chains have been disrupted, making it difficult to obtain essential goods and medicines. Many small businesses have had to shut down, and foreign investment continues to decline, further isolating an already fragile economy (Bhatia, R. 2026).
- ***Emergence of the Black Market.*** The fuel shortage has fuelled the growth of a substantial black market for fuel, with prices soaring to levels beyond the reach of average citizens. Reports suggest that fuel often enters the informal market through the resale of subsidized allocations or diversions from official quotas.
- ***Operational Effects on Conflict.*** The fuel crisis has significantly affected the different factions in civil war. The Myanmar military heavily depends on jet fuel and keeps strategic reserves, while resistance groups struggle with logistics and smuggling operations. Heightened controls along the Thai border and in nearby regions have made

it extremely challenging for anti-junta forces to obtain reliable energy supplies necessary for their activities (CAN, 2026).

### **Developing Relationships and Strategic Significance for India**

Myanmar plays a vital role in India's foreign policy, acting as a crucial bridge between South Asia and Southeast Asia as part of New Delhi's "Act East Policy". With a shared land border of over 1,600 kilometres and substantial maritime zones in the Bay of Bengal, Myanmar's stability is essential for India's internal security and regional economic goals. This evolving relationship is shaped by a complex "two-track" approach, wherein India provides moral and political backing to democratic movements while also engaging pragmatically with the military government to protect its national interests (Bhatia, R. 2026).

- ***Border Security and Insurgency Issues.*** The porous, rugged border between Myanmar and India's northeastern states—especially Manipur and Mizoram—has historically been a haven for Indian insurgent groups. India has worked alongside the Myanmar military, in joint operations like Operation Sunrise, to dismantle militant bases within Myanmar. However, the instability following the election and coup has complicated this relationship. In the Sagaing Division, which is adjacent to India, the Myanmar military has sometimes enlisted Indian insurgent groups to fight against the resistance offered by the People's Defence Forces (PDFs), placing India in a precarious strategic situation. While India has previously distanced itself from some insurgent groups to secure cooperation from the Myanmar military, rise in violence and the success of ethnic armies have led New Delhi to be cautious about completely alienating these local ethnic factions (Vasisht, C. 2024).
- ***Refugee Crisis and Ethnic Impacts.*** The intensifying violence and humanitarian crisis in Myanmar have caused a surge in refugees entering India, thus putting local resources under pressure. Estimates indicate that tens of thousands of displaced Myanmar citizens, mainly from the Chin ethnic group, have sought asylum in Mizoram and Manipur. Moreover, numerous Myanmar military personnel have crossed into India seeking temporary refuge following rebel assaults (Vasisht, C. 2024).

This displacement has led to intricate socio-political issues for India. In Mizoram, the cultural and ethnic ties with the Chin refugees creates significant political and social challenges for New Delhi when it comes to their forced repatriation. Conversely, the arrival of these refugees has intensified ethnic tensions in Manipur, therefore leading to lasting demographic and social unrest (Vasisht, C. 2024).

- **Infrastructure and Connectivity Initiatives.** Myanmar serves as India's geographical entry point to Southeast Asia, making bilateral infrastructure initiatives crucial for India's economic integration with the Association of Southeast Asian Nations (ASEAN). Prominent projects like the Kaladan Multi-Modal Transit Transport Project and the India-Myanmar-Thailand Trilateral Highway are essential to this plan. Their aim is to link the landlocked northeastern states to maritime routes, thereby lowering logistics expenses and enhancing regional trade.

However, the ongoing conflict and civil unrest have significantly hindered the progress and implementation of these initiatives. Security risks, the collapse of civil governance, and territorial control by resistance groups in the areas where the projects are located have rendered construction and maintenance highly perilous.

- **Security Risks: Drug Trafficking and Cyber Crimes.** The turmoil in Myanmar has led to areas lacking governance that transnational criminal organisations have taken advantage of. The border regions have become major centres for illegal drug production (such as methamphetamine and heroin) and human trafficking.

In addition, scam operations have set up in the remote border areas of Myanmar. These cyber-crime hubs often trap foreign nationals, including many Indians, who are compelled to work in conditions akin to slavery to perpetrate financial fraud. India has had to organise rescue missions for its citizens from these border areas, highlighting the direct national security risks stemming from Myanmar's internal crisis.

### Addressing China's Geopolitical Influence

A significant strategic issue for India is the increasing geopolitical influence of China in Myanmar. With a long border between them, China sees Myanmar as an essential part of its Belt and Road Initiative (BRI). Historically, Beijing has maintained robust relationships with both the military junta and various ethnic armed groups along its border with Myanmar.

China's growing investments in Myanmar's infrastructure—including deep-water ports, oil and gas pipelines, and special economic zones—offer Beijing direct access to the Indian Ocean, enabling it to circumvent the congested Strait of Malacca. Additionally, there are worries about China's intelligence and electronic surveillance capabilities in areas like the Cocos Islands and the Tenasserim coastline. For India, it is crucial to prevent Myanmar from becoming overly reliant on China to safeguard its maritime interests in the Bay of Bengal.

## **India's Strategic Balancing with Myanmar**

Navigating the current crisis involves a careful balancing of India's democratic values and its immediate geopolitical priorities. Despite the international community often urging India to use its democratic status to influence the military junta, New Delhi has taken a more pragmatic route. India's leadership recognises that a hardline approach could further drive Nay Pyi Taw into China's orbit. At the same time, India must account for the fact that authority inside Myanmar is increasingly dispersed among the junta, ethnic armed organisations, and local resistance networks, making a narrowly state-to-state policy insufficient for protecting long-term Indian interests.

Additionally, India has opted for quiet diplomacy, promoting a return to democratic governance and stability through ASEAN-led initiatives rather than imposing strict economic sanctions. It has continued development assistance programs and capacity-building efforts, including supplying military equipment—such as the refurbished Kilo-class submarine, INS Sindhuvir, to the Myanmar Navy in 2020—to enhance defence collaboration and interoperability (Lamkang, L.V. 2025). This approach helps India preserve leverage, sustain dialogue with multiple centres of influence, and protect connectivity projects that remain central to the Act East vision, even under highly uncertain political conditions.

Given the unpredictable aftermath of the elections and the persistent fuel and economic crisis, India cannot afford to take a passive stance. To protect its interests, New Delhi must continually adjust its border management strategies, which includes re-evaluating the Free Movement Regime (FMR) and establishing smart fencing systems along the India-Myanmar border. This approach is intended to mitigate the influx of illegal drugs, insurgents, and undocumented migrants, while also preserving essential trade and cultural ties. A thoughtfully regulated system that incorporates controlled mobility, biometric checks, and specific surveillance might be more effective than a solely restrictive approach, especially in areas with strong kinship ties and informal trade networks. Excessive security measures could alienate border communities in Mizoram, Manipur, Nagaland, and Arunachal Pradesh, disrupt local collaboration, and complicate humanitarian responses during refugee surges. Therefore, India's long-term success will hinge on balancing enforcement with dialogue, relief initiatives, and ongoing diplomatic efforts amidst Myanmar's complex political landscape.

## **Conclusion**

Myanmar is currently experiencing a chaotic political environment following elections, alongside an energy crisis that intensifies the difficulties its citizens face and further complicates

the ongoing civil conflicts. For India, maintaining a stable, independent, and amicable Myanmar is crucial not just for foreign relations but also for its security. The relationship between India and Myanmar will require a nuanced approach that balances security along its northeastern borders against insurgencies and illegal activities, safeguarding key regional infrastructure projects, and countering China's strategic moves in the Bay of Bengal, all while being attentive to human rights and democratic developments in Myanmar. As Myanmar confronts these systemic issues, India's carefully considered strategy will be essential for enhancing the geopolitical stability of South and Southeast Asia. In the future, New Delhi must adopt a more conflict-sensitive and adaptable approach—one that integrates robust border management with humanitarian readiness, improved collaboration with neighbouring states, and continuous engagement with various stakeholders in Myanmar. This strategy is vital not only for managing refugee movements and transnational crime but also for protecting India's connectivity goals and regional influence. Ultimately, India's effectiveness will hinge on its ability to secure its borders while fostering trust, maintaining strategic access, and ensuring diplomatic flexibility in a progressively fragmented region.

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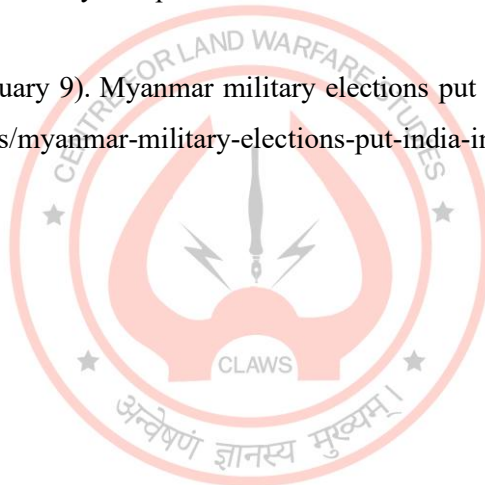
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