



## INDIA'S SHIFTING CRUDE OIL SUPPLY TRENDS - ECONOMY

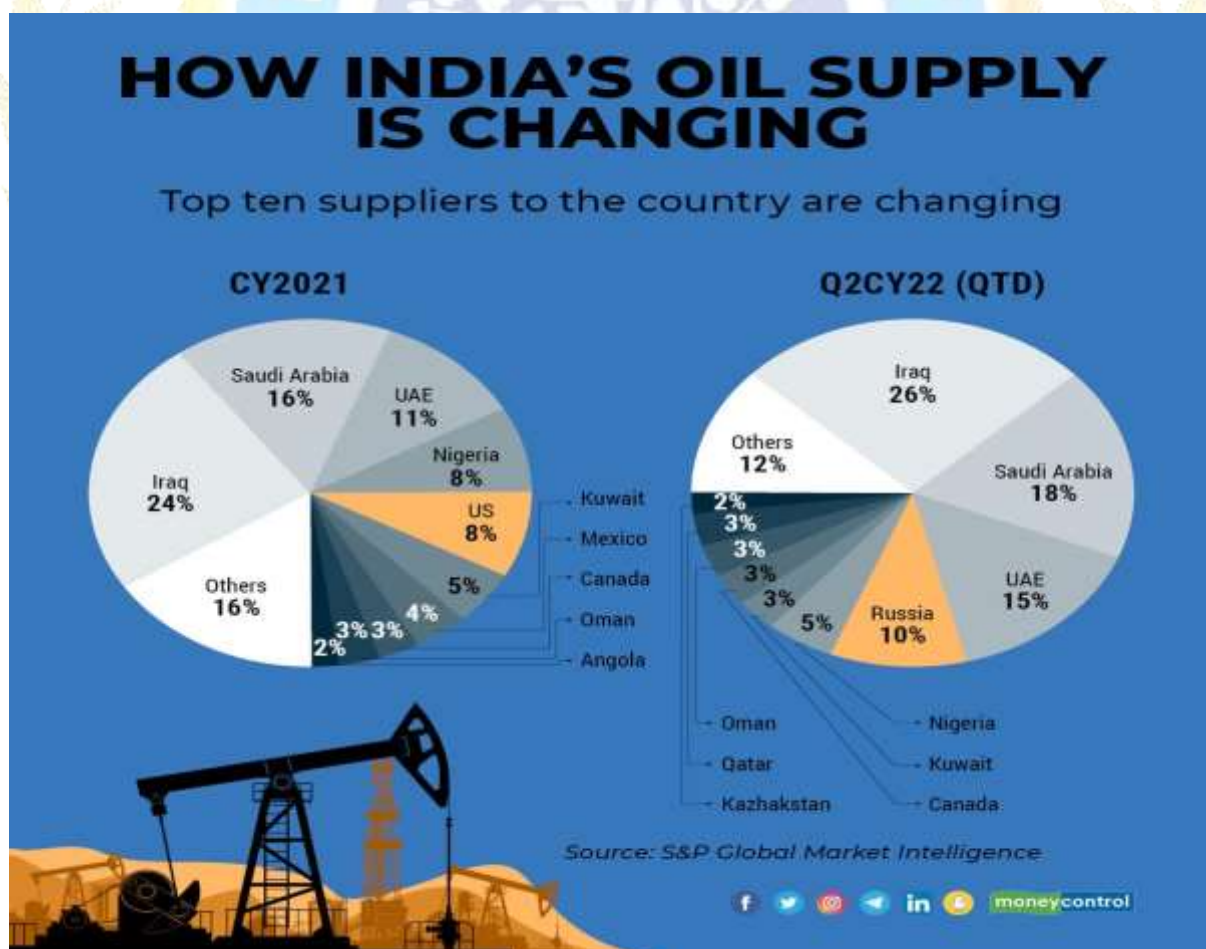
**NEWS:** India's crude oil imports from the Middle East are facing stiff competition from Russia and other emerging suppliers.

### WHAT'S IN THE NEWS?

- Diversification of the import basket is expected to reduce the share of Middle Eastern crude by a few percentage points.
- Despite diversification, India's crude imports will predominantly remain medium grades with a high share of sour crude.

### India's Oil Demand Growth: A Key Driver

- India's oil demand growth rate has overtaken China's, positioning the country as one of the world's fastest-growing oil consumption centers.
- S&P Global forecasts India's oil demand growth to remain strong, with an estimated 3.2% increase in 2025 compared to China's 1.7%.
- Growth is driven by expanding refining capacity, industrial activities, and increased petrochemical feedstock requirements.





## Rising Imports from Russia

- Russia emerged as India's top crude supplier, accounting for 1.7 million barrels per day (mb/d) from January to September 2024, representing over 40% of India's total imports.
- Competitive pricing and significant discounts on Russian oil have made it the preferred choice for Indian refiners.
- Iraq remains the second-largest supplier (940,000 b/d), followed by Saudi Arabia (623,000 b/d).

## Crude Diversification Efforts

- Indian refiners and policymakers are intensifying efforts to diversify the crude supply chain to reduce dependency on specific regions.
- Recent diplomatic engagements, such as Prime Minister Narendra Modi's visit to Guyana, aim to secure long-term crude oil contracts with emerging suppliers in South America.
- Africa and Latin America are also being explored as alternative sources of crude oil.
- The growth in absolute crude volumes from these regions depends on global market dynamics.

## Emerging Suppliers

- The UAE and the US have gained importance as suppliers, contributing 423,000 b/d and 215,000 b/d, respectively, between January and September 2024.
- Guyana, a relatively new oil-producing nation, is being actively considered for long-term contracts, signaling India's strategic move toward non-traditional suppliers.

## India's Refining Capacity Expansion

- India's expanding refining capacity is a critical factor in its growing crude oil demand.
- Refiners are accelerating expansion plans to meet the country's rising energy needs and to ensure a resilient and diversified import supply chain.
- The government and industry stakeholders are working to secure stable supply agreements with a mix of traditional and emerging suppliers.

## Focus on Affordable Crude

- India continues to prioritize importing oil from the cheapest available sources to manage costs amid rising demand.
- Russian oil, offered at discounted rates, remains a significant part of India's import strategy.

## Regional Oil Demand Dynamics

- India is projected to be a leading driver of oil demand growth in South Asia, alongside Southeast Asia.
- Data for the first 10 months of 2024 highlights India's year-over-year oil demand growth at 3.2% (180,000 b/d), compared to China's 0.9% (148,000 b/d).

## Key Crude Import Figures (January-September 2024)



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- **Russia:** 1.7 mb/d (40%+ of total imports)
- **Iraq:** 940,000 b/d
- **Saudi Arabia:** 623,000 b/d
- **UAE:** 423,000 b/d
- **US:** 215,000 b/d

## Future Outlook

- India's strategic focus on diversifying its crude oil supply and increasing its refining capacity positions it as a significant player in the global oil market.
- Continued diplomatic efforts and partnerships with emerging suppliers in Africa and Latin America are expected to strengthen India's energy security.
- The country's reliance on discounted Russian oil is likely to persist, given its cost-effectiveness amidst high demand growth.

**Source:** <https://www.thehindubusinessline.com/markets/commodities/india-diversifies-oil-imports-secures-long-term-guyana-deals-amid-rising-demand/article69032760.ece>

