

Jahnavi Prabhakar Economist

India's crude import-story so far

Russia meets a large portion of India's ever growing demand for crude oil. It remains one of the biggest suppliers and in Q1FY24. Its share in total imports has risen remarkably. Back in Q1FY23, against the backdrop of the Russia-Ukraine conflict, India was able to access crude oil at much discounted rates from Russia. Interestingly, this year in Q1FY24 while India continues to imports crude oil at discounted rate from Russia compared with other countries; the premium has actually gone down relative to last year.

Import of Crude in the Q1FY24 vis-à-vis Q1FY23

Across the globe, India remains one of the top importers of crude oil due to high demand. In Q1FY23, India had imported over US\$ 10.8bn worth of crude oil from Iraq, much higher compared to other countries. It was during this time the Russia-Ukraine conflict was on the rise and only US\$ 4.6bn of crude oil was imported from Russia. In comparison to Q1FY23, the picture has turned completely in Q1FY24 where Russia became the most important source for import of crude oil. The figure stand at US\$ 12.4bn which is a sharp jump (3-times) from the same period last year.

Figure 1: India's imports across Regions

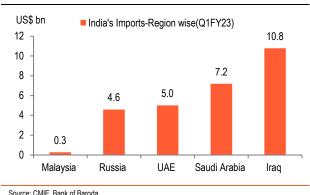
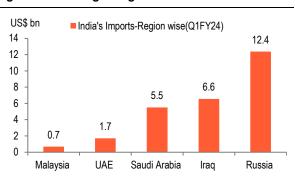


Figure 2: Russia gaining momentum



Source: CMIE, Bank of Baroda

With respect to cost, the average price of international crude in Q1FY23 stood at US\$ 112/bbl.

Amongst other countries, Malaysia was providing crude oil to India at US\$131/bbl against the price of US\$ 99/bbl charged by Russia (Figure 3). This price is not only cheaper than other countries but far lower than the international crude oil price too. On the other hand, in Q1FY24, the average price of international crude oil stands at US\$ 77.7/bbl. During this period, UAE and Saudi Arabia has been able provide crude oil at much higher rates of US\$ 86/bbl and US\$ 85/bbl respectively. Notably, Russia has been providing crude oil at a much discounted rates than its global counterparts at US\$ 69/bbl.

Figure 3: Cost of Crude oil price

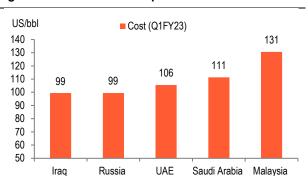
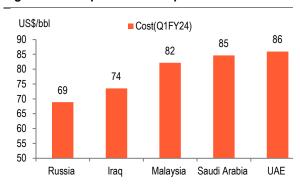


Figure 4: Price paid for crude price in Q1FY24



Source: CMIE, Bank of Baroda Source: CMIE, Bank of Baroda

It is also interesting to note that in Q1FY23, the premium rate (difference between average international crude price and that charged by Russia), for crude oil per barrel was at US\$ 12.6 (Table 1). On the other hand, this premium amount has fallen down to US\$ 8.8/bbl in Q1FY24, widening the gap between the two prices.

Table 1: Premium has gone down in Q1FY24

	Avg International Crude (US\$/bbl)	Russia (US\$/bbl)
Q1FY23	112	99.4
Q1FY24	77.7	68.9
	Premium in Q1FY23	12.6
	Premium in Q1FY24	8.8

Source: CMIE, Bank of Baroda

Disclaimer

The views expressed in this research note are personal views of the author(s) and do not necessarily reflect the views of Bank of Baroda. Nothing contained in this publication shall constitute or be deemed to constitute an offer to sell/ purchase or as an invitation or solicitation to do so for any securities of any entity. Bank of Baroda and/ or its Affiliates and its subsidiaries make no representation as to the accuracy; completeness or reliability of any information contained herein or otherwise provided and hereby disclaim any liability with regard to the same. Bank of Baroda Group or its officers, employees, personnel, directors may be associated in a commercial or personal capacity or may have a commercial interest including as proprietary traders in or with the securities and/ or companies or issues or matters as contained in this publication and such commercial capacity or interest whether or not differing with or conflicting with this publication, shall not make or render Bank of Baroda Group liable in any manner whatsoever & Bank of Baroda Group or any of its officers, employees, personnel, directors shall not be liable for any loss, damage, liability whatsoever for any direct or indirect loss arising from the use or access of any information that may be displayed in this publication from time to time.

Visit us at www.bankofbaroda.com











For further details about this publication, please contact:

Economics Research Department Bank of Baroda chief.economist@bankofbaroda.com