

India's crude import-Growing phase

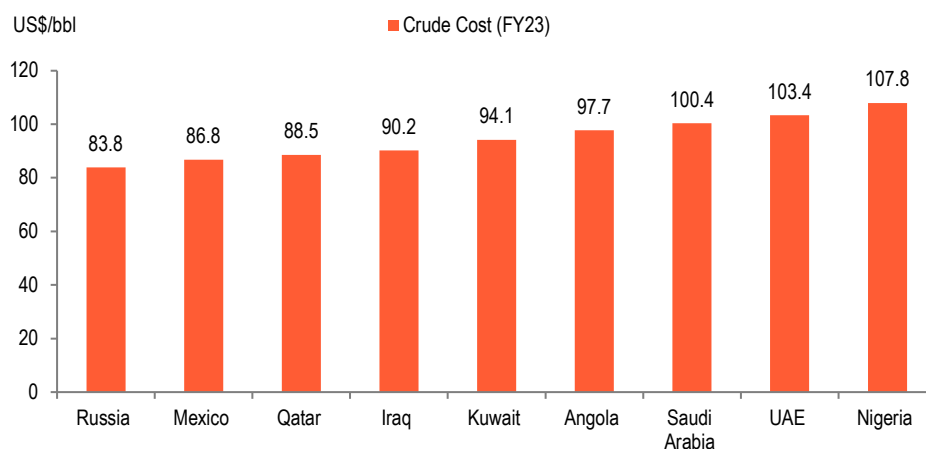
India is amongst top 5 importers of crude oil across the globe. Over 85% of India's demand for oil is met through imports on the back of the demand surge. India's import of crude oil has grown to 237mn tonne with Russia becoming one of biggest suppliers of the same in FY23. Share of Russia had grown to more than 20% in FY23 and as of FYTD'24 (Apr-May'23), it commands a share of around 39%. The Russia-Ukraine conflict resulted in easier availability of oil from Russia at a discounted price when compared with other countries or even international crude price. This note takes a look at the volume and price of crude oil in the span of 2-years.

Import of Crude in the last 2-years

India relies on other countries to meet up its ever growing demand of crude and related products. The dependency on oil imports for domestic consumption as a result has been an uphill. On a volume basis, back in FY22, India's imported a total of 220mn tonnes of crude oil from the globe, with Russia having a meagre share of 2% for the year. On the other hand, India has imported a total of 237mn tonnes in FY23 and Russia's share has grown remarkably by over ten times to double digit level of 21.5%.

In terms of cost, Fig 1, highlights the price paid for 1 barrel of crude oil in US\$ from different countries in FY23. Russia was charging US\$ 84/bbl, while Nigeria was charging US\$ 108/bbl. The average international crude price for this period was at US\$ 95.1/bbl. With the beginning of the Russia-Ukraine conflict, the geo-political climate changed across the globe. It also brought to the fore the changing dynamics of the supply and demand pertaining to crude oil with certain countries imposing sanctions. Given this backdrop, Russia has turned out to be one of the largest supplier of oil to India by supplying oil at a much discounted price and even boosting profits for Indian firms.

Fig 1: Price paid for Crude across Countries in FY23

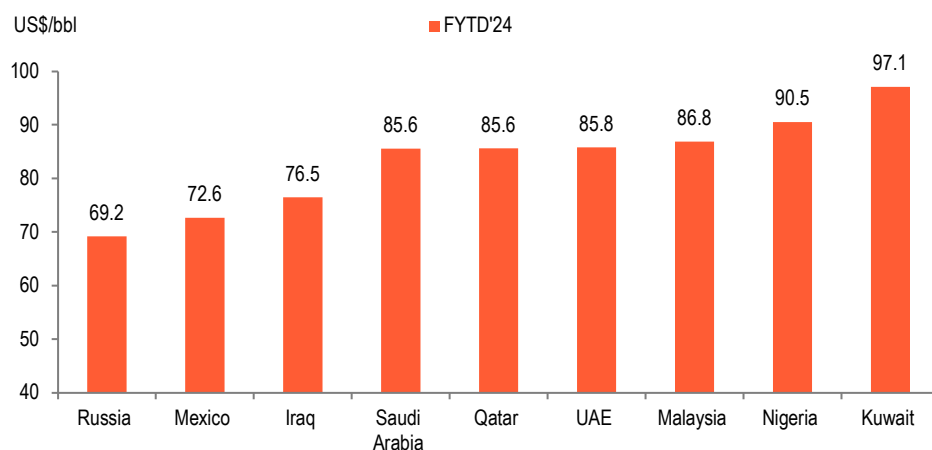


Source: CMIE, Bank of Baroda

How are things faring now in FY24?

In FYTD'24 (Apr-May'23), India has imported total of 44 mn tonnes of crude oil from across the globe. Of this, Russia has a share of 38.6% in the total pie. On price front (Fig2), for FYTD'24 average price of crude per barrel charged by Russia was at US\$ 69.2 compared with US\$ 97.1 charged by Kuwait. The average crude oil price for FYTD'24 stands at around US\$ 79.5/bbl. Russia continues to be a much cheaper alternative to meet India's growing demand.

Fig 2: Price of crude from different countries for FYTD'24



Source: CMIE, Bank of Baroda

Recently, when compared with Mar'23 India's imports has edged up by 0.1 mn tonne to 7.9mn tonne in Apr'23 and in May'23 it has accelerated further to 8.9mn tonne. Price wise, India had to pay US\$ 68.2/bbl in Apr'23 (70.2/bbl in Mar'23) and US\$ 70.2/bbl in May'23 when it bought crude from Russia. International price of crude for Apr'23 was US\$ 83.4/bbl against US\$ 75.7/bbl for May'23. In all, the ever growing demand of crude oil has been covered through discounted price from Russia.

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