

Is India Inc reducing its import dependence or not?

The centre-point of discussion surrounding the West Asia crisis has been the cost push factor. From oils to metals, the rising input cost is a cause of concern especially for industries which are highly import intensive in nature. Here we have used the imports to net sales ratio of sample of 1,372 companies (excl. banks and financial companies) across sectors, to see which sectors might be vulnerable on account of increase in oil and metal prices. The study shows that:

1. *India Inc's import to net sales ratio has broadly remained flat.*
2. *Over the years, imports to net sales ratio of certain sectors such as chemicals, consumer durables, electricals and capital goods have come off, which is a relief especially under the current scenario.*
3. *For others such as Industrial gases and fuels, non-ferrous metals and crude oil, it is elevated on account of their nature and input-output dynamics.*
4. *Import intensity of India Inc is concentrated in certain sectors and companies, and it is not broad based. Hence any disruption from global supply shock will also not be extensive and can be controlled with sector specific policies in place.*

Oil to metals: Input-output dynamics to be affected

The first-order impact of current West Asia crisis has been on international crude oil price. Since 27 Feb 2026, international crude prices have risen by 31.1% (till 4th Jun). Further upside risk persists based on the length of the war. The second-order impact is also felt on metal prices, albeit at a much softer pace till date on account of muted global demand. Going forward, we expect the ripple effect from oil to metal to continue as major industries use crude oil as an intermediate input. The input-output matrix hence is going to be impacted adversely, unless crude prices are kept in check.

Table 1: Crude oil price rose sharply since the start of the West Asia crisis (27-Feb 2026)

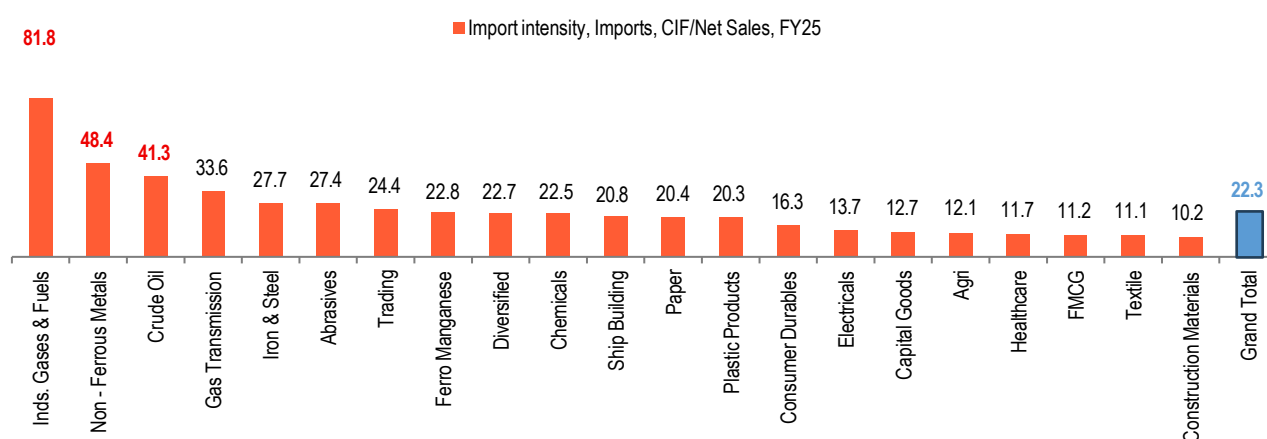
Commodities	Point on point change since 27 Feb'26 till date*, %
Brent	31.1
Aluminium	16.8
Zinc	8.1
Nickel	4.7
Copper	4.4
Lead	2.8
Gold	-15.2
Silver	-16.3
Palladium	-26.7

Source: Bloomberg, Bank of Baroda Research, Note: * Data as of 4th Jun 2026, Spot and 3-month rolling forward used interchangeably for different commodities based on the availability of the series

Against this backdrop, it is essential to keep a watchlist on those industries which are heavily reliant on imported inputs. The import intensity of India Inc is calculated from the Balance sheet and P&L statement. The ratio of imports, CIF (Cost, Insurance and Freight) to net sales is taken as a proxy for import intensity of output. A sample size of 1,372 companies (excl. Banks and Financial companies) has been considered across different industries.

The latest available data as of FY25 shows that for sectors such as industrial gases and fuels, non-ferrous metals and crude oil, the import to net sales ratio is above 50%. For industrial gases and fuels, the main input-output is storage and re-gasifying LNG. Hence the ratio of import to net sales is significantly higher at 81.8%. Within non-ferrous metals, compared to aluminum products, the import intensity of other metals is much higher. For Aluminum and products, the imports to net sales ratio is at 5.6% whereas for other metals, it is much higher at 53.9%, thus taking the overall ratio for non-ferrous metals much higher. Withing crude oil, the higher imports to net sales ratio is driven by petrochemicals at 64% and refineries at 43.8%. For gas transmission as well, the ratio is higher at 33.6%. Other capital-intensive sectors such as iron and steel and ferro manganese also have a higher import intensity, above 20%. For Chemicals, the import intensity for carbon black (at 35.6%), fertilisers (at 30.2%), pesticides and agrochemicals (at 27.1%) are higher compared to other chemicals and paints and dyes. Consumer durables have a moderate ratio of 16.3%, on account of higher import to net sales ratio of electronics at 32.7%, IT hardware at 27.5%, watches and accessories at 26.5%. For domestic appliances it is much lower at 8.5%. One thing is to be mentioned here that the import intensity is concentrated in a few companies and not broad-based across sectors. Also, for Agri, the ratio is much lower at 12.1%, thus domestic prices are likely to be insulated from any fluctuation in global prices.

Fig 1: Imports to net sales ratio (excl. banks and Financial Institutions) of different sectors



Source: Ace Equity, Bank of Baroda Research

Other sectors to watch out:

Table 2 gives a brief snapshot of sectors where imports growth in FY25 compared to FY24 outpaced the growth in net sales. For sectors such as Capital goods, infra and automobiles, the growth in imports is at a far higher pace. For sectors such as automobiles and non-ferrous metals, the net sales growth is lower compared to the pace of growth in imports. This is on account of the inherent nature of the industry. However, in the current scenario, these sectors might be susceptible to volatility in global commodity prices and pressure on currency.

Table 2: Sectors where imports growth rate in FY25 compared to FY24 far outpaced growth in net sales

Sector	Net sales growth rate, FY25/FY24	Imports growth, FY25/FY24
Electricals	Robust growth	Robust growth
Capital Goods	Far higher than aggregate	Far higher than aggregate
Infrastructure	Tad better than aggregate	Far higher than aggregate
Automobile & Ancillaries	Moderate pace	Far higher than aggregate
Non - Ferrous Metals	Far lower than aggregate (negative growth)	Far higher than aggregate

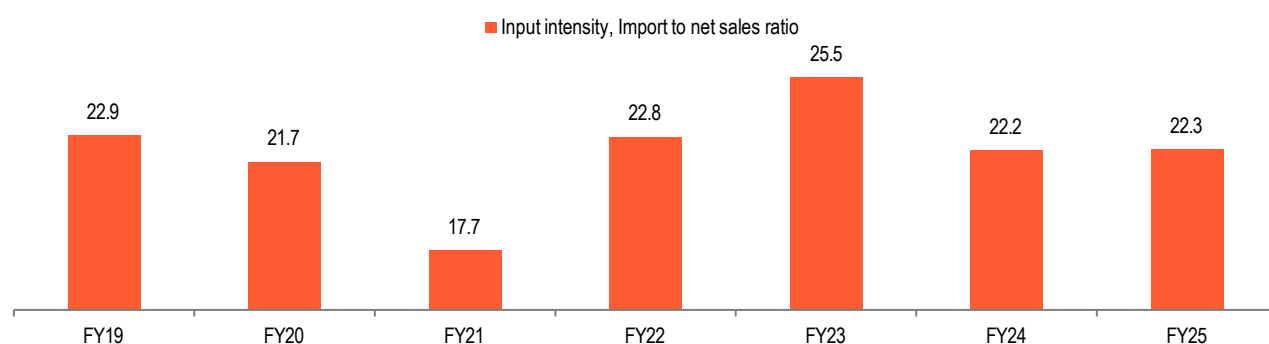
Source: Ace Equity, Bank of Baroda Research, Aggregate stands for total of all companies

Did some sectors reduce import dependency or not: What comparison with past data says?

Over the years, Indian economy has seen policy initiative targeted at building resilient supply chains and reducing import dependency. There has been concerted approach towards import substitution in critical sectors, pairing it with an export-oriented approach. Focus on building domestic capabilities through Make in India, Biopharma SHAKTI, the launch of India Semiconductor Mission 2.0, expansion of the Electronics Components Manufacturing Scheme, development of Rare Earth Corridors and establishment of Chemical Parks, all were targeted towards improving competitiveness. So, did policy initiatives got reflected in the numbers?

Fig. 2 says that the import dependency of India Inc has remained rangebound remaining on an average at ~22.2% since FY19. The outliers have been FY21, bearing the Covid-19 effect. In FY23, the sudden jump in the imports is in line with pickup in net sales. Post FY23, again the ratio normalised. The headline number, however, does not show us the full picture. For this, let's have a closer look at the sectoral position.

Fig 2: How has input intensity of India Inc fared over the years



Source: Ace Equity, Bank of Baroda Research

Sector wise picture over the years:

India Inc's import intensity has decelerated for certain sectors where the concentration of imported inputs is significant. We have chosen the comparison period from FY19-assuming it to be a normal year before Covid and a year where some of the government policy measures have already been rolled out. For industrial gases and fuels, the imports to net sales ratio have reduced from 85% in FY19 to 81% in FY25. Company transcripts over the years indicate further attempt towards diversification and improving domestic storage capacity. For Gas transmission, the ratio has fallen slightly to 33.6% in FY25 from 34.6% in FY19. It is to be remembered that these sectors face the risk of increased gas cost, depreciating currency and falling polymer prices (muted demand). For Iron and steel as well, the ratio has come off to 27.7% from 28.3% in FY19. Here also several policy initiatives were at play such as the Implementation of Domestically Manufactured Iron & Steel Products (DMI&SP), Policy for promoting 'Made in India' steel, launch of Production Linked Incentive (PLI) Scheme for Specialty Steel, introduction of Steel Quality Control Order and Anti-Dumping Duty (ADD) duty to protect domestic manufacturers.

Other sectors where significant reduction in import intensity was visible were Ferro manganese where the ratio went down to 22.8% in FY25 from 27.1%. For Chemicals as well, the ratio went down to 22.5% from 27.5% in FY19. Within chemicals, major reduction happened for Carbon black (from import to net sales ratio of 55% in FY19, it went down to 35.6% in FY25). For electricals as well, the import to net sales ratio have gone down significantly from 22.7% in FY19 to 13.7% in FY25. Within electricals, the import intensity of cable has gone down to 12.5% from 21.8% in FY19. For electronic components as well, it has gone down substantially from 31.5% to 25.8% in FY25. For consumer durables as well, the ratio has come off to 16.3% from 18.2%,

on account of fall in the import to net sales ratio of domestic appliances while for electronics, IT hardware and watches, the import intensity is higher.

For non-ferrous metals, the import intensity has risen from 35.5% in FY19 to 48.4% in FY25. This is on account of increase in import intensity of other metals from 39.1% to 53.9%. For aluminium, however, the import intensity has fallen to 5.6% in FY25 from 6.9% in FY19. For crude oil as well, the import intensity has risen, due to higher import intensity of petrochemical industry.

Table 3: Import to Net sales ratio of major import intensive sectors showing moderation

Imports/Net sales	FY19	FY25
Inds. Gases & Fuels	85.2	81.8
Non - Ferrous Metals	35.5	48.4
Crude Oil	39.0	41.3
Gas Transmission	34.6	33.6
Iron & Steel	28.3	27.7
Abrasives	26.8	27.4
Trading	36.3	24.4
Ferro Manganese	27.1	22.8
Diversified	22.6	22.7
Chemicals	27.5	22.5
Ship Building	27.8	20.8
Paper	21.0	20.4
Plastic Products	31.4	20.3
Consumer Durables	18.2	16.3
Electricals	22.7	13.7
Capital Goods	15.1	12.7
Agri	8.0	12.1
Healthcare	14.5	11.7
FMCG	6.6	11.2
Grand Total	22.9	22.3

Source: Ace Equity, Bank of Baroda Research

To sum up:

1. **Risk is not broad based:** Import intensity of India Inc is not broad based and is concentrated in certain sectors. This is on account of the nature of industry. For example, in case of industrial gases and fuels, the main input-output is storage and re-gasifying LNG. For crude oil as well, the imports to net sales ratio will be higher as the sector consists of refineries, petrochemicals etc. directly linked to movement of international crude oil price. For non-ferrous metals, albeit a higher import intensity, what is comforting is that aluminum product has a much lower import intensity. It is to be mentioned that aluminum goes into intermediate inputs for many industries such as transportation, electrical and power and packaging. Not only do we find skewness in import intensity of industries, but also across companies. Thus, on account of volatility in oil and other commodity prices, the risk will not be broad-based and can be regulated with sector-level policies.
2. **Consumer oriented sectors are insulated:** Another thing reflected from the note is that the import intensity of consumer-oriented sectors such as consumer durables, especially domestic appliances, is much lower. Only risks within consumer-oriented sectors arise from electronics, IT hardware, watches and accessories where the import intensity is higher. Hence the impact on these sectors due

to global supply chain disruption and the extent of pass-through to domestic consumers should be watched with caution.

3. **Sector-specific dependency is reducing:** One optimistic thing is that India is slowly moving towards self-reliance with proper policy measures redirected towards the same. Though the headline imports to net sales ratio is flat, yet sector specific ratio has fallen especially where import dependency is higher. Significant reduction in imports to net sales ratio was visible for chemicals, especially for carbon black, in which the import intensity used to be significantly higher. It is to be mentioned that carbon black is used as an intermediate input for major industries such as tire and rubber manufacturing, plastics, electronics and batteries. Thus, the positive impact might be felt across all these industries in the near term. Even for cables and electronic components as well, a significant reduction in import to net sales ratio is visible, signifying that India is slowly moving towards calibrated reduction in import dependence. Besides, in an environment where global commodity prices face upside risk, input costs are bound to increase. Hence this policy of slowly reducing import dependence of India Inc, will be sanguine against any abrupt global supply shock on domestic output.
4. **Sectors to be watched:** Some sectors are still heavily reliant on imports such as Industrial Gases & Fuels, Non - Ferrous Metals, Crude Oil and Gas Transmission, due to the very nature of the industry. Under the current scenario, these industries need to be watched with caution, especially their input-output matrix and the pass-through to other sectors.

Appendix:

Table 1. Sector-wise profile

Sectors	Count	Net Sales, FY25, Rs crore	Imports - CIF Value, FY25, Rs crore	Imports/Net sales
Abrasives	3	5,721	1,569	27.4
Agri	53	77,993	9,437	12.1
Alcohol	11	69,058	2,529	3.7
Automobile & Ancillaries	136	8,40,901	65,075	7.7
Aviation	3	81,351	13	0.0
Business Services	19	39,721	918	2.3
Capital Goods	126	2,01,359	25,644	12.7
Chemicals	130	3,18,341	71,745	22.5
Construction Materials	54	98,419	10,005	10.2
Consumer Durables	19	49,405	8,051	16.3
Crude Oil	20	26,95,786	11,12,676	41.3
Diamond & Jewellery	9	62,436	2,987	4.8
Diversified	10	55,873	12,690	22.7
Education & Training	1	289	-	-
Electricals	24	30,352	4,160	13.7
Ferro Manganese	3	5,996	1,369	22.8
FMCG	78	3,33,243	37,251	11.2
Gas Transmission	4	1,62,841	54,733	33.6
Healthcare	101	2,42,631	28,389	11.7
Hospitality	27	11,827	70	0.6
Inds. Gases & Fuels	3	53,438	43,688	81.8
Infrastructure	22	2,49,084	1,504	0.6
Iron & Steel	51	5,80,649	1,60,664	27.7

Sectors	Count	Net Sales, FY25, Rs crore	Imports - CIF Value, FY25, Rs crore	Imports/Net sales
IT	82	6,31,788	1,620	0.3
Logistics	16	41,222	320	0.8
Media & Entertainment	25	31,452	419	1.3
Mining	7	29,145	167	0.6
Miscellaneous	2	483	40	8.3
Non - Ferrous Metals	21	1,72,945	83,655	48.4
Paper	26	28,330	5,769	20.4
Plastic Products	57	50,289	10,205	20.3
Power	16	3,64,552	11,889	3.3
Realty	21	31,777	850	2.7
Retailing	9	87,377	2,339	2.7
Ship Building	1	4,528	944	20.8
Telecom	15	1,74,220	868	0.5
Textile	129	1,35,526	15,068	11.1
Trading	38	91,107	22,273	24.4
Grand Total	1,372	81,41,452	18,11,595	22.3

Source: Ace Equity, Bank of Baroda Research

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