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Oil Imports: India's story

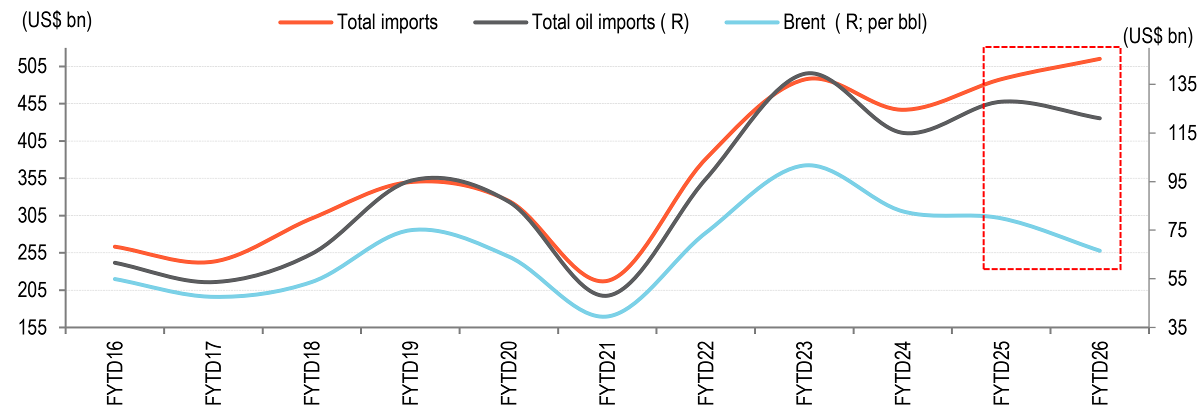
Oil imports form a significant part of our overall import bill (23.5%). In this study, we have delved deeper into the key sources of these imports for India. We note that our traditional suppliers continue to remain major Middle Eastern countries (Iraq, Qatar, UAE, Saudi Arabia and Kuwait). However, their share has come down marginally over the past decade (FYTD basis). In contrast, Russia has emerged as a dominant player, displacing earlier suppliers (Brazil, Nigeria, Iran) since the outbreak of Russia-Ukraine war in Feb'22. US had gained share in the post Covid-19 period but lost that to Russia due to price disadvantage. However, since last year, share of Russia in our total oil imports has come down to 27.6% (30.2% in FYTD25), while that of US (8.2% versus 5.8%) and UAE (13.3% versus 12.5%) has inched up. More recent data shows that even before US imposed additional tariffs on India from 27 Aug 2025, India's oil imports from Russia began coming down. This is on account of 2 factors: narrowing gap between oil price offered by Russia and US/Brent; and possible of rise in freight cost due US sanctions imposed upon Russian shipments.

Background:

India's overall imports in FYTD26 (Apr-Nov'25) have risen by 5.6% so far, following 9.2% increase recorded last year during the same period (Apr-Nov'24). In absolute terms, our imports are currently valued at US$ 515.2bn (FYTD26). Of this amount, oil imports account for nearly a quarter of the total imports (US$ 121bn; 23.5%). As a result, it is important to understand what is happening in this market.

For our analysis we have used Apr-Nov country wise product level data. In FYTD26, our oil imports have fallen by (-) 5.3% on YoY basis. This decline can be attributed to weaker average international oil prices this year till Nov'25 (-16.8%) versus last year (-3.3%). Past data shows that oil imports, Brent prices and our overall imports move in the same direction. However, since last year, we have observed some divergence (Fig 1). We are seeing that while the link between movement in brent prices and oil imports still remains intact (correlation coefficient of 0.93), overall imports and oil imports are moving in different directions. In both FYTD25 and FYTD26, while oil imports eased, our overall imports continued to pick up pace. One reason could be higher gold imports.

Figure 1: Total imports and oil imports generally move in tandem



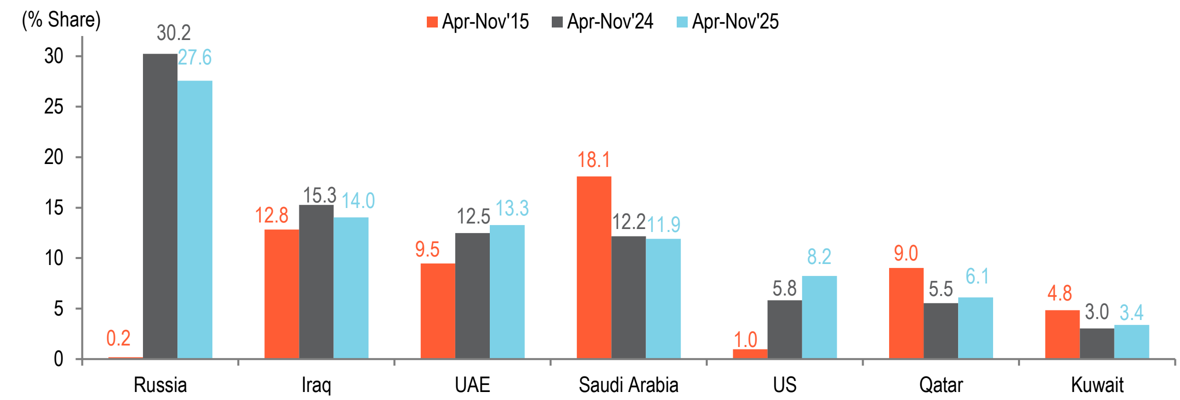
Source: CEIC, Bank of Baroda Research

Which countries matter:

India's consumption was estimated at 5.9mb/d in CY25 (IEA outlook report). More than 85% of this demand is met through imports. In this section we look at some of the key countries from where we source our imports. Historically, Russia was a small supplier of oil to us. Ten years ago, it accounted for a mere 0.2% of our total oil imports (FYTD basis). Countries like Iraq, UAE, Saudi Arabia, Qatar and Kuwait have remained our traditional suppliers (54.3% share as of Nov'15). Remaining demand was earlier catered by countries like Nigeria, Brazil, and Iran.

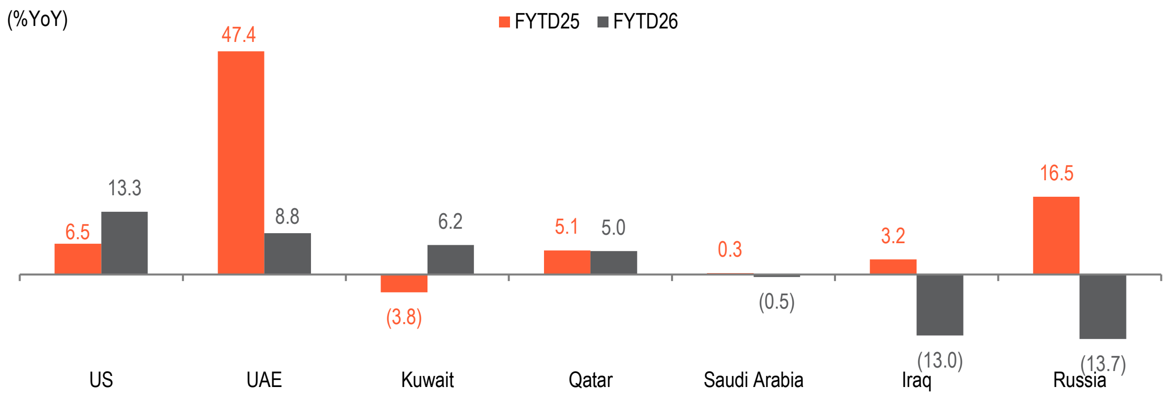
Even after ten years (as of Nov'25), this group of countries account for 48.8% of our oil imports. However, post the outbreak of war between Russia and Ukraine, bulk of the remaining space was taken up by Russia. Its share in our oil imports rose from 0.2% as of Nov'15 (FYTD basis) to 13.2% by Nov'22 and 30.2% by Nov'24. Since last year, this share has begun coming down and is currently at 27.6%. Amongst our major sources, apart from Russia, only Iraq and Saudi Arabia have registered a decline in their share in FYTD26 versus last year. Amongst those which have witnessed an increase, US has made the most progress (+2.4%), followed by UAE (+0.8%) and Qatar (+0.6%).

Figure 2: Share of countries in India's total oil imports



Source: CMIE, CEIC, Bank of Baroda Research

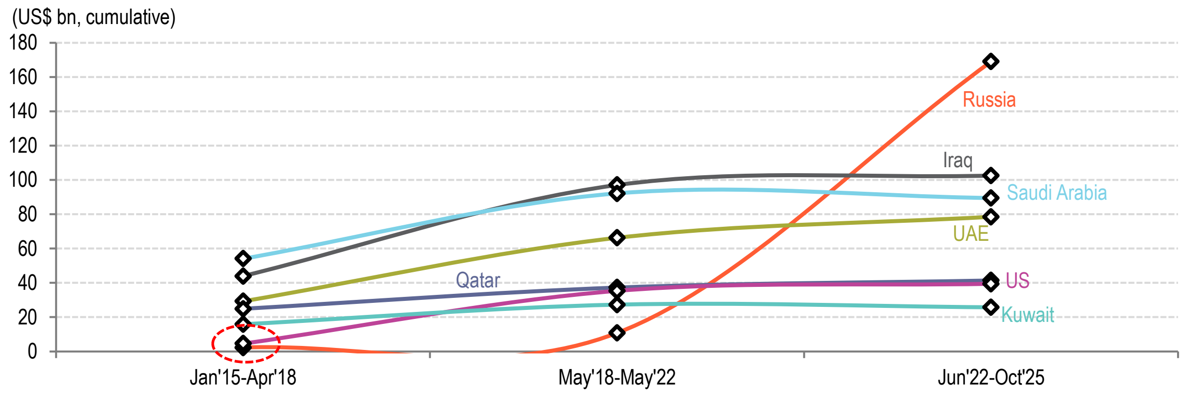
Figure 3: Country-wise growth in oil imports



Source: CMIE, Bank of Baroda Research

In terms of growth as well, US, UAE and Kuwait are the key markets which have registered the highest increase in FYTD26 (Fig 3). Interestingly, over the past ten years, from Jan'15 till May'18, our oil imports from both US and Russia were very low in absolute terms (Fig 4). In this period, our cumulative oil imports from US were at US$ 4.6bn, and at US$ 2.3bn from Russia. Post this, from May'18 to May'22 oil imports from US surged to US$ 35.4bn versus US$ 10.8bn from Russia. Following the outbreak of Ukraine war, imports from Russia outpaced those from the US. In the period between Jun'22 and Nov'25, we have imported oil worth US$ 169bn from Russia, compared with only US$ 39.5bn from the US.

Figure 4: Imports from US and Russia started from the same point 10 years ago



Source: CMIE, Bank of Baroda Research

Consequently, share of Russia drastically jumped over the past 10 years (Fig 5-7), while that of Saudi Arabia, Qatar and Kuwait declined. UAE and Iraq have held their positions. US made gains in the post covid-19 period, but it has come down subsequently.

Figure 5: Iraq and Saudi Arabia were dominant players in our oil import story until Apr'18

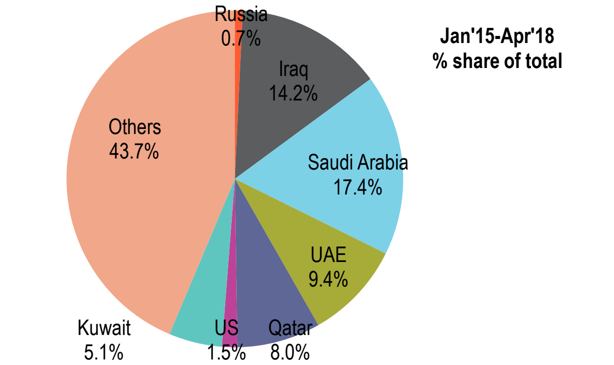


Figure 6: …They retained their position even post Covid-19 period

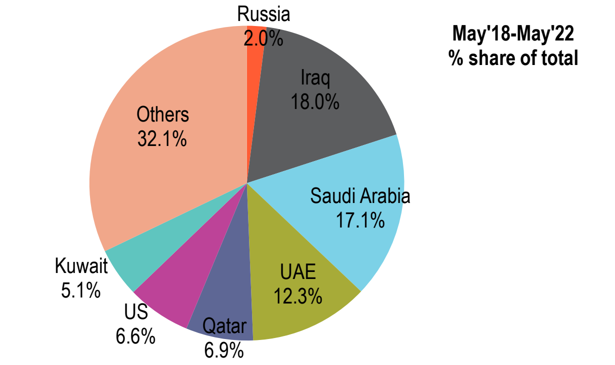
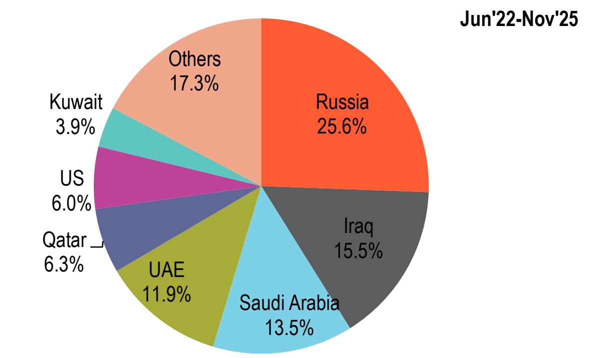


Figure 7: Russia overtook others following the outbreak of war with Ukraine



Source: CMIE, Bank of Baroda Research

The price theory:

These trends of the last few years can be explained by movement in prices. On FYTD basis, initially during the Covid-19 period, price of Russian oil was higher compared with countries like Iraq and Kuwait, and was similar to that offered by the UAE and the US. However, after the Ukraine war broke out in Feb'22, global oil prices spiked, while price offered by Russia fell. In FYTD23 during the same period (Apr-Nov'22) Russian oil came in ~US$ 7/bbl cheaper than average brent price and ~US$12-15/bbl cheaper than countries like UAE, US, Saudi Arabia and Qatar. Oil prices of Iraq have mostly tended to align with that of Russia, making it the second biggest source of oil for us.

Table 1- Average oil import cost for India (US$ per barrel)

Avg cost, US$/bbl	FYTD22 (Apr-Nov'21)	FYTD23 (Apr-Nov'22)	FYTD24 (Apr-Nov'23)	FYTD25 (Apr-Nov'24)	FYTD26 (Apr-Nov'25)
Brent	***73.9***	***101.6***	***82.8***	***79.9***	***66.5***
Iraq	67.6	96.9	79.5	78.9	67.7
Russia	72.7	94.8	77.0	80.6	69.0
Kuwait	70.3	103.6	93.2	82.7	72.5
Qatar	74.9	108.3	89.3	83.6	73.3
Saudi Arabia	73.7	108.0	93.0	86.8	74.8
USA	73.0	107.4	88.1	86.5	75.0
UAE	72.8	109.6	89.8	89.2	76.2

Source: CMIE, Bloomberg, Bank of Baroda Research

Russian prices remained favourable in FYTD24 (Apr-Nov'23) as well. However, in FYTD25 and FYTD26, the cost advantage began coming down. Russia's average oil price was higher than average brent price but still remained lower than UAE (~US$ 9/bbl) and US (~US$ 6/bbl). In the ongoing fiscal year (FYTD26), this gap has further narrowed to ~US$ 6-7/bbl. This also explains why India's oil imports from Russia increased more than those from the US, following the outbreak of Ukraine war and until FYTD25. It also provides a reason as to why share of Russia has been coming down in the current fiscal year.

Figure 8: India's imports from US and Russia (% of total)

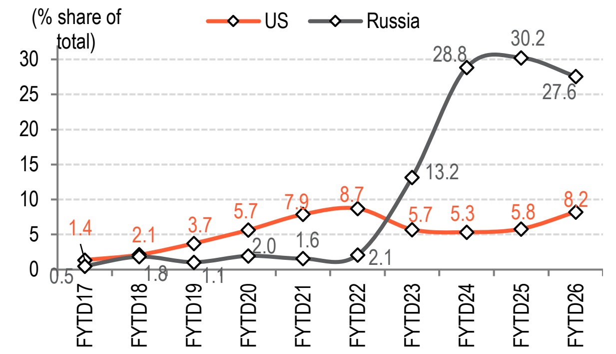
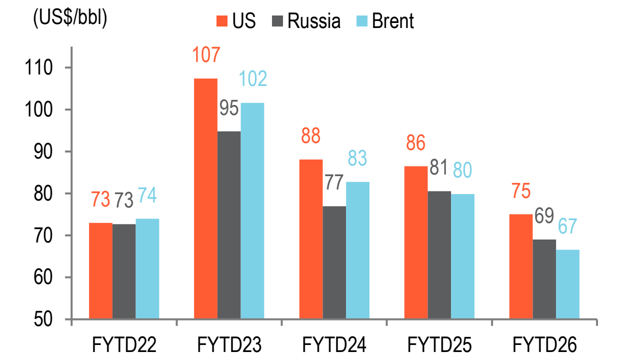


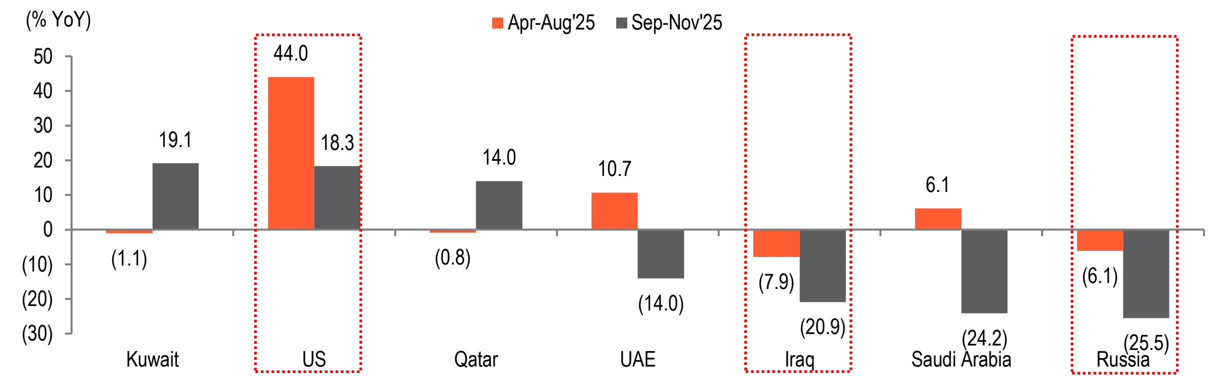
Figure 9: Russia's price advantage



Source: CMIE, Bloomberg, Bank of Baroda Research

More recently, US imposed additional 25% tariffs on imports from India from 27 Aug 2025, as means to deter our imports of Russian oil. However, data reveals that our oil imports from Russia were declining even before these tariffs were imposed (Apr-Aug'25). The pace of decline fastened between Sep-Nov'25 period. This was also the case for Iraq. In contrast, our oil imports from US have registered sustained increase in both these periods. Part of the reason for this trend is drop in oil prices offered by these countries this year versus last year. This brings the value of imported goods down. Average oil price for import of Russian oil was US$ 76.5/bbl between Sep-Nov'24, which dropped to US$ 67.8/bbl during the same period this year. Price of oil imported from Iraq and Russia are broadly similar. The gap between US and Russian oil prices also fell from US$ 9.4/bbl last year (Sep-Nov'24) to US$ 5/bbl this year, which can explain the growth of imports from the US. News reports also indicate rise in freight rates for imports from Russia due to US sanctions.

Figure 10: Oil imports from US register growth; Russia and Iraq witness decline



Source: CMIE, Bank of Baroda Research

Conclusion:

- In FYTD26, our oil imports fell by (-) 5.3% on YoY basis. This can be attributed to weaker international oil prices this year till Nov’25 (-16.8%) versus last year (-3.3%).
- Countries like Iraq, UAE, Saudi Arabia, Qatar and Kuwait have remained our traditional suppliers (54.3% share as of Nov’15).
- Even after ten years (as of Nov’25), this group of countries account for 48.8% of oil imports.
- Russia’s share in our oil imports rose from 0.2% as of Nov’15 (FYTD basis) to 13.2% by Nov’22 and 30.2% by Nov’24. Since last year, this share has begun coming down and is currently at 27.6%.
- Shares of UAE (9.4% versus 11.9%) and Iraq (14.2% versus 15.5%) have registered improvement.
- US made gains in the post covid-19 period (6.6%), but it has come down subsequently (6%).
- On FYTD basis, initially during the Covid-19 period, price of Russian oil was higher compared with countries like Iraq and Kuwait and was similar to that offered by the UAE and the US.
- After the Ukraine war broke out in Feb’22, global oil prices spiked, while price offered by Russia fell. However, in FYTD25 and FYTD26, the cost advantage began coming down.
- More recently, data reveals that our oil imports from Russia were declining even before (Apr-Aug’25) additional tariffs on India were imposed by the US.
- The pace of decline fastened between Sep-Nov’25 period. This was also the case for Iraq. In contrast, our oil imports from US have registered sustained increase in both these periods.
- This due to falling gap between oil price offered by Russia and US, and possible increase in freight rates due to US sanctions imposed on Russian shipments.

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