

# Crude Oil Imports in India: Trends and Transitions

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## Abstract

An important aspect of India's energy policy and trade dynamics has been its reliance on imported crude oil. This dependence significantly impacts India's energy security and economic stability. As global oil prices change, India's policies aim to make the country less vulnerable while promoting long-term growth. India's crude oil suppliers have changed over the past ten years because of changes in international sanctions, geopolitics, and market opportunities. India used to get most of its supplies from Middle Eastern countries, like Iran, Iraq and Saudi Arabia. But, due to frequent sanctions on Iran and the conflict between Russia and Ukraine, India has had to change its trade partners, and now, Russia has become the top supplier. This study examines how India's crude oil imports have changed over time by using data from the Ministry of Commerce and Industry, the Ministry of Petroleum & Natural Gas, and policy analyses from international groups (IEA). India's energy diplomacy has changed because of strategic pricing, diplomatic flexibility, and shocks from outside the country. The study also talks about how these changes will affect India's trade balance, energy security, and role in world politics.

**Keywords:** Crude oil, energy security, dependency

## Introduction

Energy has consistently served as the foundation for technological advancement and economic expansion. Throughout history, the availability of energy sources and the power to control their supply have had a major effect on geopolitics. The demand for energy has always increased with the spread of industrialization. Energy is the basis of every economic activity however; every country does not have energy advantages in terms of their local availability. Therefore, to fulfil their energy requirements, countries have to import energy in its different forms like oil, gas and coal etc.

For a developing country like India, which lacks sufficient domestic oil reserves, crude oil remains critical to meeting rising energy demands. Such dependency creates major challenges for India's economy, especially concerning trade imbalances and energy security. The composition of the oil-exporting countries which supply crude oil to India has changed dramatically over the last decade. India used to get a lot of oil from Iran, but now India has stopped buying oil from Iran at all. At the same time, Russia has grown into an important crude oil trade partner for India. U.S. sanctions against Iran and Venezuela messed up normal supply chains, which made Indian refiners, look for other sources (IEA,

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2022). The war between Russia and Ukraine changed trade even more. India seems to have taken advantage of the lower prices of Russian crude oil. This change is caused by competitive prices, tense geopolitical situations, and India's efforts to become less dependent on any one region (IEA, 2022). This changing picture of imports has major effects on India's trade balance, its economy, and energy diplomacy. Understanding these shifts is essential for policymakers and industry stakeholders to ensure energy security, price stability, and sustainable growth in the coming future.

### **Objectives**

1. To understand the long term trends of India's import of crude oil.
2. To examine changes in the country-wise composition of India's crude oil imports and understand the underlying factors driving these shifts.

### **Data sources**

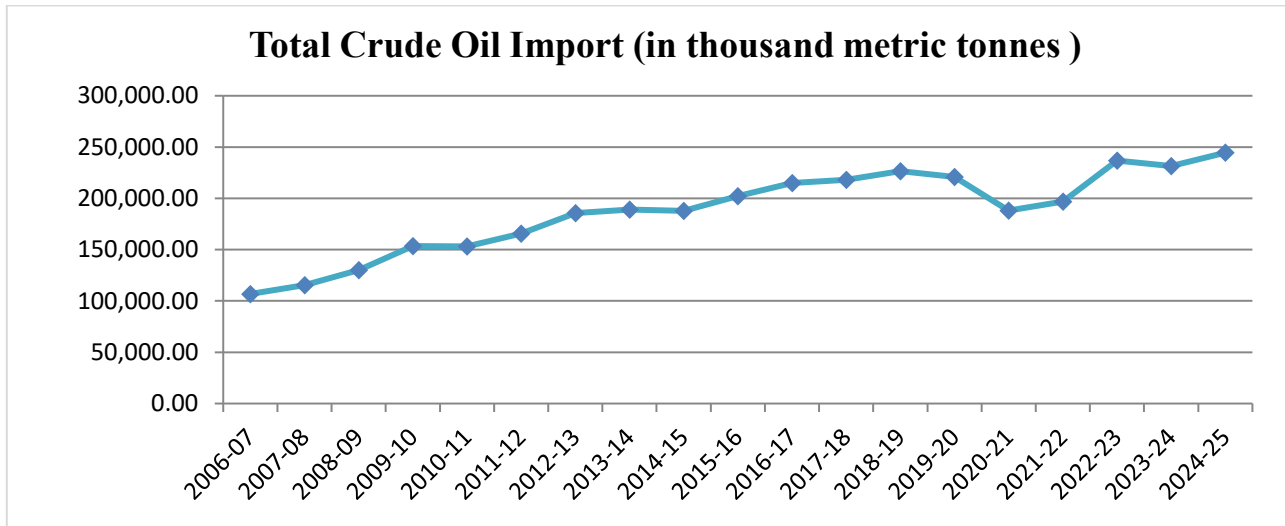
Data for this paper has been taken from the website of Ministry of Commerce and Industry, Government of India. Data has been extracted from 'latest trade figures' section of this website. In this section we used filter- 'commodity wise import' with 4 digit HS code that is 2709 for 'petroleum oils and oils obtained from bituminous minerals, crude'. There was inconsistency in the unit types, initially it was in metric tonnes and then in 2021-22 it converted to KGs. Reconfirmation of the unit type was done from the Petroleum Planning and Analysis Cell (PPAC) website. Data used in this paper is in thousand metric tonnes.

### **India's Dependency on Crude Oil**

India's industrial growth, transportation needs, and increasing urbanization have collectively contributed to the rising demand for crude oil. As a developing country, India relies heavily on crude oil to meet its energy demands. Since India does not have sufficient oil reserves, it relies on imports of crude oil to satisfy its energy demands. About 80% of India's crude oil needs are met by imports, according to a report from the Ministry of Petroleum and Natural Gas (2021). Crude oil is an important commodity in India's total imports. The total share of crude oil (petroleum oils and oil obtained from bituminous mineral crude) in India's import expenses remains around 25%. During 2011 to 2013, when global crude oil prices were increasing, this share went up to 31% in 2013, and in it was around 18% in 2021-22 (Ministry of Commerce and Industry, 2025). This heavy reliance on petroleum imports creates major obstacles for India's economy, particularly in terms of trade balance and energy security.

Figure-1 illustrates that India's total crude oil imports has increased consistently from 2006 to 2024; in 2006, it was around 106,000 thousand metric tonnes, and in 2024-25, it was at its peak with 244,500 thousand metric tonnes. It increased about 130% from 2006 to 2024-25 (Ministry of Commerce and Industry, 2025). However, there was a decline in the crude oil imports from the year 2019, when it declined slowly followed by a major decline in 2020-21. According to the IEA's Global Energy Review (2020), global oil demand in 2020 declined by approximately 9% on a year-on-year basis. This import dip was due to demand-side destructions (BP, 2021). These demand side destructions were due to decline in transportation, an increase in the work-from-home trend and industrial shutdown. The collapse of transportation was a significant contributor to the situation, along with industrial shutdown, resulting in a global oil demand decline compared to the previous year. India announced a complete lockdown in March 2020 leading to fall in the oil demands. As a result, April 2020 saw a major decline

in the oil demand, which was about 22.03% on a year-on-year basis (Ministry of Commerce and Industry, 2025). Oil demand started increasing in 2021-22 but remained below 2019 levels. In 2022-23, imports increased and came near pre-COVID levels. Currently, India's crude oil imports are over and above the pre-COVID level and have started increasing. Russian crude oil discounts and refinery expansion in India have contributed positively for India. Strategic partnerships and diversified sourcing have enabled India to stabilise its energy needs to some extent.



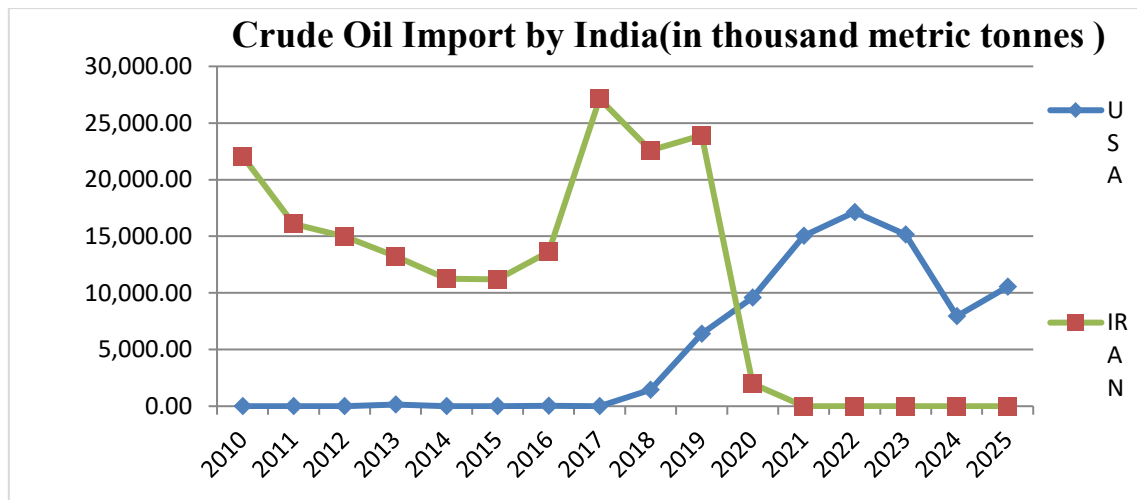
**Figure 1**

**Data Source: Ministry of Commerce and Industry**

[https://tradedat.commerce.gov.in/meidb/commoditywise\\_import](https://tradedat.commerce.gov.in/meidb/commoditywise_import)

## Iran: From Key Supplier to Zero Supply

Figure-2 depicts that in 2009-2010, Iran was a major exporter of crude oil to India. In 2009-10, India imported a total of 22,085.77 thousand metric tonnes of crude oil from Iran, which accounted for the second largest share of its crude oil imports (Ministry of Commerce and Industry, 2025). Iran has long continued to be subject to U.S. sanctions in different forms. In June 2010, the US Congress passed the Comprehensive Iran Sanctions Act to target Iran's energy sector and refined petroleum trade. In July 2010, the EU joined in this process by sanctioning Iran's nuclear-linked sectors. These sanctions significantly reduced Iran's global oil exports (Sen, 2018). Iran was a very important trading partner of India, but from time to time, India also complied with these sanctions and, it had to curtail its oil imports from Iran. From 2006 to 2009-10, India's imports from Iran were increasing, but after US sanctions in 2010, India's imports from Iran showed a decreasing trend. In 2015, Iran and the P5+1 countries (US, UK, France, Russia, China, and Germany) signed the Joint Comprehensive Plan of Action (JCPOA). In the deal, Iran agreed to curb its nuclear program in return for significant easing in US, UN, and EU sanctions (Sen, 2018). In Figure 2, we can see clear impact of this agreement; a sharp increase in India's oil imports from Iran. This increase stabilised until 2018-19. In May 2018, the US withdrew from the JCPOA and imposed sanctions. India, along with other countries, received a 180-day waiver (until May 2019) to continue importing limited oil from Iran (Reuters, 2018). After this sanction, India imported a negligible amount of crude oil from Iran. From 2018-19 to 2019-20, India's crude oil imports from Iran dropped to approximately 1,974.33 thousand metric tonnes. This amount represents an approximate 92% reduction, and since 2019-20, crude oil imports from Iran have reduced to zero.



**Figure-2**

**Data Source: Ministry of Commerce and Industry**

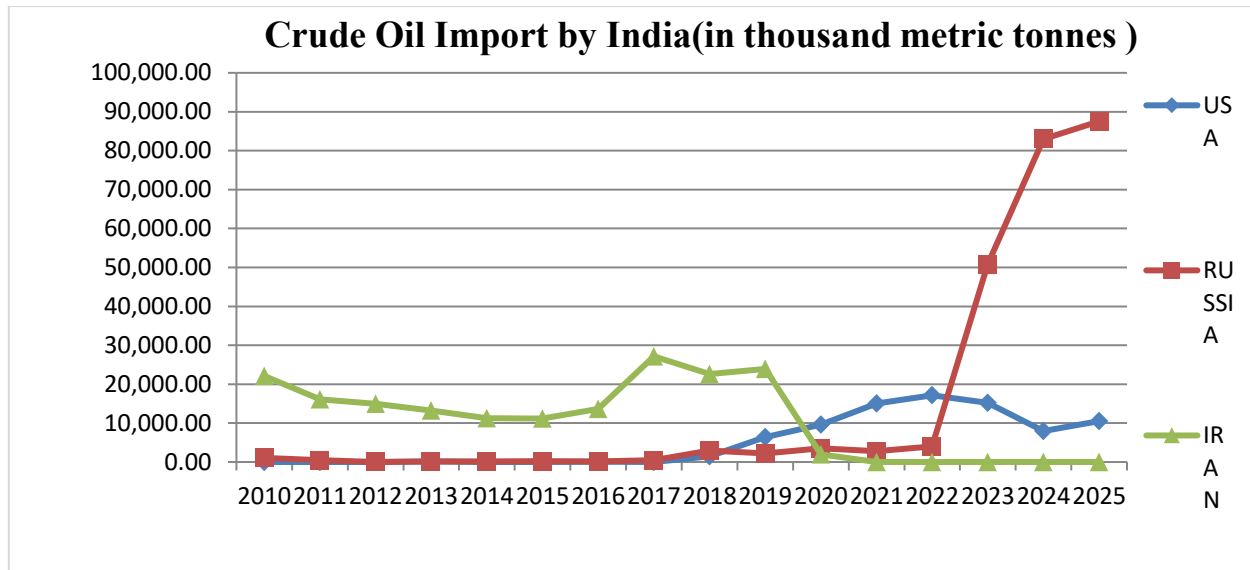
[https://tradedstat.commerce.gov.in/meidb/commoditywise\\_import](https://tradedstat.commerce.gov.in/meidb/commoditywise_import)

## Russia's Rise: Ukraine War Dynamics

In 2024–25, Russia was the largest crude oil supplier to India, accounting for about 36% of total crude oil imports (Ministry of Commerce and Industry, 2025). But this was not the case always; if we track the countries exporting crude oil to India, we see that Russia had less than 1% share in the year 2009-10 (see Figure 3). Even in 2021-22, the share of crude oil imports from Russia was only about 2%. There were two reasons behind this transition; the first was the US ban on Iran, which resulted in a drastic decrease in Iran's share of the total oil import basket of India. The second reason was the Russia-Ukraine war, which started in 2022. The Russia-Ukraine war triggered changes in global energy dynamics, diplomacy and energy trade flows.

During the war, western countries imposed sanctions on Russian oil and gas. Before that, Russia was an important supplier of gas to European countries. After these sanctions, Russia explored new market opportunities in the Asian market, and India emerged as a critical market reshaping these dynamics. Russia offered discounted crude oil, and India, using a cost-sensitive approach, increased its share of Russian crude oil from about 2% to 21% in 2022–2023. India maintained a strategic position by buying cheap Russian oil while simultaneously upholding relations with Gulf and Western partners.

Evidently, there has been a considerable shift in India's energy diplomacy over the last 10 years; this can be seen in figure-3. One interesting change is that Russia's share of India's oil supply rose sharply after 2022, from less than 2% to almost about 35% by 2023. The West's sanctions on Russia's oil exports and the conflict between Russia and Ukraine directly contribute to this rise. India took advantage of the chance to import cheap Urals crude oil to keep fuel prices stable and show its strategic independence (Saran, 2021).



**Figure-3**

**Data Source: Ministry of Commerce and Industry**

[https://tradedstat.commerce.gov.in/meidb/commoditywise\\_import](https://tradedstat.commerce.gov.in/meidb/commoditywise_import)

## Conclusion:

India relies heavily on crude oil to meet its energy demands. India's total crude oil import has increased consistently from 2006 to 2024. This heavy reliance on petroleum imports creates major obstacles for India's economy, particularly in terms of trade balance and energy security. Composition of countries that exports crude oil to India has undergone significant changes over the past decade. The big effects of international sanctions, shifting alliances, and global conflicts are the major reasons for this drop in oil imports from Iran and the rise of Russia as a main supplier. Due to U.S.-led sanctions, India has stopped buying oil from Iran. At the same time, Russia has quickly become a major supplier after 2022. This shows how international politics directly affect national energy choices. These events show how India's energy diplomacy is changing, and how it is working to keep energy secure in a world where the dynamic geo-politics plays a major role in affecting the international relations. India got short-term cost benefits from these changes, like cheaper oil from Russia, but it also showed how vulnerable it is to being too dependent on a few sources. India's economic and diplomatic position will depend a lot on how it handles its imports, even as the world's energy markets continue to change.

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