

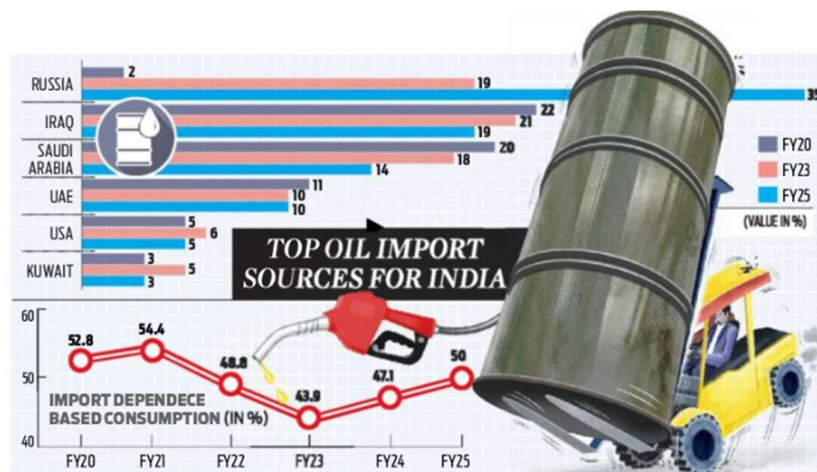
VISMAY BASU @ New Delhi

INDIA'S oil and gas sector stands at a critical crossroads as soaring demand intensifies its dependence on imports, even as domestic production continues its steady decline. According to Rubix Industry Insights' Oil & Gas, July 2025 report, India's energy appetite is poised to climb sharply—from 5.64 million barrels per day (bpd) in 2024 to 6.66 million bpd by 2030. That's a staggering one-third of the projected global demand growth over the period. But this growth is unfolding alongside shrinking domestic production, projected to fall from 700,000 bpd in 2023 to just 540,000 bpd by the end of the decade.

The upstream segment reveals troubling trends. Crude oil production dropped from 32.2 million metric tonnes (MMT) in FY2020 to 28.7 MMT in FY2025, driven largely by the ageing of India's oilfields and insufficient new discoveries.

Imports, meanwhile, have surged to 243 MMT in FY2025, now covering over 85% of India's needs. The list of key suppliers has grown increasingly concentrated, with Russia, Iraq, Saudi Arabia, UAE, the US, and Kuwait now accounting for 86% of crude imports, up from 65% in FY2020.

Of particular note is Russia's meteoric rise—from supplying just 2% of India's crude in 2020 to 35% in 2025. This shift has been driven by deep discounts and the availability of alternative shipping routes bypassing traditionally vul-



SOARING ENERGY DEMAND TIED TO GEOPOLITICS

nerable chokepoints. Reliance Industries and Nayara Energy have been key beneficiaries, with Reliance lifting 77 million barrels of discounted Urals crude in 2025 alone. While diversifying beyond the Gulf reduces certain geopolitical risks, it increases India's exposure to Western sanctions, as seen in the imposition of punitive tariffs by the US.

Downstream, India's refining sector continues to perform robustly. With a total capacity of 256.8 MMTPA in 2024—expected to grow to 309.5 MMTPA by 2030—India's

23 refineries run at some of the highest utilisation rates globally.

The country's export strength in petroleum products is another bright spot. Export volumes rose by 3.4% to 65.1 MMT in FY2025, though export value declined by 7% due to softer global prices. Europe, particularly the Netherlands, has emerged as a major market, doubling its share of Indian petroleum exports to 21% since 2020.

India's reliance on imported naphtha has grown. Russian supplies now account for over

half of India's naphtha imports in 2025, up from around 15% in 2024, thanks to discounts of \$14-15 per tonne.

The midstream segment paints a similar picture of dependency. Domestic gas output of 36 billion cubic metres (bcm) in FY2025 falls well short of the 71 bcm consumed. LNG imports worth \$15.2 billion bridge the gap, with Qatar leading at 43% and the US now overtaking the UAE as the second-largest supplier. In a strategic move to secure long-term gas supplies, GAIL has acquired a 26% stake in a US LNG project, along with a 15-year offtake deal. Key infrastructure projects like Urja Ganga and the Indradhanush Gas Grid aim to improve access across refineries, fertilizer units, and urban centres.

Policy shifts and investments are driving structural transformation.