

# WHY INDIA WILL GAIN FROM OIL SUPER GLUT

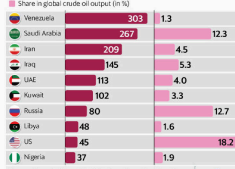
BY HOWINDIALIVES.COM

The US's action in Venezuela could have a major impact on the global oil market. Venezuela holds some of the world's largest proven oil reserves, but years of international sanctions have constrained output. If US sanctions are lifted following the country's invasion, it could open the tap for Venezuelan oil. While higher supply is generally positive for consumers, it's not necessarily so for oil companies. The consensus is that even before the Venezuelan invasion, the global oil market was heading for a glut in 2026. Prices were expected to fall sharply. While it will take time for Venezuelan oil production to come back online, when it does, it will act as a major additional factor in weak oil prices. This is good news for oil-importing countries such as India.

## Venezuela is the world leader in crude oil reserves, but lags in production

Top 10 countries with the largest crude oil reserves, 2024

■ Proven crude oil reserves (in billion barrels)  
■ Share in global crude oil output (in %)



Source: Organization of the Petroleum Exporting Countries

## VENEZUELA'S DROPOFF

VENEZUELA HAS the world's largest proven oil reserves, around 303 billion barrels, according to data from the Organization of the Petroleum Exporting Countries (Opec), the world oil cartel. It accounts for almost 20% of global oil reserves.

By comparison, Saudi Arabia, one of the top three countries in oil production, had estimated proven reserves of 267 billion barrels. But production is a different story. In 2024, Venezuela produced an average of 928,000 barrels per day of crude oil, accounting for 1.3% of the global daily average production.

This sharp drop-off from reserves to production is a consequence of global sanctions against the country. As and when these sanctions are lifted, it will still take time for oil majors to ramp up production. Sharp prices of US oil refiners have already risen sharply. These firms are well equipped to process the heavy grades of crude produced in Venezuela. Before the US invasion, the bulk of Venezuelan crude was bound for China.

## 'SUPER-GLUT' IN MAKING

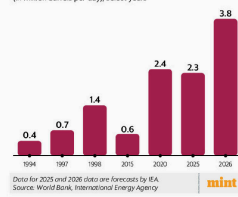
THE POTENTIAL return of Venezuela's crude oil comes at a time when the International Energy Agency (IEA), an autonomous inter-government organization, has forecast a sharp surplus of about 3.8 million barrels a day in 2026 from 2.5 million in 2025.

"The combination of surging production and sluggish consumption growth is generating a global oil glut," said the World Bank. "The implied oil surplus (supply minus demand) is, partially due to Opec, having raised its production targets several times since April." Indeed, the surplus for 2026 is forecast to be higher than that during 2020, the first covid year. Economists at Trafigura, one of the world's biggest commodity traders, have warned of a 'super-glut' in the world oil market in 2026.

According to the IEA's latest forecast, while global oil demand is set to rise by 800 kilobars per day in 2026 on average, global oil supply is set to grow by 2,400 kilobars per day in the same period.

## Excess supply of crude oil in 2026 is expected to top covid-hit 2020's level

Average global annual oil market surplus (in million barrels per day), select years

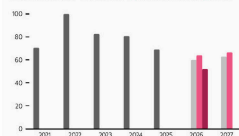


Data for 2025 and 2026 are forecasts by IEA. Source: World Bank, International Energy Agency

## The general consensus suggests that crude oil prices will trend lower in 2026

Average price of Brent crude (in \$ per barrel)

■ Historical (actuals) ■ World Bank ■ Consensus Forecast ■ US EIA



\*Refers to combined figure for all individual forecasts, usually by averaging them. EIA, US Energy Information Administration. Data from 2025 onwards are projections. Source: World Bank

## PRICE SLIDE

THE US EIA (Energy Information Administration) notes that global stocks of crude oil rose in the final two quarters of 2025 by an average of 2.5 million barrels per day—the highest such rise since 2000, excluding covid-hit 2020.

All this means only one thing for prices: a downward trend. From an average of \$80.7 per barrel in 2021, the average price of Brent crude fell to \$69 in 2025, the lowest annual average since 2020. This is expected to fall further to the low \$60s in 2026, with the US EIA putting it at \$52 this year. What are the factors affecting this forecast? In demand terms, one assumption is weaker-than-expected growth in China. If the Chinese economy bucks this expectation, global crude markets could tighten. "Escalating conflict in regions such as the Middle East or Ukraine, along with the market impact of additional sanctions—including recent US measures against Russian oil companies—could also drive prices above current forecasts," says the World Bank.

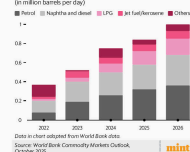
## THE INDIA FACTOR

CHINA AND India are expected to account for 60% of the global consumption in 2026, up from 55% in 2025. This rise is expected to come mainly from India. According to the World Bank's October 2025 commodity outlook (which is based on IEA's forecasts), global oil consumption is projected to increase only moderately, with China's oil demand to be restrained by the rapid adoption of electric and hybrid vehicles, while demand in advanced economies is expected to remain broadly unchanged.

Growth in India's oil demand is expected to be driven by naphtha (used in jet fuel). Even in the longer term, India is expected to remain a major source of demand growth in the oil market. According to 2023 IEA report on India, "India will become the largest source of global oil demand growth between now and 2030, while growth in developed economies and China initially slowed and then subsequently grew into reverse."

## India's oil demand is expected to grow, led by petrol, naphtha and diesel

Cumulative change in India's oil demand since 2022, by product (in million barrels per day)



Data is chart compiled from World Bank data. Source: World Bank Commodity Market Outlook, October 2025

## Lower crude oil prices translate into savings for India on its oil import bill

India's oil import bill (in \$ billion)



Source: Ministry of commerce

## IMPORT BILLING

AN OIL glut in 2026 is good news for India. During April-October 2025, its oil import bill was \$82 billion. The average crude price in this period was about \$73, 1% below the year ago level, resulting in a 2% drop in import bill. While less relevant now as inflation is subdued, falling oil prices keep overall prices steady. A central bank estimate said a 1% rise in crude prices leads to a 0.2% rise in headline inflation. If offset is not necessarily the same if crude prices fall.

Structurally, though, this import bill is set to rise continuously in the longer term. "Despite renewed effort by the government to attract foreign investment, domestic crude oil production is expected to see continued declines over the medium term," the IEA said in a report, citing "shortfall of new discoveries". Thus, India's reliance on imports will continue into the future and lower crude oil prices is a welcome news. [www.bonindia.com](http://www.bonindia.com) is a database and search engine for public data.

# Trump's oil grab is a big problem for the OPEC cartel

Bringing Venezuela's output under U.S. control has potential to upend the power balance

Georgi Kantchev & Summer Said

**O**PEC members struggling to preserve their market share amid a sinking price for oil now have an unexpected new variable to contend with: President Trump's move to dominate Venezuela's oil supply and push the market in a direction that would benefit American consumers.

Trump, who has long championed increased oil production and a target price of \$50 a barrel, is planning a sweeping initiative to rehabilitate Venezuela's oil fields and market its output, people familiar with the matter said. That would reshape the global oil map—putting the U.S. in charge of the output of one of the founding members of the Organization of the Petroleum Exporting Countries and, along with America's own prodigious production, give it a potentially disruptive role in a market already struggling with oversupply.

While analysts expect that reviving Venezuela's dilapidated oil industry will take huge investments and a lot of time, they say even a small near-term output increase—followed by a larger rise over the longer run—could exacerbate the global imbalance and push prices further down.

OPEC members now face the difficult question of whether to try to prop up prices by cutting supply at the risk of hurting their revenue and market share—and potentially their relationships with the unpredictable U.S. president.

"The onus is on everyone to manage their own interests but at the same time not poke the bear," said David Oxley, chief climate and commodities economist at Capital Economics. "That's an inherent tension weighing on the global market."

Some members believe if the Venezuelan administration changes regulations to make the oil industry attractive to American investors, the country could pump an extra 2 million barrels a day within one to three years, up from less than 1 million barrels a day now, Gulf OPEC delegates said.

Saudi Arabia for now is waiting it out, people familiar with the matter said. Its reasoning is it will take years to restore production in Venezuela, where American companies will want a legal framework and potential U.S. government guarantees that would bind future administrations before investing the necessary billions of dollars needed to repair Venezuela's run-down infrastructure, the people said.

While Venezuela has vast oil



OPEC members face the question of whether to prop up prices by cutting supply at the risk of hurting revenues.

REUTERS

reserves, its crude is a heavy, high-sulfur variety that is considered low quality and commercially unattractive.

Other Gulf members of OPEC believe Trump's plans could have a silver lining. If he disrupts the flow of Venezuelan crude to China, it would force that giant consumer to turn to the Gulf for more supplies, Gulf delegates said.

Even so, the U.S. play for Venezuela will complicate the group's effort to manage the market as vast reserves fall under U.S. control and out of OPEC's orbit, the delegates said.

According to analysts at JPMorgan, the combined oil reserves of Guyana, where large U.S. companies dominate the industry, Venezuela and

American producers could give the U.S. sway over about 30% of the global total.

"This shift could give the U.S. greater influence over oil markets, potentially keeping oil prices within historically lower ranges, enhance energy security, and reshape the balance of power in international energy markets," the bank said in a recent report.

OPEC, along with allies including Russia, is already struggling to come up with a strategy to manage Trump's push for low oil prices. While the president has repeatedly called on the cartel to increase oil production, its members worry prices are already too low. At a meeting Sunday, OPEC along with Russia and other producers agreed to

hit pause on any oil output increases for the first three months of this year.

Crude slumped last year due to increased output around the world and fears about the state of the global economy. A barrel of Brent, the global oil yardstick, is currently changing hands for around \$63. Benchmark U.S. crude is hovering around \$59 a barrel, both down around a fifth from a year ago.

Analysts have been reducing their oil price forecasts for this year in recent weeks, with JPMorgan predicting that Brent will average \$58 this year while the U.S. benchmark will average \$54.

The bank expects even lower prices next year. Saudi Arabia this week lowered the price of its crude for Asian buyers for the third consecutive month.

Whatever happens with Venezuela's output, analysts agree that low oil prices will persist, straining the bottom lines and budgets of global producers.

A sustained drop below \$50 a barrel—the profitability threshold for many companies—could cripple the U.S. shale industry, which has strongly supported Trump. Many U.S. drillers already are ignoring the president's exhortations to boost output, choosing instead to adhere to Wall Street's demands for strict capital discipline.

Saudi Arabia can pump crude oil at a cost of less than \$10 a barrel, analysts estimate. But according to Capital Eco-

nomics, the kingdom needs prices above \$100 to bring its fiscal deficit down to zero.

Riyadh is facing a vast set of domestic spending commitments that have left the world's biggest oil exporter with a growing budget deficit and increased need to borrow money. The kingdom's Vision 2030 plan is meant to diversify its economy away from oil by sparking growth in sectors such as tourism, entertainment and sports.

"The low prices definitely exert more pressure on Saudi Arabia and also restrict its ability to strategically deploy overseas capital, which is important as Gulf countries vie for access to the Trump administration by making large investment pledges," said Steffen Hertog, a professor at the London School of Economics who has written extensively about Saudi politics.

More Venezuelan barrels would add to the pressure on Russia's oil industry, which is being battered by sanctions, Ukrainian attacks and a longer-term structural decline driven by aging fields and insufficient resources to explore complex reserves.

OPEC's influence is already being eroded by surging production in the U.S., Brazil and Guyana.

"They have seen their pockets being picked by other producers around the world," Oxley said. "There is a lot of oil coming through, and OPEC just hasn't got as much clout as they once did."

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THE WALL STREET JOURNAL

# CII proposes blueprint for CPSE privatisation

**Shishir Sinha**  
New Delhi

Industry body Confederation of Indian Industry (CII) on Sunday pitched for a calibrated approach to accelerate privatisation in Central public sector enterprises (CPSEs) in the non-strategic sector and disinvestment as an interim measure.

This is part of its proposal for Union Budget 2026-27.

Interestingly, the word disinvestment (minority stake sale, strategic sale or privatisation) is no longer part of the Budget documents. Rather, the term 'Miscellaneous Capital Receipts' is being used for receipts under this category, including proceeds on account of management of equity investments and public assets through various mechanisms.

For FY26, the estimate is ₹47,000 crore. Till date, over ₹8,700 crore has been collected through sale of stake in various government undertakings and over ₹18,800

crore mobilised through monetisation.

As the industry body feels that privatisation is a time consuming process, it proposed a time-bound and phased disinvestment as an interim measure.

Its analysis showed that reducing the government's stake to 51 per cent in 78 listed PSEs could unlock close to ₹10 lakh crore.

## DISINVESTMENT PLAN

In the first two years of the roadmap, the disinvestment strategy could target 55 PSEs where the government holds 75 per cent or less, mobilising around ₹4.6 lakh crore. In the subsequent stage, 23 PSEs with higher government stakes (over 75 per cent) could be disinvested, potentially bringing in ₹5.4 lakh crore.

The industry body suggested a four-pronged strategy. First, it recommended a shift to a demand-based approach in selecting PSEs for privatisation. Presently, the government identifies specific enterprises for sale and sub-

## 4-PRONGED STRATEGY

- Shifting to a demand-based approach in selecting PSEs for privatisation
- Outlining a three-year rolling pipeline of PSEs proposed for privatisation
- Creating a dedicated institutional framework to strengthen oversight and accountability
- Adopting a calibrated disinvestment roadmap



sequently invites investor interest. However, when sufficient demand or valuation is not achieved, the process often stalls.

"CII suggests reversing this sequence by first gauging investor interest across a broader set of enterprises and then prioritising those that attract stronger interest and meet valuation expectations," it said.

Second, to provide investors greater clarity and planning time, it recommends that the government announce a rolling three-year privatisation pipeline, outlining which enterprises

are likely to be taken up for privatisation.

Third, an institutional framework can strengthen oversight, accountability and investor confidence, making privatisation predictable and professionally managed.

## STRATEGIC GUIDANCE

Accordingly, it "recommends a dedicated body with a Ministerial Board for strategic guidance, an Advisory Board of industry and legal experts for independent benchmarking, and a professional management team to handle execution, due diligence, market engagement

and regulatory coordination."

Fourth, recognising that full privatisation of all non-strategic PSEs is complex and time-consuming, the CII recommends a calibrated disinvestment approach combined with a three-year roadmap as an interim measure. The government could reduce its stake in listed PSEs in a phased manner to 51 per cent initially, allowing it to remain the single largest shareholder while releasing significant value into the market.

Over time, this could be brought down further to between 33 and 26 per cent.

"A calibrated reduction of government's stake in listed PSEs to 51 per cent and even lower is a pragmatic step that balances strategic control with value creation. Unlocking ₹10 lakh crore of productive capital would provide vital resources to accelerate infrastructure development and support fiscal consolidation", Chandrajit Banerjee, Director General of CII, said.



# Petroleum product exports touched record high in 2025

This despite West sanctions on Russian oil and Suez Canal hurdles

S DINAKAR

Amritsar, 11 January

India's exports of petroleum products hit an all-time high in 2025 despite the influence of sanctions by Western powers and an ongoing informal blockade of the Suez Canal, led by strong refining margins in overseas markets — a byproduct of the ongoing Russia-Ukraine war.

Fuel exports, which account for over a tenth of India's overall product exports by value, came despite mounting geopolitical turmoil and the imposition of sanctions by the European Union on a large Indian private-sector refiner and on supplies of fuels made from processing Russian crude oil.

Reliance Industries led the charge for Indian exports as shipments of fuels reached a record 1.28 million barrels per day (bpd) in 2025, a 4 percent increase from a year earlier, according to data compiled by maritime intelligence agency Kpler.

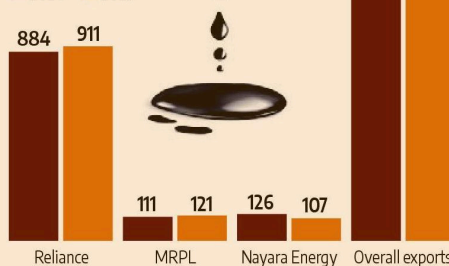
For the first time, state-run refiner Mangalore Refinery and Petrochemicals (MRPL), owned by state-run explorer Oil and Natural Gas Corporation, became India's second-biggest exporter of fuels, displacing Russian Rosneft-operated Indian refiner Nayara Energy to third place.

"India's strong fuel export performance has been supported by high refinery utilisation, flexible configurations, and favourable arbitrage into both the Atlantic Basin and Asia, and there is a strong case for this momentum to continue this year," said Sumit Ritolia, an analyst with Kpler. "Incremental refining activity will be an important driver, with new capacity and ramp-ups at HPCL Rajasthan Refinery, expansions and debottlenecking at Panipat, and higher utilisation across other public and private refineries lifting overall throughput and product availability."

## Rising tides

India's fuel exports in '000 bpd

■ 2024 ■ 2025



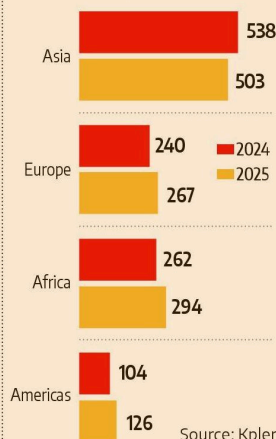
Higher availability of transport fuels from new plants leaves more for exports from private sector refiners. State oil-marketing companies' mandate is to keep India's 5.5 million bpd domestic demand well supplied, a state-run refining source said.

Exports of fuels from India will be stable this year, said Prashant Vasishth, senior vice-president at credit rating agency Icra, a US Moody's affiliate.

## Reliance keeps export engine running

Reliance exported 911,000 bpd of fuels last year, accounting for 71 per cent of India's petroleum product exports, followed by MRPL and Nayara. India's biggest refiner said in recent statements that it has stopped imports of Russian crude oil to abide by European Union (EU) sanctions on supplies of fuels made from Russian oil.

## Global exports in '000 bpd



Source: Kpler

The company's 700,000 bpd export-oriented refinery in Jamnagar does not use any Russian oil in its operations, the company said.

MRPL, which operates a 300,000-bpd standalone refinery in Mangalore, exported 121,000 bpd, exceeding Nayara's 107,000 bpd. MRPL accounted for over 9 per cent of India's exports last year.

"Despite healthy headline demand growth, the market is likely to see more supply in gasoil/jet fuel, reinforcing the need for exports to clear incremental volumes, particularly outside peak demand seasons and during periods of higher refinery utilisation," Ritolia said.

Hindustan Petroleum Corporation is opening a 180,000 bpd refinery in Barmer, Rajasthan, this year, and Indian Oil Corporation is expanding its Panipat facility by 200,000 bpd. Diesel and jet fuel account for half of India's fuel shipments.



## BPCL charts 10-year LPG infra expansion to meet rising PMUY consumption

**Rishi Ranjan Kala**  
New Delhi

State-run Bharat Petroleum Corporation (BPCL) has chalked out a 10-year LPG expansion plan with a capex of ₹4,600 crore as the oil marketing company (OMC) aims to meet the commodity's growing usage, particularly among the PM Ujjawala Yojana (PMUY) beneficiaries.

BPCL's LPG import requirement has grown, largely led by PMUY and increased penetration across the country. To meet this growing demand, the infrastructure has to keep pace.

Besides, recent LPG usage numbers also point towards the need to expand capacity, an official said.

India's LPG demand is rising with PMUY beneficiaries' per capita consumption hitting a record 4.47 cyl-

inders in FY25 and non-PMUY usage growing to 6.64 cylinders. PSU OMCs sold 31.2 million tonnes (mt) of LPG during the year, an over 5 per cent growth y-o-y.

BPCL, which receives more than 48.80 crore booking requests via the digital or phone medium annually, registered its highest-ever packed LPG sales of 8,339 thousand tonnes (TT) in FY25.

It also achieved the highest ever market share of packed LPG at 27.49 per cent and the highest packed LPG sales growth of 5.19 per cent in the industry.

### EXPANSION PLANS

The business also secured the first position in the domestic, packed, bulk and total LPG categories during FY25.

It enrolled 12.42 lakh customers, taking the total customer base to 9.46 crore (in-

cluding PMUY: around 2.68 crore).

The official quoted above said that BPCL planned to expand its LPG infrastructure over the next 10 years with a ₹4,600 capex, which includes adding additional storage and augmenting import facilities.

The LPG import facility at JNPT Uran is undergoing augmentation involving an investment of ₹1,800 crore with storage capacity enhancement from 30,000 tonnes to 60,000 tonnes and is planned to be completed by 2026.

The project envisages debottlenecking and augmentation of cryogenic facilities to meet future import requirements and ensure uninterrupted and smooth supply chain operations to meet the growing LPG demand.

### ADDITIONAL STORAGE

In the next 10 years to meet

the infrastructure requirement in line with growth in LPG demand, BPCL is going for an additional storage of 22,000 tonnes with capex of ₹700 crore.

Additional cavern storage of 95,000 tonnes along the pipeline route will be constructed on a capex of ₹2,000 crore. It will also add storage in the new import terminal on the West Coast/East Coast with storage capacity of 80,000 tonnes involving a capex of ₹1,700 crore, the same official said.

Besides, additional LPG bottling plants with storage capacity of 9,000 tonnes are in the works with a capex of ₹230 crore, considering that BPCL reported a record LPG bottling volume of 8,348 thousand tonnes (TT) in Q1 FY26.

Currently, its distribution network comprises over 6,250 LPG distributorships and 56 bottling plants.

Sales rose almost 7 per cent y-o-y to 2.35 million tonnes (mt) in Q2 FY26 and nearly 9 per cent y-o-y to 4.48 mt in H1 FY26.

BPCL has also launched value-added products and services in the sector to enhance its presence and brand visibility as India's LPG ecosystem matures.

For instance, it launched an energy-efficient LPG stove (Bharat Hi-Star) in FY25, with a thermal efficiency exceeding 74 per cent, which can save 1.7 mt of LPG annually if used by all consuming households and can potentially reduce GHG emissions by around 5 MMTCO<sub>2</sub>e annually.

**BUDGET 2026**

## IBA seeks Rs 10K crore fund for biogas industry

**NEW DELHI:** Indian Biogas Association (IBA) has recommended a Rs 10,000 crore fund to provide capital subsidy for the biogas industry in the forthcoming Budget.

The association also urged the government to increase the subsidy by 50 per cent to Rs 6 crore per 4.8 TPD of compressed biogas (CBG) and suggested capping the upper cap at Rs 25 crore per project, according to an IBA statement issued on Sunday.

IBA will share the recommendations with the Ministry of New & Renewable Energy and the Ministry of Finance, it added. The industry body also raised the demand at various forums before the general Budget.

IBA has proposed a minimum 5 per cent mandated FOM (fermented organic manure) blending in overall

fertiliser application by 2028, and further ramped up in a phased manner to 10 per cent by 2030.

For the Union Budget 2026, the Indian Biogas Association would like to advocate for positioning of the biogas/CBG sector as a fast-maturing pillar of green growth, which now needs deeper fiscal support, faster implementation, and easier finance to unlock large-scale private investment and rural income opportunities, the statement said.

It has also called for scaling up project incentives by raising Central Financial Assistance (CFA).

The CBG plant's capex outlay has increased by more than 50 per cent since the launch of the CFA (Central Financial Assistance) (subsidy) scheme in 2014, due to various factors, it pointed out.

AGENCIES





### BIOGAS INDUSTRY SEEKS ₹10K CR CAPITAL SUBSIDY



INDIAN  
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₹10,000 crore fund to provide capital subsidy for the biogas industry in the forthcoming Budget. It also urged the Centre to increase the subsidy by 50% to ₹6 crore per 4.8 TPD of compressed biogas (CBG).

# Is Global Turmoil On the Cards?

US moves trigger fresh geopolitical uncertainty, shifts in commodities, safe-haven assets

**Sanket Dhanorkar**

A new year has barely begun, and another geopolitical storm is brewing. The cast is familiar: the United States, a strongman leader, an abrupt regime change—and oil at the centre of it all.

On January 3, the US launched military strikes inside Venezuela, capturing and extraditing President Nicolás Maduro to face ‘narco-terrorism’ charges. President Donald Trump announced that Washington would oversee Venezuela’s political transition, take control of its oil reserves and invite US companies to revive the country’s battered energy sector. This portends dramatic shifts in energy markets and geopolitics.

Venezuela sits atop the world’s largest proven crude oil reserves—around 303 billion barrels, nearly a fifth of the global total. With US influence now extending over these reserves, Washington’s leverage over global energy markets has expanded materially. With close to 30% of glo-



bal oil reserves under its sway, the balance of power in energy markets has shifted, noted JP Morgan in a recent assessment.

Yet reserves do not translate automatically into supply. Once the world’s largest oil exporter, Venezuela’s output has collapsed after years of political interference, under-investment, mismanagement and sanctions.

Stephen Dover, chief market strategist at Franklin Templeton Institute, cautions that US intervention alone will not

quickly unlock Venezuela’s oil wealth.

In the near term, uncertainty could lift oil’s risk premium. Over the medium term, however, Venezuela’s return to global markets could cap prices. The larger shockwave may be geopolitical. The episode reinforces perceptions of US unilateralism. “Other nations with territorial ambitions could feel emboldened,” warns Dover.

Rising geopolitical risk typically favours safe havens. Gold could see short-term gains as uncertainty lifts risk premiums. If Venezuela’s oil eventually lowers energy prices, inflation could cool and US rate cuts accelerate—another medium-term positive for bullion.

Emerging markets may also benefit over time from cheaper energy, a weaker dollar and lower US rates. Latin American assets, in particular, could trade at higher valuations without the long shadow of Venezuela’s socialist experiment, reckons Ankita Pathak, head, global investments at Ionic Asset.

For India, the direct impact appears limited. However, markets are expected to remain subdued amid elevated geopolitical risk. In an already fractured world, Venezuela has opened yet another fault line.

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## Beyond Venezuela

# What Trump's oil grab means for your money

The attack triggers geopolitical uncertainty, and shifts in emerging markets and safe-haven assets.



into an already turbulent world. Should global investors brace for a storm?

### Oil's not well

Here is what makes this US takeover a big game-changer. Venezuela is home to the largest proven oil reserves on earth. According to estimates, Venezuela holds 303 billion barrels of crude—the world's largest stockpile and nearly a fifth of global oil reserves. The US effectively gains unfettered access to this trove of oil, extending its already vast oil empire that runs from Alaska to Patagonia (a South American region covering parts of Argentina and Chile).

This gives the US unprecedented leverage in the global energy market. It further buttresses its position as a de facto price-setter, and not a price-taker. With nearly 30% of the world's total oil reserves now under its influence, it marks a notable shift in global energy dynamics, analysts at JP Morgan wrote in a note.

What's more, most US refineries are specifically equipped to process the heavy-grade crude oil that Venezuela produces. "The capture of Nicolás Maduro by US forces on 3 January 2026, marks the most significant geopolitical shift in Latin America since the 1989 invasion of Panama," observes Ankita Pathak, Head – Global Investments, Ionic Asset.

However, this power shift in the US's favour will not happen overnight. Venezuela's oil industry, despite its vast potential riches, has waned over the years. The Latin American coun

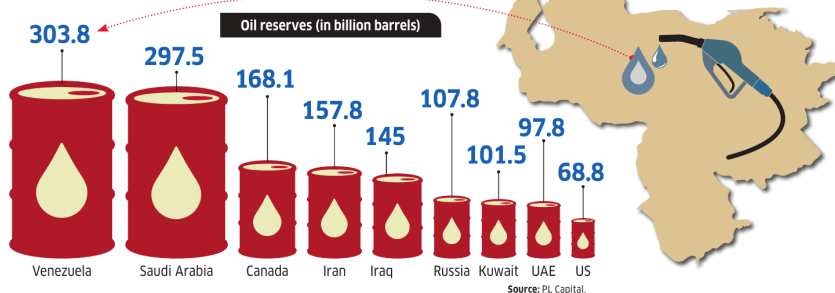
by Sanket Dhanorkar

A new year, another geopolitical storm brews. The script and its main characters—this time are familiar—the United States (US), a regional dictator, an overnight regime change. And oil, of course.

On 3 January, the US carried out military strikes in Venezuela, with US special forces capturing President Nicolás Maduro and extraditing him to face 'narco-terrorism' charges. US President Donald Trump has since announced that the US will oversee Venezuela's transition of power, take control of its vast oil reserves, and encourage US companies to invest in and revive the country's flailing oil industry. The move marks a significant geopolitical shift, reshapes global oil dynamics, and injects fresh uncertainty

## Venezuela ranks first in proven oil reserves

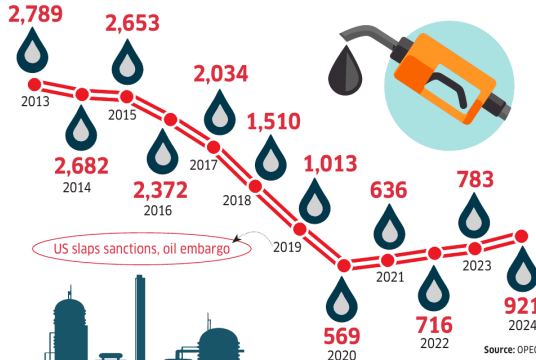
The Latin American country is sitting on vast untapped oil reserves.



## Venezuela's oil output has shrunk

It currently contributes just 0.8% of the world's oil production.

Average daily crude oil production (in million barrels)



The Latin American country was once the world's largest oil exporter, ahead of Saudi Arabia. But the advent of socialist regimes under Hugo Chavez and then Maduro put the brakes on its oil output.

try was once the world's largest oil exporter, ahead of Saudi Arabia. But the advent of socialist regimes under Hugo Chavez and subsequently Maduro put the brakes on its oil output. From a peak of 3.7 million barrels a day in the 1970s, Venezuela now churns out less than 1 million barrels a day—a mere 0.8% of the world's oil production.

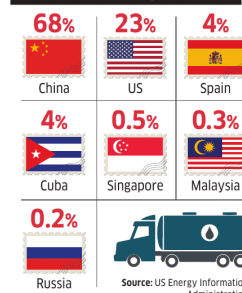
A series of missteps has left Venezuela's oil infrastructure creaking and output shackled. "Lack of expertise, under-investment, political interference, mismanagement, corruption and then sanctions have paralysed the exploitation of its oil reserves," remarks Swarnendu Bhushan, Research Analyst, PL Capital. For now, the US intervention alone cannot immediately unlock Venezuela's massive crude oil reserves, wrote Stephen Dover, Chief Market Strategist, Head of Franklin Templeton Institute, in his recent market update.

"Venezuela has the world's largest reserves of crude oil, but the poor state of its ageing oil extraction and transportation infrastructure, coupled with the low quality of its 'heavy' crude, suggests that even the arrival of political stability will not quickly increase its crude oil output or exports."

## China is a big importer of Venezuela oil

US naval blockade on Venezuela will disrupt oil supplies to China.

Venezuela crude oil exports % (2023)



indicates Dover.

Oil prices may see a short-term spike due to uncertainty. "The risk premium is expected to rise with global uncertainties, and there may be a minor spike as well depending upon how Russia and China respond to this," says Bhushan.

But in the medium term, Venezuela's return to global oil markets could pressure prices downward. "The medium-term outlook appears bearish as the removal of Maduro may unleash Venezuela's significant reserves, potentially increasing production by 500,000 to 1 million barrels per day within two years if US companies resume operations," observes Aamir Makda, Commodity & Currency Analyst, Choice Broking.

### Geopolitical tensions

A bigger fallout is how this unilateral takeover of a sovereign nation is perceived by other global powers, mainly China and

"In the longer term, lower oil prices lead to lower US inflation, potentially more rate cuts, a weaker dollar, and therefore helps the EM trade."

ANKITA PATHAK  
HEAD - GLOBAL  
INVESTMENTS,  
IONIC ASSET



Russia. "The Trump Administration has reinforced the perception that the US is willing to act unilaterally and to use force. Other countries, with territorial interests elsewhere, could be emboldened by the US use of power," points out Dover.

Beijing will be monitoring developments closely. The world's second-largest economy has developed close ties to Caracas (capital city of Venezuela) in recent years. China is the biggest buyer of Venezuelan oil and its largest creditor. It has provided Venezuela, its "all-weather strategic partner", with an economic lifeline since the US ramped up sanctions in 2017, purchasing roughly \$1.6 billion worth of goods in 2024. According to a Reuters report, almost half of China's purchases were crude oil, even as its state-owned oil giants had invested around \$4.6 billion in Venezuela by 2018. In fact, the Maduro regime's move to sell its oil in Yuan was seen as a threat to US petro-dollar hegemony. The US intervention in Venezuela is bound to leave a sour taste in Beijing. "In the short-term, China will be under pressure both for its oil supply and for the loans it has granted to Venezuela in the past that may not be honoured," points out Pathak of Ionic Asset.

It could spark fresh tensions between the world's two biggest superpowers. Chinese officials have already said China does not accept any country acting as the "world's judge" or "police", without expressly mentioning the US.

Trump's recent support for a bill proposing steeper 500% tariffs on countries purchasing Russian oil is another geopolitical risk to contend with. Markets will interpret this as a shift towards using trade instruments for geopolitical leverage, which increases risk pricing across equities, currencies, and commodities, observes Amit Jain, Co-Founder of Ashika Global Family Office Services.

### Boost for emerging markets

In a world engulfed in trade wars and regional conflicts, this latest military adven-

ture by the US and ensuing threats sows renewed chaos. The country's past attempts to impose power shifts or rebuild "troubled" nations have had limited success. "Transitioning of governments and investment by oil companies in less stable economies have proved to be a challenge over the past decade," observe analysts at Choice Broking.

Experts reckon the event could further stoke geopolitical tensions. "This episode clearly lifts the geopolitical quotient higher. Similar military aggression by other global powers cannot be ruled out, now that there is a precedent, maintains Chirag Mehta, CIO, Quantum AMC.

So far, flare-ups in geopolitical tensions are not evident, but investors should remain wary. Worryingly, since the strike on Venezuela, President Trump has continued to threaten other nations with coercive action. Warnings have been issued to countries including Colombia, Cuba, Mexico, Iran, and Greenland, a self-governing territory of Denmark, a NATO (North Atlantic Treaty Organisation) ally.

Gold could see short-term gains from safe-haven demand. "This will lead to some bid-up in gold prices as the built-in risk premium rises," says Mehta. If the US gains access to Venezuelan oil, it could lower energy costs and inflation, potentially accelerating Fed rate cuts, a medium-term positive for gold. "The Fed's dovish stance remains the core driver for gold," notes Makda. This also bodes well for emerging markets, say experts.

"In the longer term, lower oil prices lead to lower US inflation, potentially more rate cuts, a weaker dollar and therefore helps the EM trade," mentions Pathak.

She adds that Latin American equities can potentially trade at higher multiples without the "Chavista ceiling"—the structural and ideological limit imposed by socialist regimes on Venezuela's economic potential and, by extension, the broader region's growth.

But for Indian equities, any impact is likely to be muted. The ongoing crisis in Venezuela is unlikely to have any material economic or energy effect on India, according to the India-based think tank Global Trade Research Initiative (GTRI). Apart from ONGC's investment in its oil fields, India has sharply cut oil imports from Venezuela since the 2019 US sanctions on the country. Eventually, refiners in India could benefit from importing heavier Venezuelan barrels, which are priced at a discount to Brent crude and enable companies to generate higher gross refining margins. Overall, domestic equity markets are likely to remain subdued till global uncertainty prevails and earnings do not pick up materially.

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# सरकार की योजनाओं ने भारत के विकास की दिशा बदली : हरदीप पुरी

नई दिल्ली, 11 जनवरी (एजेंसियां)। केंद्रीय मंत्री हरदीप सिंह पुरी ने रविवार को कहा कि प्रधानमंत्री नरेंद्र मोदी की सरकार की योजनाओं ने भारत के विकास की दिशा बदल दी है। अब सरकार की सोच केवल महिलाओं के लिए योजनाएं बनाने तक सीमित नहीं है, बल्कि महिलाओं के नेतृत्व में विकास को आगे बढ़ाने पर जोर दिया जा रहा है, जिससे राष्ट्र निर्माण में महिलाओं की गरिमा, सुरक्षा और अधिक भागीदारी सुनिश्चित की गई है।

ये बातें पेट्रोलियम और प्राकृतिक गैस मंत्री हरदीप सिंह पुरी ने तमिलनाडु के कोयंबटूर में भाजपा की प्रोफेशनल सेल द्वारा आयोजित 'प्रोफेशनल्स कनेक्ट 2026' सम्मेलन में पेशेवरों, उद्योग जगत के लोगों, शिक्षकों, उद्यमियों और छात्रों को संबोधित करते हुए कहीं। उन्होंने कोयंबटूर शहर को व्यापार, अनुशासन और शांत आत्मविश्वास का प्रतीक बताया।

हरदीप पुरी ने सोशल मीडिया प्लेटफॉर्म एक्स पर लिखा कि



प्रधानमंत्री मोदी के नेतृत्व में विकसित भारत के लक्ष्य को पाने के लिए देश में ऊर्जा सुरक्षा को मजबूत किया जा रहा है। इसके लिए तेल और गैस से जुड़ी पूरी व्यवस्था को मजबूत किया जा रहा है और हरित ऊर्जा की ओर तेजी से कदम बढ़ाए जा रहे हैं। उन्होंने आगे कहा कि उन्हें प्रधानमंत्री मोदी की कई दूरदर्शी योजनाओं से जुड़ने का अवसर मिला, जिनसे लोगों का जीवन बेहतर हुआ और दुनिया भर में भारत की पहचान बनी। इन योजनाओं ने महिलाओं के लिए विकास से आगे

बढ़कर महिलाओं के नेतृत्व वाले विकास की सोच को मजबूत किया है।

चर्चा के दौरान हरदीप पुरी ने केंद्र सरकार की सुधार योजनाओं और नीतियों के सकारात्मक प्रभावों की बात की। उन्होंने कहा कि इन सुधारों से भारत की आर्थिक प्रगति को मजबूती मिली है और देश अब दुनिया की तीसरी सबसे बड़ी अर्थव्यवस्था बनने की दिशा में आगे बढ़ रहा है।

उन्होंने यह भी कहा कि इन सुधारों का लाभ समाज के हर वर्ग तक पहुंचा है, जिससे सामाजिक और आर्थिक

■ अब सरकार की सोच केवल महिलाओं के लिए योजनाएं बनाने तक सीमित नहीं रही  
■ महिलाओं के नेतृत्व में विकास को आगे बढ़ाने पर दिया जा रहा जोर

भागीदारी पहले से कहीं ज्यादा बढ़ी है।

मंत्री ने भारत की ऊर्जा सुरक्षा पर भी बात की। उन्होंने कहा कि देश तेल और गैस से जुड़ी व्यवस्था को मजबूत करने के साथ-साथ हरित ऊर्जा को तेजी से अपनाने पर ध्यान दे रहा है। उन्होंने कहा कि भारत पहले ही 20 प्रतिशत जैव ईंधन मिश्रण का लक्ष्य हासिल कर चुका है और हरित हाइड्रोजन जैसे भविष्य के ईंधनों की दिशा में भी लगातार प्रगति कर रहा है, जो विकसित भारत के सपने का हिस्सा है। हरदीप पुरी ने कहा कि प्रधानमंत्री आवास योजना के तहत बनाए गए चार करोड़ से अधिक घर महिलाओं के नाम पर या उनके साथ संयुक्त रूप से पंजीकृत किए गए हैं।