OpenVoiceNews India

Transparent. Unbiased. Yours.

India’s Oil Export Dip Reflects Growing Global Pressure

July 24, 2025
— Categories: Finance

Download IPFS

India’s petroleum product exports have fallen both in volume and value during the first quarter of the financial year 2025–26 (Q1 FY26), marking a 3% decline in tonnage and a steep 22% drop in dollar terms. The sharp slide has been attributed to new European Union sanctions aimed at curbing the use of Russian crude, which has been a key source for India’s refining industry since the Russia–Ukraine conflict began.

According to the Petroleum Planning and Analysis Cell (PPAC), India exported 14.5 million tonnes of petroleum products during Q1 FY26, compared to 15 million tonnes a year earlier. Export earnings for the same period dropped to $8.6 billion from $11 billion in Q1 FY25. The fall comes at a time when the European Union has moved to sanction a major refinery in India that is tied to Russia’s Rosneft. The EU’s measures aim to close loopholes that allow Russian oil to re-enter the market indirectly and include tighter banking restrictions and price cap enforcement.

The Indian downstream sector is feeling the squeeze. Public sector oil giants such as Indian Oil Corporation Limited (IOCL) and Bharat Petroleum Corporation Limited (BPCL) have relied heavily on discounted Russian oil, which accounted for roughly 35% of India’s total crude imports in the first half of 2025. In June alone, India imported 2 million barrels per day (bpd) of Russian oil, which is the highest monthly figure in nearly a year.

The EU’s updated regulations also introduce a “presumption rule,” stating that petroleum products from countries that were net exporters of crude oil the previous year are presumed to be sourced from domestic oil unless authorities have credible evidence to the contrary. This rule has cast a shadow over Indian refiners and raised concerns about continued access to low-cost Russian crude. According to Anirudh Garg, Partner at investment firm INVasset, this disruption to the supply chain could erode refining margins and force refiners to absorb higher costs or shift to pricier Middle Eastern and American oil alternatives.

While public refiners may face financial and logistical complications, private players like Reliance Industries, which has significantly boosted Russian imports could also be impacted. In June, India’s petroleum exports dropped to 1.19 million bpd, nearly 10% lower than in May. Year-on-year, exports also dipped by 3.7%. The United Arab Emirates, Singapore, and Australia emerged as India’s top buyers of petroleum products for the month.

On the import side, refined oil product volumes increased by 2.5% to 12.4 million tonnes, though the import bill fell slightly by 2% to $5.7 billion. Domestic consumption remained flat at 61.8 million tonnes, though India expects to hit a record 252.9 million tonnes in petroleum demand for the full fiscal year. Meanwhile, analysts at energy intelligence firm Kpler expect crude processing volumes to decline by around 250,000 bpd in the second quarter, as refiners like IOCL, Reliance, and Mangalore Refinery and Petrochemicals undergo planned maintenance.

India’s petroleum sector, long a driver of export earnings and strategic leverage, now faces fresh challenges as global regulations tighten and the cost of energy security rises. In an increasingly fractured geopolitical landscape, navigating supply chains while maintaining competitive margins will be essential for India’s energy industry moving forward.