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Rethinking India's reliance on crude imports.

India imports more than 85% of its oil and it has 5mn b/d of petroleum consumption, which is increasing by 3% per year – versus the global average, which is hovering around 1%. So, demand is increasing and imports are rising. After the Russia-Ukraine war, when prices soared, India started looking for more and more options, including pressing hard to increase its own domestic crude production to reduce its reliance on imports. I would say those are very, very aggressive numbers, i.e., importing more than 85% of our oil needs. But on the other hand, India is coming up with other solutions like ethanol blending programs. This means the share of ethanol is increasing; it was lower than 1% in 2013 and it is now approximately 10%.

OMCs' balancing act.

Last year, there was an urgency for the government to look at options amid rising crude oil prices. Then, the government started scouting for cheaper options and that's when our imports of Russian oil substantially increased. What also happened was that while petrol and diesel prices are deregulated, beyond a certain point, the government didn't allow oil marketing companies to raise prices, which led to huge losses for the oil marketing companies (OMCs). Also, we have witnessed rising inflation since last year because of high oil prices. Now, with prices softening, the OMCs' approaches are making up for the losses they've incurred in the last year and so they have not reduced the petrol and diesel prices for the common consumer. This has left India exposed to supply-led disruption, which is why the country is looking at increasing its ethanol blending and the electrification of its vehicles. ■

**Paraphrased Comments*