

# US trade moves could dent India's oil bill savings

**S DINAKAR**  
Amritsar, 7 August

India may have saved a total of around \$15 billion between January 2022 and June 2025 on purchases of discounted Russian crude oil, compared to the rates of alternative Gulf and US crudes during the same period, according to calculations by *Business Standard* based on detailed Customs and ship tracking data, Budget documents, and industry officials. To put it in context, these savings are sufficient to pay for India's budgeted urea subsidy of ₹1.2 trillion this financial year.

Savings were the highest in 2023, at around \$7 billion, when the imposition of a price cap on Russian crude by the Group of Seven nations sent discounts on Russian crude surging to a record \$15–\$20 per barrel, compared to less than \$2 per barrel now. But shrinking discounts have reduced savings on Russian oil, with savings in the January–June period pegged at around \$1.8 billion, according to the value of Russian purchases on landed terms based on Customs data. Discounts are calculated off the European benchmark Brent on a delivered basis into India.

Savings were derived by multiplying annual Russian volumes with the per-



barrel cost differential between Russian supplies and alternative crudes from Iraq, Nigeria, Saudi Arabia, the United Arab Emirates, and the US — countries India will turn to plug a big gap in Russian flows, industry executives said. Iraq and Saudi Arabia are the second and third biggest suppliers of crude to India.

“It is very difficult to put any number on the size of oil imports from Russia that might go down following high tariffs announced by the US,” said Narendra Taneja, a leading oil expert. “It would all depend on how the developments evolve — the forthcoming trade talks, the Quad summit, the scheduled foreign minister’s visit to Moscow, and the PM’s high-table discussions at the Shanghai Cooperation Organization summit in China.”

Two senior refining executives from state-run refiners told *Business Standard* that alternative crudes will shave off \$2–

\$3 per barrel from refining margins, based on the value derived from processing alternative West Asian and US grades. They may have to pay more if oil prices surge, analysts said.

Saudi Arabia gave an indication on Wednesday of what lies in store for Indian refiners as it announced high premiums on crude supplied in September under term contracts. Saudi official selling prices (OSP) are a benchmark for other Gulf nations, which will also quote comparable rates based on the crude quality, refining executives said.

Saudi Arabia increased the OSP for its flagship Arab Light crude supplied to Asia in September to plus \$3.2 per barrel above the benchmark Oman/Dubai average, it said in a statement. Saudi Medium and Heavy grades, typically imported by Indian refiners and a replacement for Russian Urals, are at a premium of

\$2.65 per barrel and \$1.3 per barrel, respectively. October oil premiums may be stronger, a refining executive warned, if Russian oil flows do not resume.

## Impact on refiners

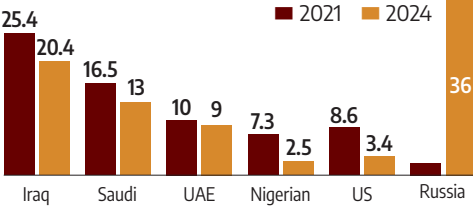
Private-sector refiners Reliance Industries (RIL) and Nayara Energy, which together account for around half of Russian oil imports, have benefited from what can be seen as a Russian oil bull run. They are more at risk, industry executives said, as premiums for alternative Gulf grades on the spot market have increased, erasing margins on refining and exports. Some of the discounted Russian oil is made into fuels by Reliance and exported to Europe, according to Finnish think tank Centre for Research on Energy and Clean Air. Reliance said in its annual report today that geopolitical tensions and tariff uncertainty could disrupt trade

## Win some, lose some

Russian crude savings/differentials with other crudes (\$/bbl)

	2022	2023	2024	2025
Iraq	1.7	0	-1.4	-0.2
Saudi Arabia	11	15.5	6.6	3.8
UAE	12.3	15	8.6	7.6
Nigeria	14.5	17.5	10.6	7.3
US	2	9.5	6.3	8.8
Russia	0	0	0	0
Average differential	8.3	11.5	6.1	5.5
Savings in \$ billion	1.91	6.89	4.01	1.76

## Crude share in volume terms in %



Average differential for both year is not available 2.2

Savings are calculated based on Russian average volumes that year multiplied by average differential crude oil rates  
Source: *Business Standard* calculations based on customs data

flows. State-run refiners have already slashed their dependence on Russian oil by 10 percentage points this year from 2024, Kpler data showed and sources said.

For instance, Hindustan Petroleum Corporation bought just 24,000 bpd of Russian oil in July, less than a tenth of the 280,000 bpd it procured a year earlier. Sources attributed this to shrinking discount levels and reduced availability of Russian oil after RIL and Nayara increased purchases of Urals. Discounts have collapsed by over 50 per cent from a year earlier, refining executives said.

State-run refiners are covered for deliveries of crude oil in September even if Russian oil flows cease, a senior trader at a state refiner said. Another trader said they are mostly covered. State-run refiners imported 1.1 million bpd of Russian oil in June, according to data from maritime intelligence agency Kpler accessed by *Business Standard*. It is unclear if the entire volume — a substantial chunk to cover — has been arranged or if refiners are waiting for New Delhi's moves to see if any rapprochement with the Trump administration can lead to a resumption of Russian flows.

“Two million bpd of Russian crude oil cannot be replaced by West Asian producers,” said Kpler analyst Ameena Bakr, adding that Saudi Arabia, the UAE, and Kuwait have spare capacity that can be tapped into, but other countries don't. Also, countries like Iraq and Kazakhstan have to cut production for overproducing beyond their Organization of the Petroleum Exporting Countries quotas. India imported 2.1 million bpd of Russian oil in June.