

# India To Buy Venezuelan Crude Oil

## How It Will Benefit India

### Why In News

- Indian refiners can process **Venezuelan oil** and the nation may buy it provided that it is available cheaply, Oil Minister Hardeep Singh Puri said on Wednesday, days after the **US temporarily lifted sanctions on OPEC member Venezuela's oil sector**.



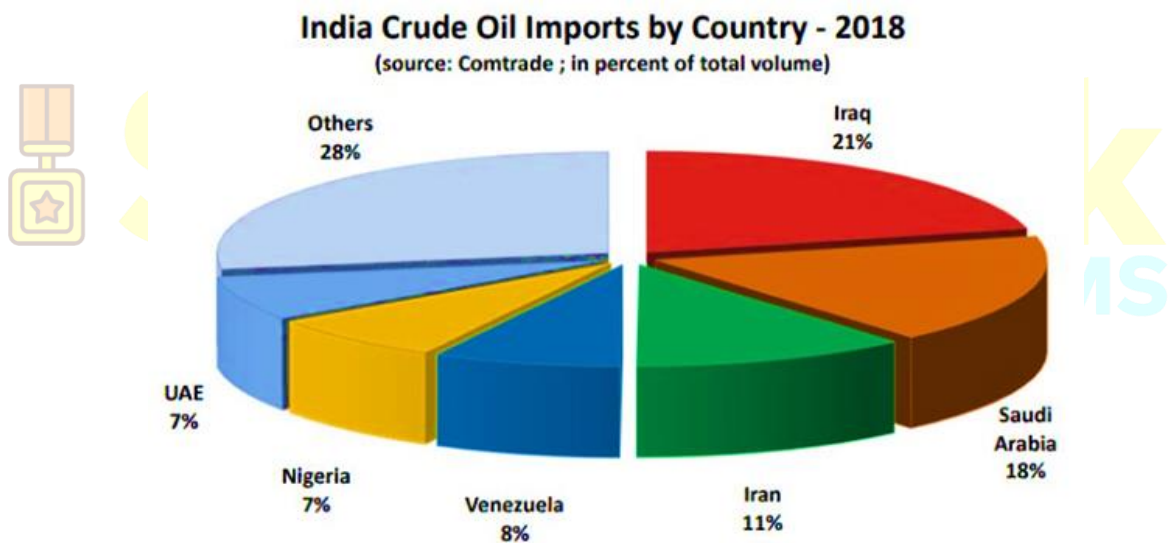
### Venezuela Oil Market

- Venezuela has **one of the largest oil reserves and production** from it at a large scale will have a dampening effect on global oil prices, Mr Puri said.
- Crude from **Venezuela made up about 5-7% of India's** oil imports up to 2019.
- The South American country had been under crushing sanctions since 2019. These were broadly lifted by the US two weeks ago in response to a deal reached between the Venezuelan government and opposition parties for the 2024 election.
- A new general licence issued by the US Treasury Department authorises Venezuela to produce and export oil to its chosen markets for the next six months without limitation.



## How It Will Benefit India

- India Is The **3<sup>rd</sup> Largest Oil Consumer And Importer** In The World.
- India's efforts to secure its oil supplies and reduce its **dependence on West Asia** demonstrate a prudent approach to navigating the complex and unpredictable global oil market.

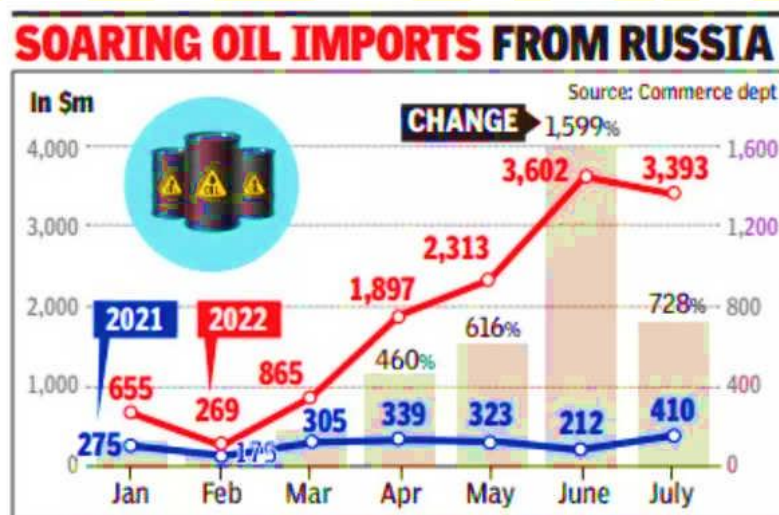


- As the conflict in West Asia escalates, India is actively preparing for potential supply disruptions in the oil market, a situation that could have far-reaching consequences.
- The region is experiencing a deepening crisis, with no end in sight, and India is taking steps to secure its energy needs.
- If the refining economics would favor Venezuelan crude in the future, Indian refiners may need to displace crude from their existing sources, which might include **Middle Eastern, Latin American and US crudes**.

## Policies for Coping with Oil-supply Disruptions

### Current Oil Market In India

- During January-September, **India's oil demand rose 5.6%** on year to 171.34 million tonne, or 4.9 million bpd, according to data from the Petroleum Planning and Analysis Cell.
- Over the same period, **diesel and gasoline demand rose 6.5% and 7.4%** on year, respectively.
- Demand for jet fuel increased 20.5% on the year, while it was up 3.7% year on year for naphtha over January-September.



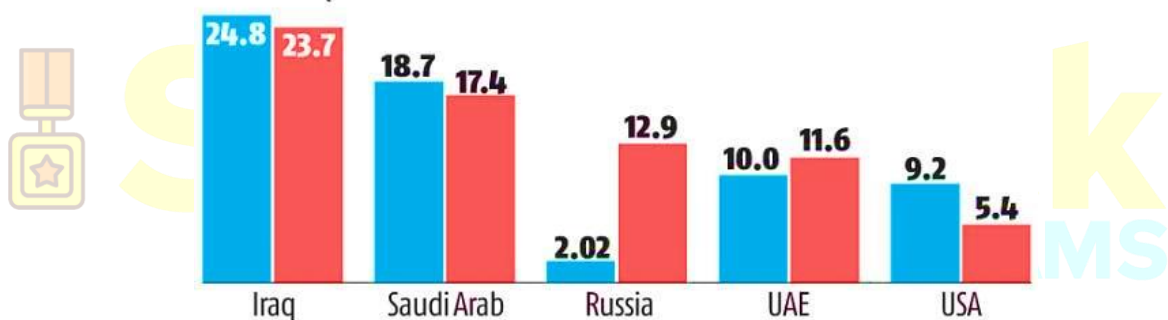
- India has diversified its oil import sources in the past few years and post-February 2022, **Russia has emerged as the top seller of crude** to India as it supplied oil at discounted prices amid western restrictions.

- In **FY22**, Russian oil accounted for only **2%** of India's total oil imports; in FY23, it made up around **one-fourth of the 235.52 million tonnes** of crude oil imported by India.
- The other **major suppliers to India** include Iraq, Saudi Arabia, the US and the UAE.
- India's crude oil imports from **Russia fell to 1.57 million barrels a day** in October from 1.78 million bpd in September, as per data from Kpler. **Imports from Saudi Arabia**, however, jumped almost 65% on month to 7,96,659 bpd.
- Of India's overall imports of 4.50 million bpd in October, Russian crude accounted for nearly 35% of total imports followed by Iraq with 21% share and Saudi Arabia at 18%.

## TOP SOURCES OF CRUDE OIL FOR INDIA

As a % share of India's total crude oil imports

■ FY22 ■ Q1FY23



## Conclusion

- Oil imports from Venezuela to India can have a **sobering effect in the market**, said oil minister Hardeep Singh Puri amidst a rising concern of **dwindling Russian discounts** on oil and talks of India reconsidering Venezuela as a key importer.

