

# India's crude oil import bill to top \$100 bn in current fiscal

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**NEW DELHI:** India's crude oil import bill is set to exceed \$100 billion in the current fiscal year ending March 31, almost double its spending last year, as international oil prices trade at seven-year highs.

India has spent \$94.3 billion in the first 10 months (April-January) of the ongoing financial year that started April 1, 2021, according to data from the oil ministry's Petroleum Planning & Analysis Cell (PPAC).

It spent \$11.6 billion in January alone when oil prices had started to surge. This compared with \$7.7 billion spending in the same month last year.

In February, oil prices crossed \$100 per barrel and going at this rate, India, which imports 85 per cent of its crude oil requirements, is expected to almost double its import bill to \$110-115 billion by the end of the fiscal year 2021-2022.

The imported crude oil is turned into value-added products like petrol and diesel at oil refineries, before being sold to automobiles and other users. India has surplus refining capacity and it exports some petro-



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leum products but is short on production of cooking gas LPG, which is imported from nations like Saudi Arabia.

Import of petroleum products in April-January of 2021-22 fiscal was 33.6 million tonnes worth \$19.9 billion. On the other hand, 51.1 million tonnes

of petroleum products were also exported for \$33.4 billion.

India had spent \$62.2 billion on import of 196.5 million tonnes of crude oil in the previous 2020-21 fiscal when global oil prices remained subdued in the wake of the COVID-19 pandemic.

In the current year, it has already imported 175.9 million tonnes of crude oil.

In the pre-pandemic 2019-20 fiscal, the world's third largest energy importing and consuming nation had spent \$101.4 billion on import of 227 million tonnes of crude oil.

Brent spot prices surged to an over seven-year high of \$105.58 per barrel on February 24 on fears of supply disruptions after Russia invaded Ukraine. It has dropped to below \$100 thereafter as those fears receded as the West kept energy trade out of sanctions imposed on Russia.

Higher crude oil import bill is expected to dent the macro-economic parameters.

The country's import dependence has increased owing to a steady decline in domestic output. The nation produced 30.5 million tonnes of crude oil in 2019-20, which fell to 29.1 million tonnes in the following year.

During the current fiscal, it has produced 23.8 million tonnes of crude oil so far as compared to 24.4 million in the first 10 months of 2020-21. The target for 2021-22 is 26.1 million tonnes, the PPAC data

showed.

India's self-sufficiency in meeting oil needs was 15 per cent in 2019-20, which increased to 15.6 per cent in the following fiscal but has fallen to 14.9 per cent in the current financial year.

India's import bill for liquefied natural gas (LNG) also increased to \$9.9 billion during the 10-month period of the current fiscal, significantly higher than \$6.2 billion worth of imports during the same period in the previous fiscal year, the PPAC data showed.

Global LNG prices have spiralled during the past few months, leading to costlier gas imports.

In 2020-21, India spent \$7.9 billion on import of 33 billion cubic metres of LNG. In the previous fiscal, it spent \$9.5 billion on import of 33.88 bcm.

In the current fiscal, India imported 26.78 bcm of gas, majority of it on long-term contracts linked to oil prices.

Petronet LNG Ltd imports gas in its liquid form (LNG) from Qatar and Australia while state-owned GAIL (India) Ltd has long-term import contracts from Russia and the US.