

# Riding Out Hormuz



**Hardeep Singh Puri**

When the Strait of Hormuz closed in February-end, GoI made it a priority that Indian citizens, especially the most vulnerable, be protected from unprecedented supply and price disruptions. That move has held through almost 4 mths later.

A country importing more than 85% of its crude, the argument ran, could not survive closure of Hormuz through which more than 20-30% of the world's hydrocarbons move. Today, stocks are full, pumps are open, and the Indian consumer has paid less for energy through this crisis than any other consumer in the world.

Nearly 60% of India's LPG consumption used to be supplied from West Asia. Much of that supply, almost overnight, dropped to zero. On the supply side, LPG Control Order was passed on March 8, which mandated all refineries to divert all their C3-C4 carbon streams to maximise LPG production. Refineries that had never made cooking gas were reconfigured within a few days, and production was raised from 35 TMT a day to 54 TMT a day.

At the peak of war, when no vessel was moving out of Hormuz, over 12 Indian LPG vessels were quietly moved out of the strait without any toll payment, the largest number for any country. Cargoes were secured and ship-to-ship transfers were done from Yanbu and Fujairah ports down the Red Sea route. Vessels were sent inside Hormuz to get new cargoes, and fresh supply lines were opened with sev-

eral countries like Algeria, Japan and Canada. Every producer India had ever dealt with, within the Gulf and outside it, stood with it.

But demand also had to be prioritised. Digital authentication code was made mandatory to prevent diversion of cooking gas by black marketers. A 25-day and 45-day limit was imposed, so that every citizen got cylinders without anyone able to hoard them.

As commercial cylinders are not regulated and any one buyer could have bought entire supplies available at once, it was routed through industry associations and state civil supplies departments. Industry was moved onto piped natural gas, large kitchens and establishments encouraged to fall back on other fuels wherever possible, and household piped gas and CNG were kept in the 'no-cut' category.

GoI came together to enable a shift to piped gas connections through faster municipal permissions. Between February and June, international benchmark for cooking gas, Saudi CP, rose by nearly 50%. But a cylinder that would cost more than ₹1,600 at import-linked rate still reaches an Ujjwala home at

₹642. GoI absorbs roughly ₹900 loss on each Ujjwala cylinder, and close to ₹600 on every cylinder going to every other household. So, every Indian family today pays much less for their cooking gas than households in other countries.

A bold central excise cut of ₹10 a litre in March absorbed substantial part of the price shock, as crude had nearly doubled and PSU oil companies absorbed daily losses running to over ₹500-1,000 cr through this quarter. Across those same months, petrol at US pumps rose by more than 40%, and in Britain by close to 20%, with double-digit increases across much of Europe. The rise in Indian pumps was held to around 7%.

India's foreign reserves stand at near \$690 bn, down only modestly from the all-time high of \$728.49 bn recorded in the very week the conflict began, with the economy growing at 7.8% last quarter.

As for oil reserves, energy locked underground earns nothing and costs a great deal to hold. So, it's run through a system of import terminals, depots, pipelines, refineries and storages spread across the country. India today has 24 refineries, more than 47,000 km of oil and gas pipelines, and over 1 lakh petrol pumps that serve nearly 8 cr people every day.

Almost 4 mths into the largest energy disruption of our times, India did not have to take any emergency rationing measures. This was possible only because the ground had been prepared in the years before. The widening of India's crude basket from 27 countries to 41, the doubling of import terminals, and pipelines and reserves built across a decade were not abstractions when Hormuz closed. They were the very reasons the lights stayed on.



**Steadying the hand**

*The writer is minister for petroleum & natural gas, GoI*

# India eyes discounted Iranian oil after US waiver

**COMPLIANCE ISSUES.** Some refiners are awaiting guidance on the banking framework

**Amiti Sen**  
New Delhi

India is keen to take advantage of the 60-day US sanctions waiver on Iranian oil by resuming imports of discounted crude from Tehran, although some refiners may wait to see if there will be more operational guidance from the US Treasury's Office of Foreign Assets Control (OFAC) before entering into purchase contracts, sources said.

"The temporary sanctions relief has reopened the possibility of sourcing crude from Iran, which had traditionally been one of India's largest oil suppliers owing to its geographical proximity, lower freight costs and attractive pricing. As long as we are sure that there would be no sanctions against SBI or any other bank that may participate in such transactions, there is no reason why India should not buy from the country," a source tracking the matter told *businessline*.

Indian refiners had stopped buying Iranian oil



**SUPPLY RELIEF.** On June 22, following the interim peace deal between Iran and the US, OFAC issued a waiver that paused major US sanctions on Iranian oil and petrochemicals till August 21

after US sanctions were re-imposed in 2019.

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#### **ATTRACTIVE OPTION**

With sanctions temporarily eased, Iranian crude is expected to be available at a discount, making it an attractive option for Indian refiners looking to diversify supplies and reduce import costs.

However, companies are awaiting greater clarity from the OFAC on the banking

channels permitted for settlement under the general licence, the source said.

While there are currently no restrictions on the currencies that may be used for payments, refiners are keen to understand which banks would be authorised to handle transactions and the payment mechanisms they would prefer before proceeding with purchases.

#### **OPERATIONAL ISSUE**

"The banking framework is the key operational issue now. Once there is clarity on the banks that can participate and the payment arrangements, refiners can take a commercial call," a source

said. Several intermediaries and trading firms have already approached Indian refiners with offers of Iranian crude following the US decision, reflecting expectations that demand from former buyers could revive during the 60-day window.

Before sanctions were tightened, Iran was among India's top three crude suppliers. Its proximity to India's West Coast translated into significantly lower shipping costs compared with supplies from many other parts of the world, while Tehran often offered favourable commercial terms to Indian buyers.

Availability of Iranian crude could also exert competitive pressure on other suppliers to offer more attractive discounts and commercial terms, another source said.

"Even if imports remain limited during the 60-day window, the prospect of Iran re-entering the market could improve the negotiating leverage of Indian refiners in securing cargoes from alternative producers," he added.

# West Asia crude rebounds to 15 mbpd as Gulf output recovers

**SAURAV ANAND**  
New Delhi, June 28

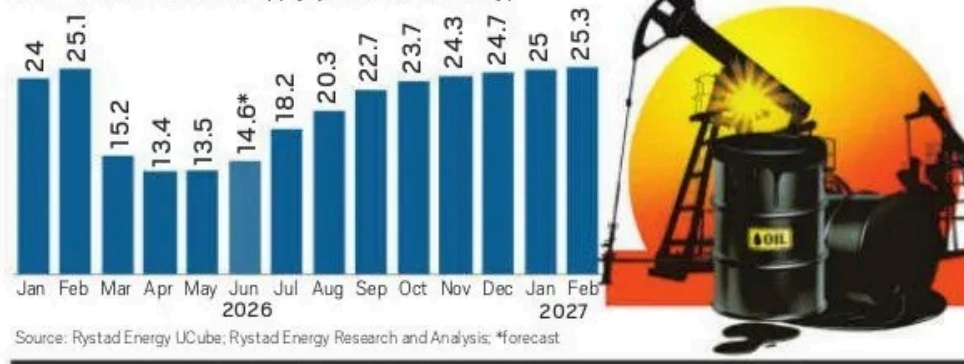
**WEST ASIA'S CRUDE** supply has recovered to around 14.6-15 million barrels per day (mbpd) after nearly 2 mbpd returned within three weeks of the June 17 preliminary US-Iran agreement, easing fears of a prolonged supply shock and pulling Brent crude to around \$72 a barrel, its lowest level in nearly three months.

The faster-than-expected rebound has prompted Rystad Energy to bring forward its forecast for a full regional supply recovery by an entire quarter to the end of 2026. However, it cautioned that the normalisation of tanker traffic through the Strait of Hormuz remains critical to sustaining the recovery.

Regional shut-in production has declined to 9.6 mbpd from 11.7 mbpd just three weeks ago after Washington granted Iran a 60-day waiver to

## BACK ON TRACK

Total West Asia crude supply (million barrels/day)



resume oil exports and Gulf producers accelerated restart schedules.

Rystad now expects total outages to fall below 2 million bpd by the end of the third quarter, with West Asia's crude production climbing back to around 24-25 mbpd by December, nearly a quarter earlier than previously projected.

"Two million barrels a day came back online in three weeks, and the recovery is spread across the region. Iran is moving fastest because its shut-in period was shorter and upstream damage was limited. Kuwait has already lifted all force majeure notices and is offering July cargoes by tender. Saudi Arabia is on track for a record 4.5 mbpd through

Yanbu this month. The supply picture is clearly improving," said Aditya Saraswat, MENA Research Director at Rystad Energy.

The rebound, however, remains uneven. Saudi Arabia and the UAE accounted for nearly 65% of the crude that continued flowing during the conflict, supported by pipeline routes that bypass the Strait of

Hormuz. Their ability to keep exports moving has enabled a quicker return to normal operations than countries that rely heavily on the strategic waterway.

Iran is expected to post the sharpest production recovery. Rystad estimates Iranian crude output will increase from 2.4 million bpd currently to 3.1 mbpd by August and could rise to 3.3 mbpd by year-end if sanctions relief is extended beyond August. That would take Iranian output above pre-conflict levels. Following the 2016 Iran nuclear deal, the country added nearly 1 million bpd within a year, providing a benchmark for the pace of the current ramp-up.

Saudi Arabia's export infrastructure has emerged as a major stabilising factor. Its 7 mbpd East-West Pipeline enabled shipments through the Red Sea port of Yanbu even when Gulf routes were constricted. Yanbu exports have

risen from less than 1 million bpd before the conflict to 3.3 million bpd in March, 4 mbpd in April and an estimated record 4.5 million bpd this month. Higher crude prices also lifted Saudi oil export revenues to their highest level in nearly four years in March despite lower volumes shipped through Gulf coast routes.

The UAE is also strengthening its bypass capacity. ADNOC is expanding the Habshan-Fujairah pipeline to raise capacity from 1.8 mbpd to 3.3 mbpd by around 2027.

The country has installed crude production capacity of 4.85 mbpd, compared with pre-conflict output of 3.4 mbpd, and plans to increase capacity to 5 mbpd next year, with longer-term potential of 6 mbpd.

Kuwait and Iraq are expected to recover more slowly. Both countries depend heavily on the Strait of Hormuz.

## India's refining strength counters rising crude import dependence: EY report



**UNITED NEWS OF INDIA**  
*New Delhi, 28 June*

India has significantly strengthened its petroleum refining capabilities even as

its dependence on imported crude oil has continued to rise, according to a report by EY.

The study says that while crude oil import dependence

has crossed 90 per cent in FY26, the country's refining efficiency has improved by nearly 33 per cent since FY98, reinforcing India's position as a major exporter of petroleum products.

The report notes that crude oil import dependence has increased from around 55 per cent in FY99 to over 90 per cent in FY26, driven by rising domestic demand and declining crude oil production. Petroleum product consumption has grown from 90.6 million metric tonnes (MMT) in FY99 to 243.2 MMT in FY26, whereas domestic crude production has fallen to about 26 MMT.

Despite this growing import reliance, India's refining sector has emerged as a major strength. Investments in modern technology and expanded refining capacity have enabled the country to

efficiently process imported crude into value-added petroleum products for both domestic consumption and exports. Refining efficiency has improved from just above 0.95 in FY98 to 1.27 in FY26.

The report also highlights a positive structural shift in the economy, with both energy intensity and petroleum consumption relative to GDP declining over the years. This indicates that India's economic growth is becoming less dependent on petroleum, supported by technological advancements and the expanding services sector.

However, the report cautions that high dependence on imported crude leaves the country vulnerable to global oil price fluctuations, geopolitical disruptions and foreign exchange pressures. Since demand for crude oil remains relatively

inelastic, sharp increases in international prices can significantly raise India's import bill, fuel inflation and affect overall macroeconomic stability.

To enhance energy security, the report recommends expanding strategic petroleum reserves, boosting domestic oil production, diversifying crude import sources and accelerating the transition to renewable and alternative energy. It says that strengthening these areas will help India better withstand future global supply shocks while sustaining long-term economic growth.

The report concludes that although India's refining sector has become a key competitive advantage, reducing import dependence and improving energy resilience will remain crucial for ensuring long-term economic stability.

# State-owned oil firms prove vital despite repeated privatisation push

For decades, India's public sector OMCs have often been criticised for low returns, govt intervention in fuel pricing & bloated operations

## OUR CORRESPONDENT

NEW DELHI: Every time India has faced a major crisis - whether devastating floods, a once-in-a-century pandemic or the latest conflict in West Asia that threatened global oil supplies - it has been the country's state-run oil companies that have quietly kept fuel flowing.

For decades, India's public sector oil marketing companies (OMCs) have often been criticised for low returns, government intervention in fuel pricing and bloated operations.

They have twice been put on the block for privatisation, with plans to sell Bharat Petroleum Corp Ltd (BPCL) and Hindustan Petroleum Corporation Ltd (HPCL) gathering momentum in 2002 before being halted by a Supreme Court ruling and again in 2020, before the process was abandoned after failing to attract enough bids.

Yet every national emergency has reinforced why governments have been reluctant to loosen their grip on companies that control the country's energy lifeline, analysts and industry officials said.

When unprecedented floods submerged Chennai in 2015, Indian Oil Corp (IOC), BPCL and HPCL scrambled



Yet every national emergency has reinforced why govts have been reluctant to loosen their grip on firms that control country's energy lifeline

to move fuel through alternative routes, restore inundated depots and keep emergency services supplied even as roads disappeared under water and retail outlets shut.

During the COVID-19 pandemic, the companies operated virtually uninterrupted despite nationwide lockdowns. Fuel stations remained open, refineries continued operating with skeletal staff, LPG cylinders were delivered to millions of

## Highlights

» They faced two privatisation bids —BPCL & HPCL sale plans were halted by a SC ruling in 2002 & abandoned in 2020 on poor investor interest

» During the COVID-19 pandemic, companies operated virtually uninterrupted despite nationwide lockdowns

» During the latest West Asia conflict, the OMCs worked closely with govt to reassure markets that adequate supplies would be maintained

households under strict mobility restrictions and aviation fuel supplies were maintained for relief and medical flights, they said.

Engineers isolated operating teams inside refineries for weeks to ensure continuous production, while tanker drivers and LPG delivery personnel worked through curfews and containment zones.

The latest conflict in West Asia once again highlighted its

strategic importance.

As the Iran war disrupted crude trade routes and raised concerns over supplies through the Strait of Hormuz, India's state refiners rapidly reconfigured operations.

They increased LPG production by diverting refinery streams away from petrochemicals, diversified crude procurement across geographies, optimised refinery runs based on available feedstock and coordinated fuel supplies nationwide to avoid local shortages.

"The result was that no corner of the country went without fuel. Unlike several countries, including those in the neighbourhood, India did not see any rationing of fuel," an industry official said.

The companies also leaned on India's strategic petroleum reserves and commercial inventories, while working closely with the government to reassure markets that adequate supplies would be maintained.

All this they did while passing on the least minimum impact of the spurt in global oil prices to consumers. For a good two-and-a-half months, the three firms absorbed the more than 50 per cent spurt in international oil prices and

then raised petrol and diesel prices by Rs 7.50 a litre each, LPG rates by Rs 89 per cylinder and CNG by Rs 6 per kg - much lower than the increase seen in major economies around the globe.

The response reflected a playbook honed over decades: absorb global shocks first and shield consumers for as long as possible.

That came at a cost. Even as IOC, BPCL and HPCL await full government compensation for selling subsidised cooking gas in 2025-26, they chose to hold petrol and diesel prices steady through more than three months of turmoil in West Asia, sacrificing earnings to cushion consumers.

According to Crisil Ratings, the three state-run retailers are estimated to have incurred net under-recoveries of Rs 40,000-45,000 crore between March and May, after accounting for inventory gains - almost equivalent to their combined annual profits.

Private-sector fuel retailers, by contrast, passed on higher costs more quickly. Companies, such as Nayara Energy and Shell, raised pump prices by a steeper margin during the period, industry officials said.

• ECONOMY

# Iran oil is back, but Indian refiners aren't rushing in

The 60-day US waiver is an opportunity for India, once a major buyer of Iranian crude. But refiners have many factors to consider, including the China angle



SUKALP SHARMA

A US waiver, issued June 22, has allowed the production, delivery and sale of Iranian oil, petroleum products and petrochemicals till August 21. The US has also committed to lifting its naval blockade of Iranian ports. Tehran is counting on both measures to move its oil — which has for years been predominantly exported to China — to the wider international market.

The sanctions waiver presents an opportunity for India, once a major buyer of Iranian crude. The National Iranian Oil Company has started reaching out to international oil companies, including Indian refiners, to resume commercial ties.

Sources in India's refining sector said the companies are in touch with the Iranian side. They are also looking into the commercial, logistical and technical feasibility of purchasing Iranian oil.

Although some barrels of Tehran's oil are bound to make their way to India over the next two months owing to discounts, industry experts and insiders don't expect large-scale purchases, at least for now.

### What after the 60-day waiver

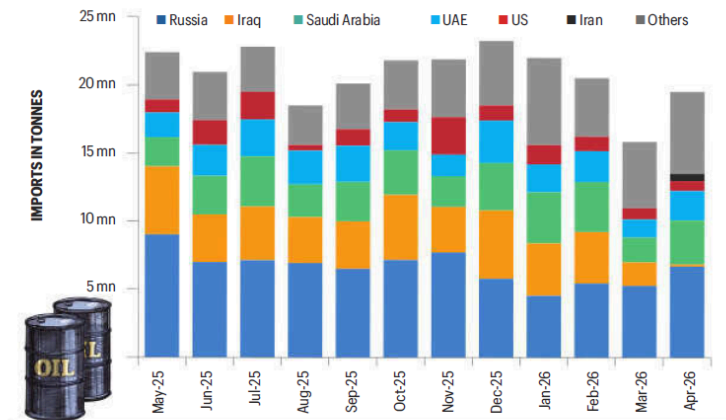
Indian refiners are expected to tread cautiously amid a fragile peace pact and lack of long-term clarity on the future of Iranian oil. There are also logistical and payment-related challenges associated with Iranian oil trade owing to US sanctions on Tehran's financial sector.

While the US waiver pertains specifically to Iran's oil, petroleum product and petrochemical exports, and not to the financial sector sanctions on Tehran, the waiver notification does mention that payments for such purchases will be allowed in dollar-denominated funds. This could help ease some, if not all, payment-related pain points. But how it would actually play out remains to be seen.

"Refiners considering Iranian crude will focus on three key factors: the durability of sanctions relief, pricing and discounts, and the availability of payment, insurance, shipping, and logistics mechanisms. Of these, payment remains the biggest

## • INDIA'S EVOLVING CRUDE IMPORT BASKET

The chart shows the share of different countries in crude oil imports. Iraq's share, for instance, dipped amid the West Asia war. Iran accounted for 2.7% of crude imports in April after US waived its sanctions.



SOURCE: DIRECTORATE GENERAL OF COMMERCIAL INTELLIGENCE AND STATISTICS

DATA COMPILED BY SIDDHARTH UPASANI

hurdle," said Sumit Ritolla, manager, modelling & refining, at analytics firm Kpler.

Refinery executives said that calls on Iranian oil imports will be taken once there is clarity on all these aspects. Indian refiners steer clear of oil and gas under US sanctions to avoid the risk of attracting secondary sanctions from Washington.

According to Abu Dhabi-based energy analyst Natalia Katona, any decision to restart oil trade with Iran would likely be made first in the refiners' compliance departments — not their trading desks.

"Even if crude trade is temporarily permitted, the banking side remains complicated. Iranian banks are still heavily sanctioned, so buyers would need to resolve the formalities of payment, documentation and settlement before regular trade can resume. Now that the waiver has actually been issued, Indian companies may start buying Iranian crude. But I think the number of buyers will still be quite limited," Katona told *The Indian Express*. "So far, Chinese refiners that bought sanctioned Iranian crude mostly dealt directly with Tehran and paid in yuan. That is not a model Indian refiners appear comfortable replicating."

### Shaky supply

In 2009-10, Iran accounted for 14.4% of India's oil imports. As sanctions intensified, the imports tapered.

Imports briefly recovered in the mid-to-late 2010s after the Iran nuclear deal, but crashed after Trump tore it up.

April's crude oil consignment from Iran was the first in 7 years.

### Signals in the previous waiver

Experts say India's buying behaviour during the month-long sanctions waiver on Iranian oil issued by the US during the West Asia war also supports the argument that it is unlikely to quickly ramp up crude imports from Iran.

After a gap of nearly seven years, Indian refiners again bought Iranian crude in April (see chart). But the volume stood at just 5,30,000 tonnes — 2.7% of India's overall oil imports for the month — according to data from the Directorate General of Commercial Intelligence and Statistics. Ritolla said the previous waiver generated limited participation from non-Chinese buyers because of payment curbs and other issues.

Further, oil scarcity was a major motivation for India during the previous waiver as it scrambled to make up for the lost supplies from other West Asian countries. But if crude from Saudi Arabia, the UAE and others starts flowing again, India has little reason to take on the compliance risk attached to Iranian barrels, said Katona.

"It is worth looking at the previous waiver, which was issued on March 20. India bought only two Iranian cargoes

under it, and they arrived in mid-April... Based on that earlier pattern, I would expect the biggest increase in Indian buying interest for the second half of July. That is probably when companies will start trying to secure as much oil as possible, while still leaving enough time to complete the payments and deliveries before the waiver expires," she said.

According to her, payments made to Iranian entities after August 21 would carry a serious compliance risk, so Indian refiners will not want to get too close to the deadline.

### The China factor

China is likely to return as the dominant buyer of Iranian crude once oil flows through the Strait of Hormuz normalise. Before the crisis, China was buying almost all of Iran's oil exports. Well-oiled logistical arrangements and payment mechanisms are already in place between the Chinese buyers and the Iranian sellers. So for Indian refiners to lift Iranian oil cargoes, they would most likely have to compete with their Chinese counterparts, and perhaps even other interested buyers.

To add to that, the discounts on Iranian oil could narrow, taking away a significant price advantage from a buyer's perspective. Iran was forced to sell its oil at a discount as the US sanctions kept most potential buyers at bay, but with the waiver in place, discounts may shrink considerably — as would the scope for refiners to bargain.

"There are around five million barrels of Iranian crude already loaded on vessels in the Gulf, so Indian buyers will probably focus on cargoes that are already afloat. That would be much faster and easier operationally, the crude could reach India in about a week. At the same time, these barrels will probably be in very high demand. China will still be interested, and even US buyers may want to purchase it (under the waiver). So we could even see a situation where Indian refiners have to compete for Iranian cargoes, even though they are geographically the closest major buyers," said Katona.

It is also worth noting that India has significantly diversified its oil import basket beyond the Gulf over the past few years, and that helped the country ensure adequate supplies even during the peak of the West Asia crisis. Simply put, there is no real pressure on Indian refiners to lift Iranian oil cargoes even during a global supply squeeze.

A lot now depends on the terms Tehran offers to willing buyers.

# Refiners brace for crude volatility after Gulf clash

US alleges Iran targeted another vessel in Hormuz, responds with fresh strikes

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**T**he fragile calm in West Asia has been shattered by fresh US-Iran strikes, clouding the outlook for global oil markets and Indian refiners after last week's easing in crude prices.

The latest exchange began after Washington alleged that Iran had targeted another commercial vessel in the Strait of Hormuz. US central command responded with fresh strikes on Iranian military targets on Saturday, following which Iran's Islamic Revolutionary Guard Corps (IRGC) attacked US military installations in Kuwait and Bahrain.

Indian refiners, meanwhile, are taking a cautious wait-and-watch approach despite tanker traffic through the Strait of Hormuz beginning to recover and the US temporarily waiving sanctions on Iran until 21 August, according to a refinery executive who declined to be identified.

"Ships have just started to transit the Strait of Hormuz," the executive said. "Another flare-up in the region would be concerning."

Analysts expect the renewed hostilities to inject fresh volatility



## VOLATILITY WAVE

REUTERS

### SLIPPERY SLOPE

<b>INDIAN</b> refiners are taking a wait-and-watch approach	<b>TANKER</b> traffic at the Strait of Hormuz is slowly recovering	<b>THE</b> US temporarily waived sanctions on Iran until 21 August
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into oil markets when trading resumes on Monday, amid concerns over the longevity of the memorandum of understanding (MoU) signed between the two countries on 17 June, as investors reassess the risk of supply disruptions through the Strait of Hormuz, the world's most critical oil ship-

ping chokepoint.

On Friday, Brent and West Texas Intermediate (WTI) crude prices retreated to pre-conflict levels, with the August contracts falling 4.34% and 3.74%, respectively, to settle at \$71.99 and \$69.23 a barrel.

According to Jim Burkhand, vice president and head of research for

oil markets, energy and mobility at S&P Global Energy, Brent crude could remain around \$70-75 per barrel in the near term before rising to \$80-90 per barrel in the second half of 2026 as inventories tighten.

Burkhand said that even if flows through the Strait of Hormuz and Gulf production recover, global oil inventories would continue to tighten through June and July. "This means, despite the fall in prices so far in June, upward price pressure could return as inventories fall to even lower levels. Also, demand for crude oil and products to replenish inventories will be a factor later this year and in 2027," he added.

Data from S&P Global showed that 78 vessels transited the Strait of Hormuz on 24 June—the highest daily count since the conflict began and equivalent to 57% of pre-conflict volumes. Thirty-three of these vessels, mostly outbound, used the new Omani safe corridor. However, eight vessels went "dark" during transit, as interference with ship-tracking signals created anomalies in vessel-position data.

The Indian government on 23 June said that 11 India-bound vessels crossed the Strait of Hormuz since the MoU was signed.

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## Indian refiners brace for oil volatility after Iran-US clash

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These included three Indian-flagged crude oil tankers, each carrying more than 285,000 metric tonnes of crude oil. The list also includes one foreign-flagged LPG carrier, one foreign-flagged crude oil tanker, and six foreign-flagged bulk carriers transporting fertiliser cargo.

West Asia, which supplied 60-70% of India's crude imports before the conflict, now accounts for about 30%, with Russia supplying more than half of India's oil needs. Analysts expect Russia, which continues to offer crude at discounts of \$4-5 per barrel to Brent, to remain India's largest supplier in the near term.

Speaking at an industry conference on 25 June, Vandana Hari, founder of energy market analysis firm Vanda Insights said that while the recent easing in tensions between the US and Iran may provide short-term relief, the underlying fault lines in West Asia remain unresolved.

# Hormuz Traffic Eases; Iran Revives Crude Supply Pitch to India

Most India-bound energy cargoes clear the Strait; India could emerge as a significant buyer of Iranian crude as Tehran seeks to diversify its customer base

**Manu Pubby**

**New Delhi:** As maritime traffic through the Strait of Hormuz normalises, most energy shipments bound for India have cleared the crucial chokepoint, even as Iran has signalled its readiness to resume crude exports following the lifting of sanctions.

A series of developments over the past few days is expected to ease energy supplies to India, with inbound vessels moving towards Indian ports and Iran initiating talks to resume oil exports.

Sources said more than 30 India-bound ships had been stranded across the Strait of Hormuz, but most have crossed over the past three days. Only 12 vessels remain on the other side and are expected to transit the chokepoint in the coming days.

Iran has also conveyed its interest in resu-

ming crude oil sales to India during the recent Brics energy ministers' meeting, sources said. Iranian petroleum minister Mohsen Paknejad met petroleum and natural gas minister Hardeep Singh Puri on the sidelines of the meeting. Separately, Tehran has reached out through official foreign ministry channels to revive crude sales to India.

Sources said India is carefully evaluating the proposal after the lifting of US-led sanctions. India could emerge as a significant buyer of Iranian crude in the coming months as Tehran seeks to diversify its customer base.

Until now, China has been the principal buyer of sanctioned Iranian crude, giving it considerable leverage over pricing. A broader pool of buyers, including India, would give Iran greater flexibility in negotiating export terms.

India-Iran ties have remained resilient through the recent West Asia crisis. New



**Tehran has reached out through official foreign ministry channels to revive crude sales to India**

Delhi facilitated the docking of Iranian naval vessels and assisted in the repatriation of Iranian sailors during the conflict. India is also expected to be represented

at a senior level at the funeral of Ayatollah Ali Khamenei while Tehran has extended an invitation to Prime Minister Narendra Modi for an official visit.

# Fuel crisis: Govt policies insulated consumers



**KUSHAN MITRA**

When the Strait of Hormuz shut to commercial shipping in late February, global oil markets did what they always do: panic first, adjust later. Brent crude surged from the low \$80s to well above \$115 per barrel in a matter of days, briefly spiking higher as traders priced in the possible disruption of nearly a fifth of global supply. Freight costs jumped, insurance premiums surged, and LNG prices followed suit. In much of the world, that volatility travelled quickly and visibly to the consumer.

In the United States, gasoline prices rose within weeks, with several regions seeing double-digit percentage increases at the pump. Across Europe, where energy costs were already structurally elevated, the shock was sharper. Governments scrambled for the second time in barely six years after COVID to cushion households with subsidies, tax cuts, and fiscal transfers. This has become a familiar cycle in advanced economies: allow prices to spike, then compensate after the fact, at high fiscal cost and political discomfort.

India did not follow that script. And it is worth stating plainly, the Ministry of Petroleum and Natural Gas managed this crisis with a level of control and effectiveness that deserves far more recognition than it has received.

While global crude prices surged, Indian consumers saw remarkable stability. Petrol and diesel prices did not mirror international volatility. LPG remained accessible at subsidised rates. There were no widespread



shortages, no visible panic buying, no breakdown in distribution. In a crisis defined globally by price shocks, India delivered continuity.

This was not luck. It was policy. The government made an explicit choice to shield consumers and then implemented it through coordinated intervention. Excise duties were adjusted. Oil marketing companies were required to absorb under-recoveries. Supply chains were actively managed. The state, in effect, stepped in as a shock absorber between global markets and domestic consumers.

The cost of that decision was substantial. OMC losses during the disruption are estimated at ₹35,000-₹40,000 crore, as fuel continued to be sold below import parity. LPG subsidies alone added another ₹20,000-₹25,000 crore in burden over three months, with Ujjwala beneficiaries paying ₹642 for cylinders that would otherwise have cost upwards of ₹1,600. Add to this the revenue foregone on fuel taxes, and the total fiscal impact comfortably crosses ₹1 lakh crore.

Critics will point to these numbers and ask whether such intervention is sustainable. That is a legitimate question. But it is also, in this context, the wrong first question.

The first question should be — did the system work?

On every observable metric, it did. Fuel was available. Pumps did not run dry in any sustained way. LPG cylinders reached households without prolonged disruption. There was no cascading panic, no hoarding-driven shortages, no visible breakdown of distribution networks. The system absorbed a global shock and delivered domestic stability over a 100-day disruption in one of the world's most critical energy corridors.

That outcome stands in stark contrast to much of the developed world, where consumers were often deliberately exposed to price volatility as part of market adjustment. In India, that volatility was contained.

It is fashionable in some circles to dismiss such outcomes as inevitable or to attribute them to favourable circumstances. That reading does not withstand scrutiny.

India entered the crisis with roughly 60 days of crude reserves and about 45 days of LPG reserves. These were not symbolic figures; they were operational buffers that allowed time for rerouting and adjustment. Domestic LPG production was ramped up from around 35 TMT per day to approximately 54 TMT

per day, with refineries reconfigured to maximise output. Supply chains are adapted in real time, drawing on a diversified supplier base that now spans over 40 countries.

None of this was improvised in February. It was the result of decisions taken over a decade, expanding import infrastructure, diversifying sourcing, and building redundancy into the system. When the stress came, that system behaved exactly as it was designed to.

And yet, much of the commentary in India chose to look elsewhere.

The early weeks of the crisis were marked by familiar alarmism. Estimates of exposure were inflated. Worst-case scenarios were presented as baseline outcomes. Images of petrol queues from decades past resurfaced. What was largely absent was the most basic journalistic exercise: verification.

A reporter visiting petrol pumps or speaking to LPG distributors would have found a far less dramatic reality. Prices were holding. Supplies were arriving. Inventories were fluctuating but not collapsing. The story, in other words, was not of failure narrowly avoided, but of a system functioning under stress.

That distinction matters. It shapes public behaviour. Panic narratives create the very shortages they predict; accurate reporting prevents them.

Instead, much of the coverage remained trapped in speculation about what might happen, what could go wrong and what failure would look like. Meanwhile, what was actually happening on the ground went underreported.

This is not merely a media critique. It obscures something more important: the nature of State capacity. Crisis management is not about dramatic announcements or visible heroics. It is about preventing disruption from becoming visible in the first place. It is about ensuring that a global supply shock does not translate into a household crisis. By that

standard, the Ministry of Petroleum and Natural Gas delivered.

It did so without resorting to the most visible tool available to other major economies: large-scale strategic reserve drawdowns. The United States released nearly 80 million barrels from its reserves. European countries coordinated similar, if smaller, actions. India relied instead on a combination of diversification, fiscal intervention, and operational control. This approach is not without trade-offs. The fiscal burden is real. OMC balance sheets will need repair. There is a broader question about whether suppressing price signals delays necessary market adjustments.

But those are second-order debates. The first-order fact is simpler: in the middle of a severe global disruption, Indian consumers were insulated from both price shock and supply failure.

That did not happen by accident. It happened because the government chose to prioritise stability, and had the administrative capacity to enforce that choice across a complex energy system.

In the end, what matters is not the volatility of Brent crude or the anxiety of early commentary, but the lived experience of consumers. Over those 100 days, that experience was one of continuity. Transport functioned. Kitchens ran on gas. Daily life did not reorganise itself around fuel scarcity or price spikes.

In most countries, that would have been considered a significant policy success. In India, it barely registered as such.

It should have. Because when a system absorbs a global shock of this magnitude without transmitting it to its citizens, that is not the absence of crisis. It is the presence of competence.

The writer is Director and the Printer & Publisher of The Pioneer

# Repeated Crises Reaffirm Role of PSU Oil Firms

**New Delhi:** Every time India has faced a major crisis - whether devastating floods, a once-in-a-century pandemic or the latest conflict in West Asia that threatened global oil supplies - it has been the country's state-run oil companies that have quietly kept fuel flowing.

For decades, India's public sector oil marketing companies (OMCs) have often been criticised for low returns, government intervention in fuel pricing and bloated operations. They have twice been put on the block for privatisation, with plans to sell Bharat Petroleum Corp Ltd (BPCL) and Hindustan Petroleum Corporation Ltd (HPCL) gathering momentum in 2002 before being halted by a Supreme Court ruling and again in 2020, before the process was abandoned after failing to attract enough bids.

Yet every national emergency has reinforced why govern-

ments have been reluctant to loosen their grip on companies that control the country's energy lifeline, analysts and industry officials said. When unprecedented floods submerged Chennai in 2015, Indian Oil Corp (IOC), BPCL and HPCL scrambled to move fuel through alternative routes, restore inundated depots and keep emergency services supplied even as roads



disappeared under water and retail outlets shut.

During the Covid-19 pandemic, the companies operated virtually uninterrupted despite nationwide lockdowns. Fuel stations remained open, refineries continued operating with skeletal staff, LPG cylinders were delivered to millions of households under strict mobility restrictions and aviation fuel supplies were maintained for relief and medical flights, they said. —PTI

# Refiners brace for crude volatility after Gulf clash

Rituraj Baruah

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**NEW DELHI:** The fragile calm in West Asia has been shattered by fresh US-Iran strikes, clouding the outlook for global oil markets and Indian refiners after last week's easing in crude prices.

The latest exchange began after Washington alleged that Iran had targeted another commercial vessel in the Strait of Hormuz. US central command responded with fresh strikes on Iranian military targets on Saturday, following which Iran's Islamic Revolutionary Guard Corps (IRGC) attacked US military installations in Kuwait and Bahrain.

Indian refiners, meanwhile, are taking a cautious wait-and-watch approach despite tanker traffic through the Strait of Hormuz beginning to recover and the US temporarily waiving sanctions on Iran until August 21, according to a refinery executive who declined to be identified.

"Ships have just started to transit the Strait of Hormuz," the executive said. "Another flare-up



Indian refiners take a cautious wait-and-watch approach. MINT

in the region would be concerning."

Analysts expect the renewed hostilities to inject fresh volatility into oil markets when trading resumes on Monday, amid concerns over the longevity of the memorandum of understanding (MoU) signed between the two countries on June 17, as investors reassess the risk of supply disruptions through the Strait of Hormuz, the world's most critical oil shipping chokepoint.

On Friday, Brent and West Texas Intermediate (WTI) crude prices retreated to pre-conflict levels, with the August contracts falling 4.34% and 3.74%, respec-

tively, to settle at \$71.99 and \$69.23 a barrel.

According to Jim Burkhand, vice president and head of research for oil markets, energy and mobility at S&P Global Energy, Brent crude could remain around \$70-75 per barrel in the near term before rising to \$80-90 per barrel in the second half of 2026 as inventories tighten.

Burkhand said that even if flows through the Strait of Hormuz and Gulf production recover, global oil inventories would continue to tighten through June and July. "This means, despite the fall in prices

so far in June, upward price pressure could return as inventories fall to even lower levels. Also, demand for crude oil and products to replenish inventories will be a factor later this year and in 2027," he added.

Data from S&P Global showed that 78 vessels transited the Strait of Hormuz on June 24—the highest daily count since the conflict began and equivalent to 57% of pre-conflict volumes. Thirty-three of these vessels, mostly outbound, used the new Omani safe corridor. However, eight vessels went "dark" during transit, as interference with ship-tracking signals created anomalies in vessel-position data.

The Indian government on 23 June said that 11 India-bound vessels crossed the Strait of Hormuz since the MoU was signed.

These included three Indian-flagged crude oil tankers, each carrying more than 285,000 metric tonnes of crude oil. The list also includes one foreign-flagged LPG carrier, one foreign-flagged crude oil tanker, and six foreign-flagged bulk carriers transporting fertiliser cargo.

# बदलाव का ईंधन: प्लास्टिक कचरे से बना ₹32/लीटर पेट्रोल

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■ **वडोदरा** के गति शक्ति विश्वविद्यालय (GSV) के वैज्ञानिकों ने प्लास्टिक कचरे से पेट्रोल-डीजल बनाने की तकनीक खोजी है। इस 'प्लास्टो-पेट्रोल' का सफल ट्रायल हो चुका है। देश की बड़ी कंपनियों की तीन मोटरसाइकिलों को इस ईंधन से चलाया गया। एक लोकप्रिय 100cc बाइक ने 1 लीटर ईंधन में 60 किमी का शानदार माइलेज दिया (जो आम पेट्रोल पर 62 किमी देती है)। इसने प्रदूषण जांच (PUC) भी आसानी से पास कर ली।



डॉ. वैकट चिंताला के नेतृत्व में इस प्रोजेक्ट की शुरुआत करीब एक दशक पहले DST (डिपार्टमेंट ऑफ साइंस एंड टेक्नॉलजी) के फंड से हुई थी। 2020 में डॉ. चिंताला ने GSV में 'प्लास्टो फ्यूल्स रिसर्च सेंटर' बनाकर वडोदरा रेलवे यार्ड के पास 1.8 टन रोजाना क्षमता का पायलट प्लांट शुरू किया। इसकी खासियत यह है कि यह गंदे और मिक्स प्लास्टिक कचरे को भी रीसायकल कर लेता है। यहां 100 किलो प्लास्टिक से लगभग 50 किलो ईंधन बनता है। कच्चा तेल 24 रुपये प्रति लीटर और रिफाइन होकर यह पेट्रोल 32 रुपये प्रति लीटर पड़ता है।

## सस्ते पेट्रोल की नई उम्मीद

**100** किलो प्लास्टिक से बन सकता है 50KG ईंधन

**₹24**/लीटर कच्चे ईंधन तेल की लागत

**₹32**/लीटर रिफाइनड पेट्रोल/डीजल-ग्रेड ईंधन की लागत

■ कच्चा माल डंपयार्ड, लैंडफिल और रेलवे से इकट्ठा किया जाता है



जीएसवी (GSV) कैंपस में प्लास्टो-पेट्रोल से चलने वाली बाइक चलाते हुए डॉ. वैकट चिंताला

■ भारत की प्रमुख वाहन कंपनियों की तीन बाइकों पर किया गया टेस्ट

■ अब इसे लेह-लद्दाख, केदारनाथ और बट्टीनाथ जैसे दुर्गम इलाकों में लगाने की तैयारी है। साथ ही झांसी रेलवे लोकोमोटिव शेड और कोलकाता सैन्य प्रतिष्ठान में प्लांट लगाने की बातचीत अंतिम दौर में है। विश्वविद्यालय के वाइस-चांसलर प्रोफेसर मनोज चौधरी (Manoj Choudhary) इस प्रोजेक्ट को पूरे देश में फैलाने के लिए रेलवे और रक्षा मंत्रालय के संपर्क में है।

■ इस तकनीक की ताकत देखकर विमानन क्षेत्र की बड़ी कंपनी एयरबस (Airbus) भी GSV के साथ मिलकर कचरे से हवाई जहाज का ईंधन बनाने पर काम कर रही है।

## संकट में ढाल बनीं सरकारी तेल कंपनियां नुकसान के बावजूद पुख्ता की ऊर्जा सुरक्षा युद्ध के दौरान उठाना पड़ा 45,000 करोड़ का नुकसान

नई दिल्ली। देश में सरकारी तेल कंपनियों के निजीकरण की चर्चा भले होती रही हो, लेकिन हर बड़े राष्ट्रीय संकट ने यह साबित किया है कि ऊर्जा सुरक्षा के मोर्चे पर इनकी भूमिका अब भी सबसे अहम है। चाहे 2015 की चेन्नई की बाढ़ हो, कोरोना महामारी का दौर या हाल का पश्चिम एशिया संघर्ष, सरकारी तेल कंपनियों ने पूरे देश में ईंधन की निर्बाध आपूर्ति बनाए रखी और संकट का असर उपभोक्ताओं तक नहीं पहुंचने दिया।

उद्योग विशेषज्ञों का मानना है कि इंडियन ऑयल कॉर्पोरेशन (आईओसी), भारत पेट्रोलियम (बीपीसीएल) व हिंदुस्तान पेट्रोलियम (एचपीसीएल) केवल व्यावसायिक कंपनियां नहीं, बल्कि देश की ऊर्जा सुरक्षा व्यवस्था का महत्वपूर्ण हिस्सा हैं। ब्यूरो



### पश्चिम एशिया संकट में दिखाया दम

पश्चिम एशिया संघर्ष के दौरान सरकारी तेल कंपनियों ने अपनी रणनीति बदली। उन्होंने विभिन्न देशों से कच्चे तेल की खरीद बढ़ाई, रिफाइनरियों के संचालन में बदलाव किया, एलपीजी उत्पादन बढ़ाया और इक्वा-दुक्का मौकों को छोड़कर देशभर में ईंधन आपूर्ति सामान्य बनाए रखी। क्रिसिल रेटिंग्स के अनुसार, मार्च से मई के बीच तीनों सरकारी कंपनियों को लागत से कम कीमत पर तेल बेचने से 40,000 से 45,000 करोड़ का नुकसान उठाना पड़ा।