

India's Russian Oil Imports Likely to Dip, Not Disappear: Energy Security Explained

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India's Russian Oil Imports Latest News

- US President Donald Trump announced a sharp **reduction in tariffs** on Indian goods from 50% to 18%, claiming that India has agreed to stop buying Russian crude oil and instead increase purchases from the US and Venezuela.
- While India welcomed the trade deal, it has not confirmed any commitment to halt Russian oil imports.

India's Official Position: Energy Security First

- India has not publicly endorsed Trump's claim on Russian oil.
- The MEA reiterated that energy security for 1.4 billion people remains India's overriding priority. According to the government, India's strategy is based on:
 - Diversification of energy sources
 - Market conditions
 - Evolving international dynamics
- No formal directive has yet been issued to Indian refiners to stop importing Russian crude.

Why a Complete Halt Is Unlikely

- Completely stopping Russian oil imports is not feasible in the current context due to:
 - **Technical** challenges in quickly switching crude grades
 - **Commercial** constraints, including pricing and long-term contracts
 - **Logistical limitations** in ramping up supplies from the US and Venezuela
 - Strategic autonomy concerns in energy trade decisions
- Experts note that increasing imports from alternative suppliers is easier said than done, and cannot happen overnight.

Strategic Autonomy and Market Realities

- India's energy policy has consistently aimed to balance:
 - Geopolitical pressures
 - Cost competitiveness
 - Supply reliability
- A sudden halt to Russian oil would undermine India's strategic autonomy and expose it to price volatility and supply risks.
- Industry analysts expect:
 - A gradual reduction in Russian oil imports.
 - A measured increase in crude purchases from the US and other suppliers.
 - Continued emphasis on flexibility and diversification, rather than rigid alignment.

Economic Logic: Discounts and Refining Compatibility

- Analysts note that Russian crude remains economically critical:
 - Volumes are locked in for the next 8-10 weeks because the orders are already placed.
 - Deep discounts on **Urals** (Russia's flagship crude grade)) crude relative to **ICE Brent** (benchmark) support margins.
 - India's complex refining system is well-suited to Russian grades.

Russian Oil to Remain a Major Part of India's Import Basket in the Near Term

- Indian refiners have already booked Russian crude cargoes through March and parts of April, making any abrupt cancellation impractical.
- Even if the government advises a reduction, refiners will need several months to gradually scale down purchases, given existing contracts and supply-chain constraints.
- A complete halt is especially unfeasible due to **Nayara Energy**, which processes about 400,000 barrels per day (bpd) and is almost entirely dependent on Russian oil.
 - Rosneft, Russia's national oil company, is a major shareholder in Nayara Energy.
 - Nayara has been sanctioned by the European Union, while Rosneft faces US and EU sanctions.

- These sanctions have severely limited access to alternative crude sources.

Likely Scale of Reduction: Gradual, Not Zero

- Energy experts broadly agree that:
 - India is unlikely to reduce Russian oil imports to zero
 - Imports could fall from an average of ~1.6 million bpd in 2025 to around 500,000 bpd in the medium term
- Even at 500,000 bpd, Russian crude would still account for ~10% of India's total oil imports.

Recent Trends: Decline Already Underway

- India's Russian oil imports have steadily declined to a three-year low, following US sanctions on major Russian producers, including Rosneft and Lukoil.
- According to a data:
 - Imports peaked at 2.09 million bpd in June 2025
 - Fell to 1.16 million bpd in January 2026
- Despite the decline:
 - Russian oil accounted for **22% of India's total imports** in January 2026
 - This is lower than the 35-40%+ share seen earlier, but still significant
- This dominance is expected to continue for several months.

Replacing Russian crude with US, Venezuelan oil is difficult

- Replacing Russian crude is theoretically possible, since before the Ukraine war, Russia accounted for less than 2% of India's oil imports.
- However, the real challenge lies in how much and how fast supplies from the United States and Venezuela can substitute Russian volumes.

US Oil: Cost and Compatibility Constraints

- India has been increasing oil imports from the US, and this trend can continue if prices remain competitive. However, two key constraints exist:
 - **Higher transportation costs:** Shipping crude from the US to India costs more than double compared to supplies from West Asia.
 - **Crude quality mismatch:** Indian refineries are optimised for **medium-sour crude** from Russia and West Asia. US crude is **lighter and sweeter**, making it less suitable for some refinery configurations.
 - While Indian refineries can technically process most crude types, efficiency and output vary by grade

Venezuelan Oil: Opportunity with Limits

- Venezuelan crude is **closer in quality to Russian oil** and could be a partial substitute.
- However, limitations remain:
 - **Low production:** Venezuela currently produces only about 1 million bpd

- **High competition:** Much of this crude is also in demand in the US
- **Long-term constraints:** Meaningfully increasing output would require years and billions of dollars in investment
- As a result, Venezuelan oil can only partially and intermittently replace Russian volumes.

India's Strategic and Trade Autonomy in Oil Imports

- India maintained a strong stance on **strategic autonomy** through most of last year, despite sustained pressure from the United States under President Donald Trump to curb Russian oil purchases.
- New Delhi was unwilling to be **directed on trade partners**, particularly Russia—an **old and key strategic partner**.
- Notably, reductions in recent months occurred **only after US sanctions** on **Rosneft** and **Lukoil**, not due to bilateral pressure.
- A recent statement by the MEA suggests India is unlikely to change its stance on trade autonomy. Maintaining some Russian oil volumes aligns with this position and preserves flexibility in energy sourcing.

Source: **IE** | **WSJ**

Source: <https://vajiramandravi.com/current-affairs/indias-russian-oil-imports/>

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