

India in no hurry to seek US nod for oil supplies from Iran, Venezuela

- India may not push for resumption of oil supplies from sanction-hit Iran and Venezuela once the Joe Biden administration take charge..
- With oil market globally turning into a buyer's market amid oversupplies and Covid-19 related demand destruction, India sees no point in immediately seeking exemption from sanctions but would rather wait for an opportune time to make its case.
- India wants to have a diversified market for crude and in this if traditional markets like Iran and Venezuela is revived; it would only be for good.
- Iran was India's second largest oil supplier till sanctions by the West over Islamic country's alleged nuclear programme cut oil supplies.
- Venezuela was the fourth largest crude supplier to India before US sanctions in January 2019 on the state-run companies there reduced their oil exports.
- For India, a wider crude oil import basket works to its advantage at its protection against supply disruptions in one of the countries.
- Energy consumption is expected to grow by 3 per cent annually till 2040, much higher than any other energy guzzling country.

India's annual oil usage falls for the first time in 21 years

- India's overall petroleum demand in 2020 fell for the first time in more than two decades as the Covid-19 pandemic shuttered businesses, factories and strict restrictions ravaged the Indian economy.
- Demand for total petroleum products including diesel, gasoline and jet fuel slid 10.8 percent from a year earlier, the first annual contraction in data going back to 1999.
- Consumption was also at a five-year low of 193.4 million tons.
- Fuel demand collapsed by as much as 70 per cent after it embarked on one of the world's most stringent lockdowns in March.
- The drop resulted in a sharp cutback in crude processing and operations at
- petrochemical plants.
- The monthly consumption of petroleum fuels in December was about 1.8 per cent lower than a year earlier, it was still at an 11-month high.
- Gasoline consumption last month rose 9.3 per cent year-on-year, the highest since May 2019, on increased use of personal vehicles.

Domestic natural gas output falls 11% in 2020

- Domestic natural gas production fell 11.4% y-o-y to 27,642 million metric standard cubic metre (mmscm) in 2020 as operations became increasingly unviable for energy production companies with government lowering selling prices.
- The 2,426 mmscm of natural gas produced in December was however the highest monthly output recorded in the ongoing fiscal, with the commencement of production from KG D6 Block on the east coast of India.
- Domestic natural gas output fell 2.8% y-o-y to 31,168.4 mmscm in FY20, reversing the growth trend recorded since FY18.
- Domestic production has been falling with the ageing of existing fields and muted response from the industry to take up new projects, mainly due to lack of adequate incentives.
- Other reasons for lower output in FY20 include lack of buyers, inadequate evacuation infrastructure and other technical constraints in hostile geographical terrains.

India's oil imports at near three-year high in December

- India's crude oil imports in December soared to the highest levels in nearly three years to more than 5 million barrels per day as its refiners cranked up output to meet a rebound in fuel demand.
- December oil imports by India were about 29% more than the previous month and about 11.6% higher than a year earlier after fuel consumption rose for a fourth straight month to an 11-month high in December.
- India's year-end rush for crude supplies coincided with stronger demand from north Asian buyers during winter, boosting prices and an accelerating destocking of floating storage globally.
- India's refinery utilization rates are also nearing full capacity and probably refiners are replenishing inventory anticipating higher prices during winter.
- However, India's annual crude imports declined by about a tenth in 2020 from the previous year to 4.04 million bpd, the lowest in five years.
- The share of India's imports from the OPEC, including supplies from the Saudi-Kuwait Neutral Zone, fell to a record low of 67% in December.
- While India cut back imports from Middle Eastern, African and U.S. oil in December from the previous month, it marginally lifted its intake of Latin American and Caspian Sea oil.

India explores major investments in hydrocarbons & renewables in Russian Arctic region

- India is exploring the possibility of major investments in fossil fuels and other areas of the energy sector in Russia's Arctic region.
- India's current investment in Russia stands at \$15 billion in oil and gas projects and it is looking to expand its presence in the new oil project being developed by the Russian national oil company Rosneft in the Arctic.
- India's recently released draft Arctic policy hinted at increasing presence in Russia's Arctic region.
- The draft policy also highlighted that ice-free conditions in the Arctic were resulting in the opening of new shipping routes, thereby lowering costs and reshaping global trade.
- Russia is looking to develop the Vostok Oil mega project in Siberia, which includes the Vankor and Payakha clusters and has resources estimated at 44 billion barrels.
- Simultaneously, India and Russia are expediting the revival of Chennai-Vladivostok shipping link as part of their partnership in the Indo-Pacific region.

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