



KAUTILYA
SCHOOL OF
PUBLIC POLICY

Issue **Brief** Series



“Middle East as a Source of Energy for India (2015-2025)”

Issue Brief: IB-2025-21

Submitted by: Sanmesh Ranjanikar (MPP Cohort 2024-26)

Under the Supervision of: Ambassador D.B. Venkatesh Varma, Visiting Instructor at Kautilya School of Public Policy,

Cite this Report as Ranjanikar, Sanmesh. *Middle East as a Source of Energy for India (2015-2025)* (2025)[online]. Available at: [https://kspp.edu.in//issue-brief/middle-east-as-a-source-of-energy-for-India-\(2015-2025\)](https://kspp.edu.in//issue-brief/middle-east-as-a-source-of-energy-for-India-(2015-2025))

Middle East as a Source of Energy for India (2015-2025)

Abstract:

India, with a population of 1.4 billion, faces rapidly growing energy demands driven by industrial, residential, and transport sectors. Despite efforts to expand domestic production, dependency on imported crude oil and natural gas remains high, with the Middle East, especially Iraq, Saudi Arabia, the UAE, and Qatar, playing a pivotal role. From 2015 to 2025, trade patterns show fluctuating LNG and crude oil imports shaped by global events such as the Russia–Ukraine war, U.S. sanctions on Iran, and pandemic-related disruptions. Strategic initiatives, including long-term supply agreements, investments in infrastructure, and development of Strategic Petroleum Reserves, aim to bolster energy security. India is diversifying imports to include Russia and the U.S. while fostering green energy partnerships with Middle Eastern nations. Balancing fossil fuel dependence with renewable energy transition remains central to India's strategy, as it navigates geopolitical complexities to ensure stable, sustainable, and affordable energy supplies in the coming decades.

Introduction

India is the most populated country in the world with a humungous population of 1.4 billion people, and it is expected to only increase in the coming decades (Worldometer, 2025). With this growing population, the economic activity is also increasing every year. This growing economy also results in an ever-increasing energy demands in the country. These energy needs include the demands for crude oil as well as natural gas along with other sources. Unfortunately, India as a country does not have enough reserves of these commodities at home. As a result, the country has to rely heavily on imports to meet the demands of these commodities.

Objective and Scope

The objective of this case study is to analyse the role of the Middle East region or sometimes referred to as West Asia, as an energy partner of India for the years of 2015 to 2025. The energy sources which have been taken into consideration are Crude Oil and Natural Gas. These are also referred to as 'Commodities' in the international market. The reason why only these two commodities have been studied is because they constitute a larger chunk of India's energy imports not just from the Middle East but from other regions from

the world as well.

India's Energy Landscape

Demanding sectors

As India is growing as a country, its economy is growing as well. Along with this, the trends in the country's energy consumption are also changing and are showing an increasing trajectory. Now, there are various sectors which require and demand energy resources in the country. These include the industries, residential sector, transport sector, agriculture and forestry, etc. In 2022, the highest share for energy consumption was taken by the industry with over 40 percent of the total consumption. This was followed by the residential sector with over 25 percent and then the transport sector with approximately 17 percent. Agriculture accounted for only around 5 percent (Powell, 2024).

Import dependence

India's import dependence has actually been increasing in the last ten years for both the commodities which are being studied here. Especially in the case of natural gas, this dependency jumped from over 30% during 2012-13 to around 48% in 2023. The data also shows that India was able to produce around 71% of the natural gas in 2015 but that has declined to 53% by 2020. Similarly with crude oil as well, the country was able to produce 17.3% of its crude oil consumption which also declined to 12.3% by 2022. This means that India imported around 88% of crude oil from abroad (Thakur, 2023). This tells us that the country's dependency on importing these commodities is increasing.

A balance between renewable and non-renewable energy sources

India is trying to strike a balance between these two types of energy sources with an approach which facilitates a gradual shift towards the renewable sources. These include predominantly solar and wind energy sources. However, India cannot completely discard the fossil fuel energy sources just yet. It has to address its dependence on fossil fuels while making a transition to renewables (Mitra, 2025). On one hand, solar and even nuclear energy investments are rising but on the other, subsidies for coal and petroleum products are still on the higher side. In this year's budget itself, the coal ministry's share was increased by 160 percent contradicting India's efforts

towards an energy transition (Mitra, 2025).

Overview of Middle Eastern Energy Exporters

Key players

The Middle Eastern countries which act as the key players in India's oil imports are Iraq, Saudi Arabia and the UAE. Apart from these, Russia has emerged as an important source outside the Middle East in the recent years. (SEIR solutions). Similarly, for natural gas, Qatar, the UAE, Saudi Arabia and Kuwait are the key exporters. In 2023, Qatar was the largest supplier of natural gas to India (Sharma, 2025).

Infrastructure

Infrastructure plays a key role in the transport of these commodities across the world. It consists of components such as pipelines, which are laid inside the countries to transport these commodities from within the mainland, the oil and gas tankers, and ports which facilitate the freight movements of these tankers across the seas on the important trade routes. One such geographical location which is of utmost importance is the 'Strait of Hormuz'. It is a narrow waterway between Iran and the Arabian Peninsula and the most critical oil transit chokepoint in the world.

It is 167 kilometres in length which varies between 39 to 95 at various points. Around one third of the world's liquified natural gas and around 25 percent of oil passes through this strait (Ravi, 2025).



Figure 1: Strait of Hormuz (Source: Google)

Trade patterns and Trends

Liquefied Natural Gas (LNG) import trends

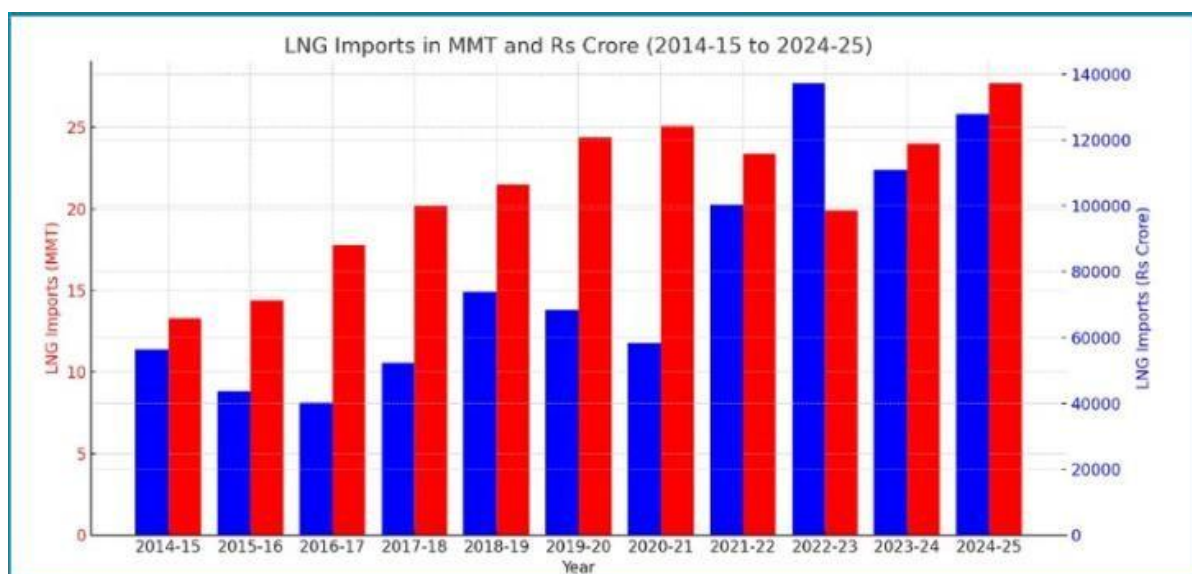


Figure 2: LNG Import trends from the Middle East (Source: PPAC)

Above figure shows us the import figures for LNG from the Middle Eastern countries for the years 2014-15 to 2024-25. The import volumes are denoted in Million Metric Tonnes (MMT) and the costs are shown in crore rupees.

As we can see from the figure that the volumes of the imports increased gradually from 2014-15 until 2020-21. The figure stood around 14 MMT in 2014-15 and increased to 20-22 MMT in 2018-19. It then plateaued at 25 MMT by the end of 2020-21. It then decreased considerably again to around 20 MMT in 2022-23. This can be attributed to the start of the Russia-Ukraine war at the beginning of 2022. As Russia is one of the major exporters of natural gas to Europe, after the start of the war, Europe tried to reduce its dependency on it as a sign of protest. This put pressure on the prices and as a result they shot through the roof from Rs. 60,000 crores in 2020-21 to around 1,40,000 in 2022-23. This led to lower imports that year. However, post that as well, the prices remained on the higher end as the import values increased steadily.

LNG imports by country (2021)

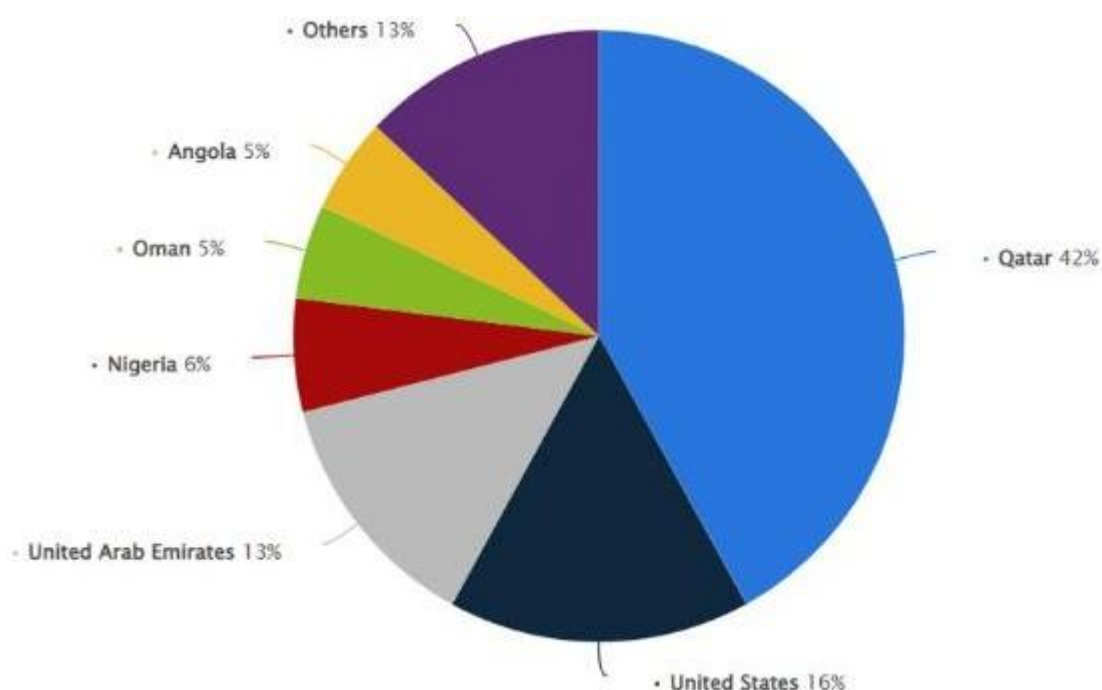


Figure 3: LNG imports by Country (Source: Google)

This figure denotes the share of major contributor countries in India's LNG imports for the year 2021. According to the figure, Qatar holds the largest chunk of its exports of natural gas to India with 42%. This is followed by the United States at 16% and then the United Arab Emirates with a 13% share in the total LNG imports. Qatar has always been the largest contributor to India's LNG import needs with its share remaining more or less around 40%. According to the recent data for the year 2024, India imported around 9.82 million tonnes of LNG from Qatar alone, which was 39% of its total LNG imports for that year.

Crude oil import trends

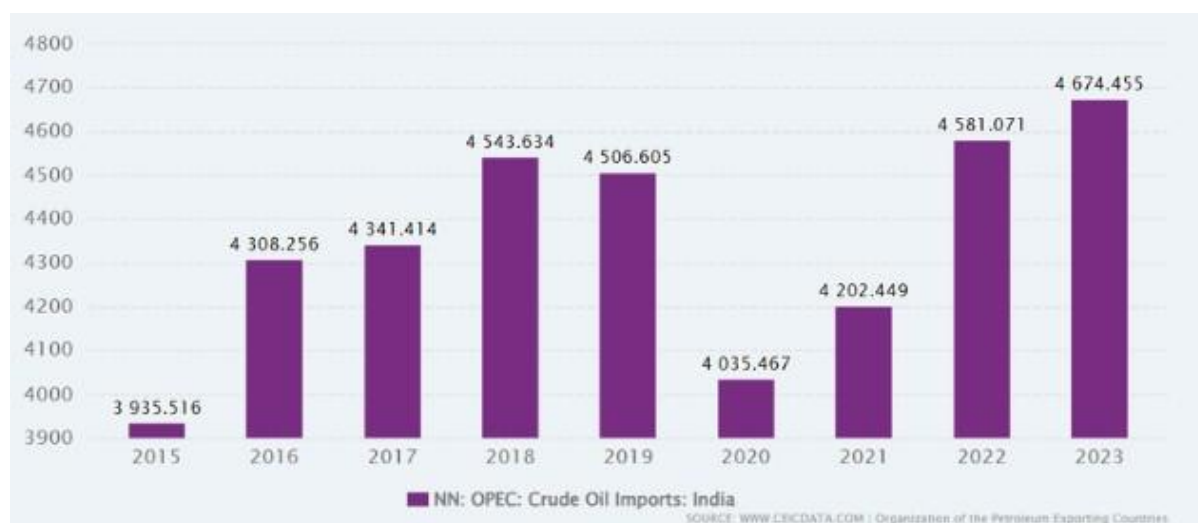


Figure 4: India Crude oil imports (Source: CEIC website)

This data describes India's crude oil imports from the Organisation of the Petroleum Exporting Countries (OPEC) which predominantly includes the Middle Eastern oil supplying countries to India. We can see that in 2015, India imported 3,935 thousand barrels per day from these countries. Now, thousand barrels per day is the OPEC standard unit of measurement which means that India actually imported 3,935,516 barrels or 3.9 million barrels per day.

Moving forward, as the economic activity in the country increased, the quantity also increased gradually to 4.3 million in 2017 and then 4.5 million barrels per day in 2018. Further, the COVID-19 pandemic had a huge adverse impact on the economy which led to a decrease in economic activity throughout the country and the world. This led to a drastic decrease in imports to just around 4 million barrels per day. Later, as the economy recovered from the pandemic shock, the imports again increased to 4.6 million barrels per day in 2023.

During this time period, there was a shift in the supplier rankings in terms of volume imported. In 2017, Iraq overtook Saudi Arabia by supplying around 25.8 MMT of oil to

India. This was a first as Saudi Arabia has always been the top oil source for India (PTI, 2017).

Geopolitical and Strategic Factors affecting the imports

India's Strategic Relations

India has been focusing on improving the trade and bilateral relations with the Middle Eastern countries when it comes to the commodity imports. It is doing this in the form of bilateral agreements. The major players in this regard are the United Arab Emirates and Qatar.

Recently in 2024, Petronet LNG which is India's LNG company signed the biggest deal to date with QatarEnergy under which Qatar will supply 7.5 MMT/year of LNG for twenty years starting from 2028. This will be supplied on a delivered ex-ship (DES) basis. This step is seen as India's increased efforts to bring the greenhouse gas emissions under control (Verma, 2024).

Similarly, at the beginning of 2025, Indian Oil Corporation Ltd (IOCL) signed an agreement with the Abu Dhabi National Oil Corporation (ADNOC) to buy 1.2 MMT/year of LNG from ADNOC for a period of 14 years starting from 2026 (Bloomberg, 2025).

Regional Instability

Another important factor which affects India's imports from the Middle East region is the regional instability of that region itself. This is a highly sensitive region which has seen major events in the past such as the Arab Spring, Yemen conflict, etc. which have destabilized it. Similarly, in 2019 when the US declared that it will sanction the countries which would purchase Iran's oil, it landed India in a fix.

The US, in April 2019, removed India from its 'sanction waiver' list. This list included those countries which were not sanctioned by the US even if they traded with Iran (Mint, 2019). This forbade India from making the transactions in US dollars (Chakraborty, 2024). As a result, India began looking for other sources of import like Saudi Arabia. But this ultimately led to costlier imports as the supply from Iran was stopped.

Chabahar Port

This port is of utmost importance for India in the Middle East region. Access to this port not only gives us entry into Afghanistan by bypassing Pakistan, but it also allows India to connect with Russia by road through Iran and Azerbaijan. This can prove to be a strategic location when it comes to trade with Russia. Therefore, this port holds significant importance for India.

India's Strategic Petroleum Reserves (SPRs)

The decision to construct these reserves was taken by the Government of India in 2004. A Special Purpose Vehicle (SPV) called Indian Strategic Petroleum Reserves Limited (ISPRL) was constituted for this project, the ownership of which was transferred to Oil Industry Development Board (OIDB) in 2006.

Under this project the reserves were constructed at three locations namely Visakhapatnam in Andhra Pradesh, Mangaluru and Padur in Karnataka. In total, the capacity of these three reserves is 5.33 MMT/year. This much reserves are enough to meet 9.5 days demand of oil in the country at times of global supply chain disruptions (Ministry of Petroleum and Natural Gas, 2025).

Policy Framework and Institutional Support

Indian Government Initiatives

The Indian Government is trying to boost the domestic exploration and production of these commodities of crude oil and natural gas. As a part of this it devised a policy called 'Hydrocarbon Exploration and Licensing Policy (HELP) – 2016' which replaced the New Exploration and Licensing Policy (NELP). This policy aims to increase the hydrocarbon exploration in the country to enhance domestic production (IEA, 2023).

Under this policy, the exploring companies would be able to receive a 'uniform license' for exploration and production of all the hydrocarbons. Also, this policy includes the 'revenue sharing model' which

encourages cost efficiency in the mining operations by the contractors (IEA, 2023). The contractor then pays the government a share of his revenue according to the contract. Further, the contractor also has the freedom to sell the crude oil in the market by undertaking a bidding process (IEA, 2023).

Role of Indian PSUs

Indian PSUs like the Oil and Natural Gas Corporation (ONGC), Indian Oil Corporation (IOCL), etc. are investing in the assets of the Middle Eastern Oil companies to make sure a steady supply of oil and LNG even during difficult and uncertain times.

ONGC Videsh Limited (OVL) which is an overseas arm of the ONGC, recently invested in the oil producing assets of the UAE, to reduce the energy transition and supply chain risks from the region (Choudhary, 2023). Similarly, IOCL is planning to build an LNG terminal in Iraq. This is seen as one of the steps by India to diversify its supplies of LNG and improve its energy security. The gas will be liquified at the terminal and then transported to India where it will be again converted back to LNG after which it will be used in the city gas distributions and power sectors (Bhaskar, 2023).

Looking Ahead: Post 2025

Energy Diversification

India is trying to diversify its sources of crude oil imports to reduce its over-dependence particularly on the Middle East. The key players, when it comes to importing oil from countries outside the middle east are Russia and the United States. As of the reports in May 2025, Russian oil imports were at a 9-month high in April 2025 primarily due to abundance of Moscow's crude oil at lower rates (Sharma, 2025b). At the same time, imports from the US increased by 33% year-on-year in 2024. In terms of volume, they increased by 223,000 barrels per day (Business Line, 2025).

Green Energy Partnerships

India is not limiting the Middle East just as a supplier of the petroleum products but it is also eyeing it as an important partner in the green energy sectors as this sector is gaining importance day-by-day due to focus on global warming and climate change. For example, in 2024,

the UAE signed an investment memorandum with Rajasthan Government to develop a 60-Gigawatt (GW) energy project in the state. This project will focus on harnessing wind, solar energy opportunities in the state. This partnership aims to bring in the best renewable energy technologies to India by building a long-term facility which will cater to the energy needs of the state (UAE Ministry of Investment, 2024).

Conclusion

To conclude, India is taking steps to explore and improve both oil and natural gas production at home. On the other hand, it is trying to strike a balance between the traditional sources of energy and the renewable sources by increasing investments in the latter, and trying to diversify its energy sources. While it cannot completely do away with importing these resources from abroad, it is gradually trying to become self sufficient and taking steps to reduce the import dependency. It is navigating the complex global geopolitical situations by diversifying its imports as well by focusing on the players from other parts of the world such as the United States and Russia. The demand for energy is going to only increase in the near future. In such scenarios, India must try to fulfil those demands by balancing old as well as new sources of energy keeping in mind the ever-changing global order.

References

Bloomberg. (2025, Feb). *IOC, BPCL to sign multibillion-dollar LNG purchase deals With Adnoc.*

Retrieved from Business Standard

https://www.business-standard.com/companies/news/ioc-bpcl-to-sign-multibillion-dollar-lng-purchase-deals-with-adnoc-125021200679_1.html

Chakraborty, S. (2024, Apr). *West Asia tensions stall India's plans to import crude oil from Iran.*

Retrieved from Business Standard

https://www.business-standard.com/economy/news/israel-iran-conflicts-thwart-proposal-to-resume-crude-imports-from-iran-124041600952_1.html

Choudhary, S. (2023, Apr). *ONGC Videsh Limited to focus on buying operational assets.*

Retrieved from The Economic Times

<https://economictimes.indiatimes.com/industry/energy/oil-gas/ongc-videsh-limited-to-focus-on-buying-operational-assets/articleshow/99194139.cms?from=mdr>

Historical Data. (2025, May). Retrieved from Petroleum Planning & Analysis

Cell: https://ppac.gov.in/import-export/history?utm_source=chatgpt.com

Hydrocarbon Exploration and Licensing Policy (HELP). (2023, Feb). Retrieved from International

Energy Agency: <https://www.iea.org/policies/16980-hydrocarbon-exploration-and-licensing-policy-help>

India Crude Oil: Imports. (2024). Retrieved from CEIC:

<https://www.ceicdata.com/en/indicator/india/crude-oil-imports>

India population (LIVE). (2025, May). Retrieved from worldometer:

<https://www.worldometers.info/world-population/india-population/>

Indian Strategic Petroleum Reserve Limited. (2025, Mar). Retrieved from Ministry of Petroleum and

Natural Gas <https://mopng.gov.in/files/Cms/bydefault.jpg>

Kala, R. R. (2025, Apr). *American crude helped India fill Russia's supply gap in 2024: US EIA*.

Retrieved from Business Line: <https://www.thehindubusinessline.com/economy/american-crude-helped-india-fill-russias-supply-gap-in-2024-us-eia/article69451680.ece>

Lydia Powell, A. S. (2024, Nov). *India: Trends in Energy Intensity*. Retrieved from Observer Research

Foundation: <https://www.orfonline.org/expert-speak/india-trends-in-energy-intensity>

Oil imports in India: Explore the top 10 leading oil importers. (2025). Retrieved from

seair: <https://www.seair.co.in/blog/oil-imports-in-india.aspx>

PTI. (2017, Dec). *Iraq replaces Saudi Arabia as India's lead oil supplier*. Retrieved from The

Economic Times: <https://economictimes.indiatimes.com/news/economy/foreign-trade/iraq-replaces-saudi-arabia-as-indias-lead-oil-supplier/articleshow/62120071.cms?from=mdr>

PTI. (2019, Apr). *India will stop importing crude oil from Iran after US ends sanction waiver:*

Official. Retrieved from Mint: <https://www.livemint.com/industry/energy/india-will-stop-importing-crude-oil-from-iran-after-us-ends-sanction-waiver-1556008925244.html>

Rituraj Baruah, U. B. (2023, Jul). *India plans LNG terminal in Iraq*. Retrieved from Mint:

<https://www.livemint.com/economy/india-plans-lng-terminal-in-iraq-11689103905466.html>

Sharma, S. (2025, Feb). *As India and Qatar eye trade expansion, why LNG's centrality in bilateral trade is in focus*. Retrieved from The Indian Express:

<https://indianexpress.com/article/explained/explained-economics/india-qatar-trade-lng-significance-9848542/>

Sharma, S. (2025, May). *India's Russian oil imports at 9-month high in April; uptick in US crude volumes*. Retrieved from The Indian Express:

<https://indianexpress.com/article/business/indias-russian-oil-imports-at-9-month-high-in-april-uptick-in-us-crude-volumes-9981325/lite/>

Souryabrata Mohapatra, A. M. (2025, Mar). *India's climate strategy falls short of its green ambitions*.

Retrieved from Frontline: <https://frontline.thehindu.com/environment/india-budget-2025-climate-policy-clean-energy-fossil-fuels-water-crisis-green-finance/article69343766.ece>

Strait of Hormuz. (2025, Mar). Retrieved from Vajiram & Ravi: <https://vajiramandravi.com/upsc->

daily- current-affairs/prelims-pointers/strait-of-hormuz/

Thakur, A. (2023, Apr). *Dependency on imports for energy needs sees a rise*. Retrieved from Times of India: <https://timesofindia.indiatimes.com/india/dependency-on-imports-for-energy-needs-sees-a-rise/articleshow/99279917.cms>

UAE and The Government of Rajasthan sign investment memorandum to explore 60 GW renewable energy project in India. (2024, Oct). Retrieved from United Arab Emirates Ministry of Investment: <https://www.investuae.gov.ae/announcement/uae-and-the-goverment-of-rajasthan-sign-investment-memorandum-to-explore-60-gw-renewable-energy-project-in-india>

Verma, N. (2024, Feb). *QatarEnergy and India's Petronet sign biggest LNG deal to date*. Retrieved from Reuters: <https://www.reuters.com/business/energy/indias-petronet-sign-lng-deal-with-qatar-supplies-beyond-202-sources>

