



## Growing Oil Demand in India

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# India's oil exploration prospects and market demand trends, based on the latest information

## Growing Oil Demand in India:

- **OPEC forecasts** that India's oil demand will grow **3.39% in 2025**, more than double China's pace.
- The **IEA** projects India's oil demand to rise by about **1.2 million barrels per day (mb/d)** by 2030, reaching **~6.6 mb/d**—accounting for over one-third of global growth.
- A separate **PHD Chamber report** forecasts a **Compound Annual Growth Rate (CAGR)** of **5.37%** in petroleum demand from 2025 to 2030, with diesel, petrol, ATF, and petroleum coke driving much of the increase.

## Growth Drivers:

- **Diesel and gasoil** will contribute nearly half of India's demand increase and over one-sixth of global growth.
- **Jet fuel demand** is expected to grow ~5.9% annually, though from a lower base.
- **Gasoline demand** is projected to grow modestly (~0.7% CAGR), as EVs and biofuel blending curb its rise.
- **LPG and petrochemicals** will also add to demand due to industrial and rural energy use.

## Domestic Production vs. Heavy Import Dependence:

- Domestic **oil production is projected to decline** from ~700 kb/d in 2023 to **~540 kb/d by 2030**, despite exploration efforts.
- Currently, **only ~13%** of India's oil needs are met domestically.
- India relies on imports for **85–90%** of its crude needs, a share that is expected to rise.

## Expanding Refining Capacity & Export Role:

- India is adding **1 mb/d of new refining capacity** over the next seven years—second only to China.
- India currently serves as a major **middle-distillate exporter**, and this role is projected to continue

through mid-decade, reaching **1.4 mb/d** of product supply before domestic demand grows.

- **Private refiners** like Reliance and Nayara are focusing more on the **domestic market**, offering competitive prices and expanding modern service stations.

### **Oil Exploration & Policy Landscape:**

- In March 2025, India passed landmark **legislation amending the 1948 oil extraction law** to enhance policy stability, enable international arbitration, and extend leases—aimed at boosting upstream investment.
- A massive potential discovery in the **Andaman Sea** could hold up to **184,440 crore liters** of crude—enough to transform India’s energy dynamics and economy.
- **ONGC** is forming a **trading unit** to centralize trading of crude and refined products across its group companies (~100 million tonnes scale).
- In collaboration with **BP**, ONGC aims to tap four underexplored hydrocarbon basins using advanced technology.
- Historically, major licensing policies—**NELP** and now **HELP/OALP**—have opened up vast areas for exploration. India has awarded **144 blocks** so far, and

the government is targeting up to **1 million sq km** for exploration by 2030.

- Forecasts suggest India will drill **3,000 onshore development wells** and **1,100 offshore wells** by 2030, aiming to double shallow-water gas production to 500 kboepd. However, production gains are uncertain if large new discoveries don't materialize.

### **Investment Potential in the Energy Sector:**

- India projects **\$100 billion of upstream investments** by 2030 to tap underexplored basins (e.g., Andaman, Mahanadi, Bengal, Kerala-Konkan).
- The energy sector offers lucrative opportunities:
  - **Upstream & E&P:** \$100B expected investment.
  - **Oilfield Services:** Projected growth to \$1.13 B by 2028, driven by deep-water and new discoveries.
  - **Midstream:** Expansion of **pipelines, LNG terminals, and CGD networks**—supported by robust investments.
- Policies encourage **100% FDI** in upstream and refining and streamlined processes via HELP, Urja Pragati Platform, and NDR.

## Summary Table

| Area                      | Insight  |
|---------------------------|--|
| <b>Demand</b>             | Strong growth (~1.2 mb/d by 2030; diesel-led)              |
| <b>Production</b>         | Domestic output constrained, likely to decline             |
| <b>Imports</b>            | Remain high (85–90%), rising                               |
| <b>Refining</b>           | Major expansion underway; export role strong               |
| <b>Exploration</b>        | Policy reforms + new blocks—but success uncertain          |
| <b>Investment Outlook</b> | Deep investments (\$100B+) across E&P, midstream, refining |