

Indian Refiners Pause Russian Oil Purchases

India, the world's third-largest oil importer, has been the biggest buyer of seaborne Russian crude, a vital revenue earner for Russia as it wages war in Ukraine for a fourth year. However, recent developments have led to a significant shift in this trading relationship.



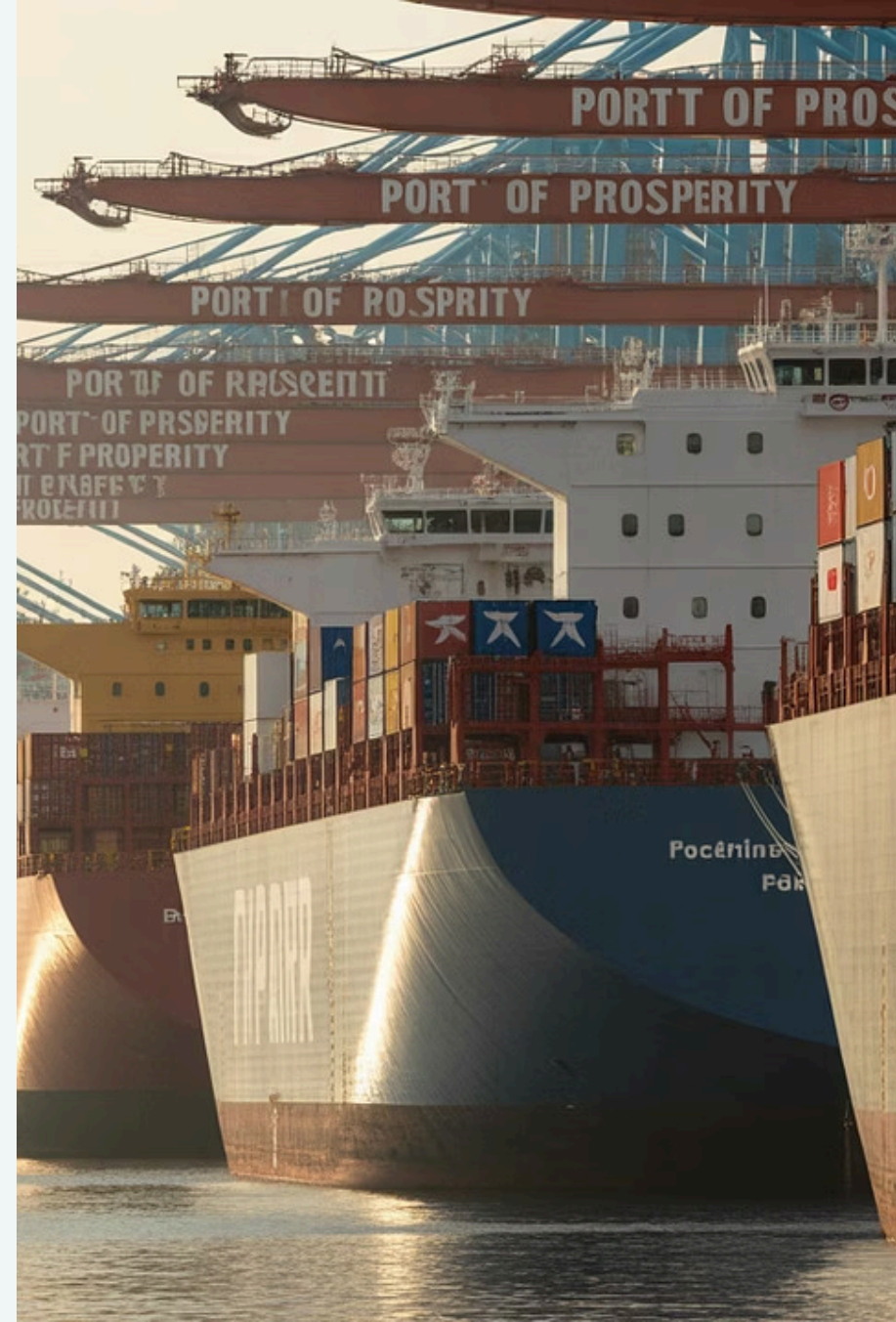
State Refiners Halt Russian Oil Purchases

Key Indian State Refiners

- Indian Oil Corp
- Hindustan Petroleum Corp
- Bharat Petroleum Corp
- Mangalore Refinery Petrochemical Ltd

These four state refiners have not sought Russian crude in the past week or so, according to four sources familiar with the refiners' purchase plans.

The refiners regularly buy Russian oil on a delivered basis and have now turned to spot markets for replacement supply — mostly Middle Eastern grades such as Abu Dhabi's Murban crude and West African oil.



Factors Behind the Pause

1

Narrowing Discounts

Indian refiners are pulling back from Russian crude as discounts shrink to their lowest since 2022, when Western sanctions were first imposed on Moscow. This is due to lower Russian exports and steady demand.

2

Trump's Tariff Threats

On July 14, Trump threatened 100% tariffs on countries that buy Russian oil unless Moscow reaches a major peace deal with Ukraine. On July 30, he announced a 25% tariff on goods imported from India from August 1.

3

EU Sanctions Concerns

Refiners fear the latest EU curbs could complicate overseas trade including fund raising — even for buyers adhering to the price cap.

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By Ojaankk Sir

Trump's Accelerated Timeline

Previous Timeline

50-day period for secondary sanctions on buyers of Russian exports

On Monday (July 28, 2025), Trump cut the deadline to impose secondary sanctions on buyers of Russian exports dramatically, increasing pressure on both Russia and its trading partners like India.

New Timeline

10-12 days if Moscow does not agree to a peace deal with Ukraine



India's Position on Russian Oil

35%

Russian Oil Supply

Russia is the top supplier to India, responsible for about 35% of India's overall oil supplies.

1.8M

Daily Imports

India's average Russian oil imports in barrels per day during the first half of 2025.

5.2M

Refining Capacity

India's overall refining capacity in barrels per day, with state refiners controlling over 60%.

India has reiterated its opposition to "unilateral sanctions" but appears to be responding to the changing geopolitical landscape.

Private vs. State Refiners

State Refiners

- **Control over 60% of India's refining capacity**
- **Have halted Russian oil purchases**
- **Seeking alternative supplies from Middle East and West Africa**

Private Refiners

- **Reliance Industries and Nayara Energy**
- **Have annual deals with Moscow**
- **Biggest Russian oil buyers in India**
- **Purchased nearly 60% of India's Russian oil imports in H1 2025**

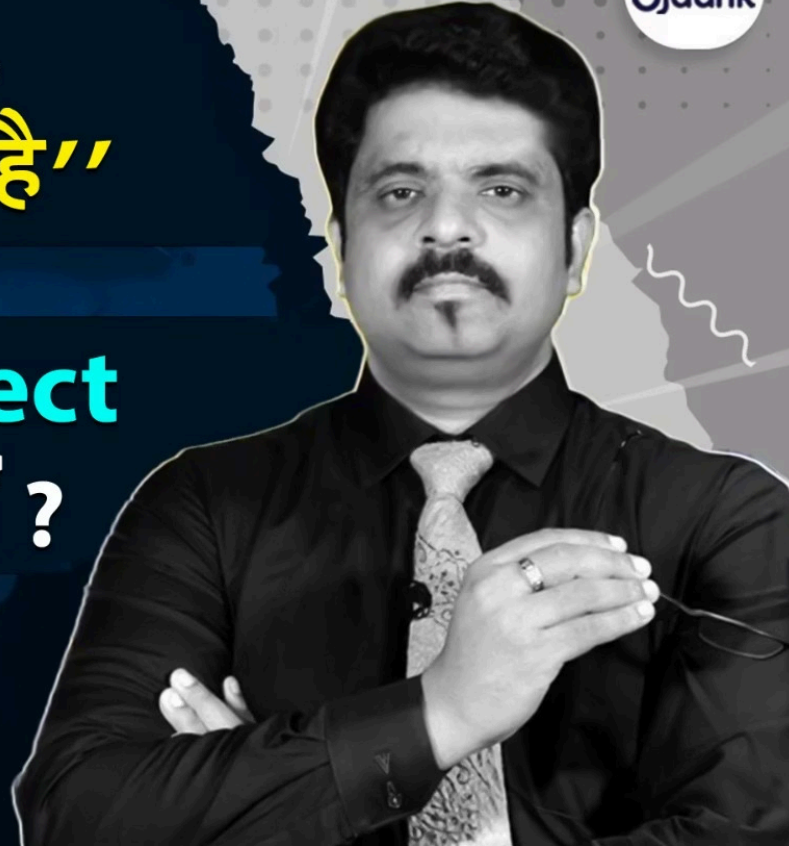
Notably, Reliance purchased Abu Dhabi Murban crude for loading in October this month, an unusual move by the refiner, according to traders.



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Implications for India–Russia Oil Trade



Supply Disruption

India needs to secure alternative oil sources to maintain its energy security if Russian supplies become unavailable.



Economic Impact

Potential higher costs for oil imports as discounted Russian crude is replaced with market-priced alternatives.



Diplomatic Balancing

India must navigate complex relationships with both Russia and the United States.

The pause in Russian oil purchases represents a significant shift in India's energy procurement strategy and highlights the impact of geopolitical pressures on global oil trade.

Key Takeaways

State Refiners Halt

Indian state refiners have stopped buying Russian oil in the past week as discounts narrowed and amid U.S. pressure.

Trump's Threats

Trump has threatened 100% tariffs on countries buying Russian oil and announced a 25% tariff on Indian imports from August 1, 2025.

Market Shift

Refiners are turning to Middle Eastern and West African crude as alternatives, potentially reshaping global oil trade patterns.



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