

# Indian crude hits \$137, up 93% since start of conflict

Atul.Mathur@timesofindia.com

**New Delhi:** The cost of crude for Indian refiners has soared 93% since the conflict in the Gulf broke out on Feb 28 and hit \$136.56 a barrel on Friday, eroding profits for domestic players ranging from IndianOil, HPCL and BPCL to Reliance Industries.

Several countries, including the US, let retail prices rise in line with increase in crude prices. In India, oil companies have so far kept pump prices unchanged and have taken a hit on their margins after pocketing gains for months.

It's unlikely that govt,

---

## US 'okay with' some ships passing Hormuz

Oil prices eased about 1% Monday after the US said it would be fine with **some Iranian, Indian and Chinese ships** moving through the Strait of Hormuz and talk of possible additional releases from emergency reserves. **PG OPP**

---

which has been raking in revenue, will make any changes until March 31 to ensure that taxes and fiscal balance are in line with budget targets.

▶ **Continued on P 10**

# Crude prices to remain volatile amid Hormuz strait blockade

► Continued from P1

In any case, with elections due in four states and UT of Puducherry, the political greenlight is unlikely until the last phase of voting on April 29. In the US, gasoline prices were estimated at \$3.71 a gallon on Monday, according to AAA data.

Since the war broke out, benchmark Brent crude has seen an increase of over 40%, while Russian Urals crude has risen by over 50% (see graphic).

The Indian basket — which comprises sour crude from Oman and Dubai, as well as sweet grade of Brent Dated — was estimated at \$70.86 a barrel on Feb 26 and rose to \$127.22 on March 12, before soaring \$9.34 a barrel or 7.3% to \$136.46 on Friday, official data showed.

India was in a sweet spot for several months, buying discounted Russian crude, whose prices have now increased. The spike is on account of a global scarcity caused by Iran blocking the Strait of Hormuz, which ac-

## INDIAN REFINERS FEEL THE PINCH

| Date   | Indian Basket | Brent Crude | Urals  |
|--------|---------------|-------------|--------|
| Feb-27 | 70.86*        | 72.87       | 58.94* |
| Mar-10 | 109.4         | 87.08       | 81.64  |
| Mar-13 | 136.56^       | 102.31^     | 89.12# |

Prices in \$ per barrel \*Feb 26 | # March 11 | ^ March 16 Source: PPAAC, oilprice.com



counts for 20% of global oil and gas supply. For India, the impact is even more as the narrow channel supplies around 60% of the energy processed in the country.

Crude prices are expected to remain volatile until the movement of vessels from Hormuz is normalised.

Brent rallied to a three-year high of \$120 a barrel on March 9 but cooled later after International Energy Agency members decided to re-

lease 400 million barrels from emergency reserves to try to quell soaring prices.

Axis Bank chief economist Neelkanth Mishra, who is also a member of the Economic Advisory Council to PM, said if crude remains around \$100 per barrel for a year, India's import bill would rise sharply and hurt the trade balance by about \$80 billion, or 2.1% of GDP.

"While we don't expect the disruption to last beyond

a few weeks, as Iran is relying on market volatility as its bargaining chip, higher volatility may be necessary for the Strait of Hormuz to be reopened," Mishra said.

In a recent report, ratings agency ICRA said prolonged conflict risks disruption of energy supplies and shipping routes, impacting India's macroeconomic outlook and multiple sectors. It added that a \$10 increase in the average price of crude oil for the year (vis-à-vis the baseline estimate) would raise the country's current account deficit by 30-40 bps.

Gita Gopinath, professor of economics at Harvard University, said that higher crude prices will impact global economic growth. "If we are now looking at an average of \$85 a barrel for 2026, then that could shave off around 0.3-0.4pp from global growth. Headline inflation could rise by 60 bps. Before the Iran conflict, global growth was projected at 3.3% for 2026 on the assumption oil would average \$65 a barrel," she posted on X on Sunday.