From $69 to $156/bbl: Oil import bill faces steep rise

SAURAV ANAND
New Delhi, March 22

An LPG cargo ship from the US arrived at the New Mangalore Port on Sunday

PTI

INDIA'S OIL IMPORT bill, which stood at $9.2 billion in February 2026 when the Indian crude basket averaged $69.01 per barrel, now faces the risk of a steep rise after crude prices surged to $156.29 per barrel on March 19, more than doubling input costs in less than a month. The February data reflected a relatively benign phase. India's net oil and gas import bill was $106.1 billion during April–February FY26, lower than $120 billion in the corresponding period last year, aided by softer global crude prices.

"Crude oil imports decreased by 0.2% and increased by 2.4% during February 2026 and April-February FY 2025-26 as compared to the corresponding period of the previous year. As compared to net import bill for Oil & Gas for Feb 2026 of $9.2 bn, the net import bill for oil & gas for Feb 2025 was $9.8 bn," the PPAC data showed. LNG imports stood at $1.1 billion in February, while petroleum product exports were $2.8 billion, partially offsetting the import burden.

That cushion is now rapidly eroding. The Indian crude basket rose sharply from $70.90 per barrel on February 26 to $127.20 on March 12, further climbing to $136.56 on March 13, $142.69 on March 16, and finally $156.29 on March 19—a 126.47% surge over the February average.

India's structural exposure amplifies the impact. The country imported crude worth $137 billion in FY2025, and even under baseline assumptions of $70–75 per barrel, the net oil import bill was projected at $123 billion for FY2026 and $132 billion for FY2027.

With crude now trading far above these assumptions, the import bill outlook has worsened sharply. According to ICRA, every $10 per barrel increase in crude raises India's net oil import bill by $14–16 billion, implying that if crude averages $110–115 per barrel, the bill could rise by $56–64 billion annually.

ICRA Chief Economist Aditi Nayar said such a price trajectory would push the current account deficit (CAD) to 1.9–2.2% of GDP, compared with 0.7–0.8% projected for FY2026, with each $10 rise widening the CAD by 30–40 basis points. More adverse scenarios point to deeper stress. If crude rises to around $120 per barrel, India's oil trade deficit could expand to $220 billion, pushing the CAD beyond 3% of GDP, according to DSP Mutual Fund estimates.