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India-Russia energy ties after the Russia-Ukraine war

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Abstract
While India-Russia energy cooperation has historical roots, it has only emerged as a defining pillar of their partnership in recent years. The Russia-Ukraine war reshaped global energy flows, compelling Moscow to redirect crude exports toward Asia, with India rapidly becoming a key buyer. In the post-war context, discounted Russian oil now forms the core of bilateral energy ties, positioning oil as a major driver of this long-standing relationship. While nuclear cooperation has always been a strong pillar, natural gas is now emerging as a promising area. This paper examines the sharp expansion of India-Russia oil trade since 2022, assessing its strategic importance for India's energy security and pursuit of strategic autonomy. It also addresses the major challenges most notably Western sanctions and tariff imposition while underscoring how economic imperatives are increasingly tied together with geopolitics in shaping the trajectory of this relationship.

Keywords: India-Russia relations, energy cooperation, oil trade, Russia-Ukraine war, strategic autonomy

1. Introduction

With the world's largest population as well as the fifth-largest economy, India depends on imports for nearly 85 per cent of its oil needs. New Delhi is ranked third in global oil consumption, behind only the US and China (Dolbaia, Banerjee, & Southfield, 2025) [8]. Meanwhile, Russia possesses over 31 billion tons of proven oil reserves, ranking third globally, along with natural gas estimated to last a century and coal reserves sufficient for 500 years at current production levels. It also has the world's fourth-largest uranium reserves, according to 'Russia's Energy Strategy through 2050' (Russia has world's largest energy reserves - report, 2025) [24].

The Russia-Ukraine war (since 2022) has reshaped the global energy system in multiple ways (IEA, 2022) [14]. After the war, Moscow faced Western sanctions, which dealt a severe blow to its energy sector, sapping the country of vital revenue. As a result, compelling Russia to redirect its crude exports toward Asian countries like China, India and Turkiye. (Bousso 2025) [6]. Before the war, India's energy partnership with Russia centred on nuclear energy and some oil investments. By 2019, Moscow accounted for less than 1 per cent of energy imports by India (Srinivas). However, things changed in the post-war era. While in 2021, Russian gas had accounted for 45% of European imports, this share fell to 18% by 2025. Meanwhile, for India, according to Kpler, the share of Russian crude increased from 16% of total imports in 2021 to 38% in 2025, making the country one of the top buyers of Russian energy and oil, emerging as the core pillar of bilateral energy ties. However, it not only presents opportunities but also challenges for India, such as the recent secondary tariffs imposed by the US on New Delhi over Russian oil purchases (Bousso, 2025) [6].

This paper examines the evolution of India-Russia energy ties after the Ukraine war, focusing particularly on oil trade. In doing so, it aims to answer the primary research question: How has the Ukraine war transformed India-Russia energy relations, and what are the key strategic opportunities and challenges?"

2. Pre-War Energy Relations

Both Russia and India have a long history of collaboration in the energy sector, beginning during the period of friendship between the Soviet Union and India. As part of it, the India-Russia energy partnership has been enjoying a renaissance since the late 2000s.

Over a period of time, the two countries have implemented a wide range of large-scale and long-term joint projects in the energy sector, most importantly, in the nuclear area and making it one of the foundations of the Indo-Russia special and privileged strategic partnership.The Kudankulam Nuclear Power Plant (KNPP) is a landmark project which not only highlighted New Delhi's resolve to employ nuclear technology for energy security but also marked a milestone in India-Russia bilateral cooperation (Madhiraju, 2024) [21].

India's ONGC Videsh Ltd. also invested in Russia's Sakhalin-1 hydrocarbon project (2001), one of the biggest-ever foreign investments made by the company. Investments were made by Indian companies like Indian Oil Corporation Limited (OIL), Indian Oil Corporation Limited (IOCL), and Bharat Petro Resources Limited (BPRL) in the Oil and Gas sector of Russia, which included acquisitions of stakes in Vankorneft and Taas-Yuryakh, among others (Pant, 2017) [23]. The Russian Far East (RFE) also emerged as an important arena of bilateral energy cooperation. However, the two nations were in dire need of novel approaches in the energy industry. By 2019, though Indian oil companies had investments in the oil fields of Russia to the tune of US$10 billion, India's energy imports from Russia were meagre, under US$1 billion.

3. Oil Trade Boom After Ukraine War and Other Energy Aspects

After China, India is the second largest purchaser of Russian oil at present, and Moscow accounts for almost 40% of New Delhi's energy supplies. Imports were significantly accelerated after the West slapped sanctions on Russia over the Ukraine invasion in 2022. (Laskar, 2025) [20]. India purchased Russian crude at rates lower than the $60-per-barrel price cap set by the West (How India's imports of Russian oil have lubricated global markets, 2024). As a result, bilateral trade reached $65.7 billion in 2023-2024, with India and Russia setting a target in July 2024 to boost it to $100 billion by 2030 (Dolbaia, Banerjee, & Southfield, 2025) [8]. Before the war, India's oil imports mostly came from the volatile region of West Asia. However, to maintain current high rates of growth, New Delhi needed to diversify and secure its energy sources. Moscow was an obvious choice in this respect (Pant, 2017) [23]. In 2021, over 70% of India's crude oil imports originated from OPEC countries. But by mid-2023, that share decreased to below 50% (Kumar A., Oil and pressure: How India became Russia's oil lifeline after Ukraine war, 2025) [19].

Energy-surplus and energy-deficient countries, Russia and India, have a mutual interest in cooperation in this sector (Pant, 2017) [23]. Under the pressure of Western sanctions, Russia was able to sell discounted oil to the Asian market to maintain sustainable revenue. New Delhi was happy to step in, balancing its energy requirements with pragmatic diplomacy. Compared to West Asian grades, Russian crudes like Urals are usually heavier and higher in sulphur content. Lighter, sweeter crude is easier to refine, gives more useful fuels like diesel, and costs less to process. Although Indian refiners can blend Urals with other grades, using too much can strain refinery equipment. So, they had to manage the mix carefully when raising Urals imports. However, the economic benefits were hard to ignore. During much of 2022-2023, Indian refiners were purchasing Russian crude at discounts of about $25-30 per barrel below Brent crude. This allowed them not only to decrease import costs but also to sell refined fuels, such as petrol and diesel, to Europe and other markets at international prices, thereby securing substantial profit margins. Estimates suggest that the domestic refiners and the Indian government saved billions of dollars on oil purchases (Kumar A., Oil and pressure: How India became Russia's oil lifeline after Ukraine war, 2025) [19].

As far as India-Russia cooperation in the Liquefied Natural Gas (LNG) sector is concerned, New Delhi's market share in Moscow's LNG supply structure is only 2%, and at the same time, the former only imports 2% of its LNG needs from the latter. India's goal towards carbon neutrality and shift from coal to gas gives Moscow great potential to increase exports. This is particularly significant since India has a great overdependence on Qatari LNG, which renders the country susceptible to its manipulation (Bosnic, 2024) [5]. However, India has clarified that it will not purchase LNG from Russia's Arctic LNG-2 project, which has come under Western sanctions (India will not buy from Russia's sanctioned Arctic LNG 2 project, oil secretary says, 2024) [15]. After the imposition of an additional 25 per cent tariff on India by the US due to the former's purchases of Russian oil a measure the Kremlin denounced as illegal First Deputy Prime Minister Denis Manturov emphasised that Russia views India as a potential market for its LNG exports (Russia sees potential for LNG exports to India, 2025) [25].India's natural gas demand is projected to nearly double from 60 bcm in 2020 to 115 bcm by 2030, highlighting the pressing need for major infrastructure investments (Alhajji, 2024) [2]. Manturov also stated that Russia is seeking to expand its nuclear energy cooperation with New Delhi (Russia sees potential for LNG exports to India, 2025) [25]. In 2024, the two countries signed a protocol amending their 2008 intergovernmental agreement to extend cooperation on constructing additional reactors at the KNPP site and developing Russia-designed NPPs at new sites across India, which demonstrated how nuclear energy has become a pillar of resilience in their bilateral energyties, even after the war (India, Russia agree to strengthen bilateral nuclear cooperation, 2024) [16].

4. Key Challenges and Adaptive Solutions

Hit by European Union (EU) sanctions, Nayara Energy, the Russia-backed Indian refinery, which is responsible for nearly 8% of India's refining capacity, faces multiple challenges, including disrupted global shipping. The company operates India's second-largest private refinery, complemented by an oil storage terminal, infrastructure, port facilities, and a network exceeding 6,000 petrol stations. Due to sanctions, Rosneft has been unsuccessful in transferring profits from Nayara Energy, and hence the latter is actively seeking alternative payment arrangements. It was suggested that difficulties in moving earnings are a key reason behind Rosneft's plan to divest its Indian operations (Symbol of India-Russia ties takes a hard hit! How Russia-backed...challenge growth, 2025). Furthermore, Russian Urals crude makes up about 70% of Russia's main oil export. If India stops buying, Russian firms will need to store oil on tankers, paying extra shipping charges and being forced to give major discounts to new purchasers, and it would create a ripple effect. India would then have to boost purchases from the U.S. and West Asia or reduce its refinery operations. This, in turn, could push up diesel prices in Europe, which depends on Indian fuel supplies

(How Moscow might respond if Trump stops Russian oil to India, 2025) [12]. Next, Western sanctions have pushed Moscow towards China, and Russia is gradually becoming economically and strategically reliant on Beijing, which has raised concerns in India, Moscow's strategic partner and China's adversary (Gupta, 2023) [10].

As Western sanctions on Russia made dollar payments risky, India has managed payment issues by switching from US dollar-denominated transactions to settling payments in the UAE dirham through intermediaries based in the UAE. With tariffs imposition on India by the US, the former faces around $9-11 billion annual rise in its oil import bill if it moves away from Russian crude (Kumar A., Oil and pressure: How India became Russia's oil lifeline after Ukraine war, 2025) [19]. As per the report, IOCL and Bharat Petroleum Corp Ltd (BPCL) had stopped imports in July after discounts on Russian crude narrowed. However, in a significant move, India's state-run refiners resumed imports from Russia for September-October after the price gap on Russia's Urals grade widened to about $3 a barrel. In addition, IOCL has diversified its imports with Russian grades like Varandey and Siberian Light. Though the purchases risk worsening trade tensions with the US, India has reiterated that its energy decisions will be based on national needs, not by external pressure. The renewed purchases could also squeeze supplies for Beijing, accelerating competition between Asia's biggest energy consumers (Kumar A., India Defies US Pressure, Resumes Buying Russian Oil - Here's Why China May Take A Hit, 2025) [18]. Unlike Beijing's leverage-driven approach, New Delhi's mutually beneficial energy ties have provided Moscow with significant economic relief. Additionally, India and Russia are exploring cooperation on small modular reactors (SMRs), with the state of Maharashtra signing a Memorandum of Understanding (MoU) for the development of India's first thorium-based SMR, signalling a gradual shift in bilateral energy ties, beyond fossil fuels, to nuclear energy. India-Russia energy cooperation faces other challenges as well, such as transport bottlenecks and geographical constraints, which translate to higher financial costs and delays. In this regard, the partly-ready International North South Transport Corridor (INSTC) carries a lot of potential. India and Russia should step up efforts to finalise the Eurasian Economic Union (EAEU) Free Trade Agreement (FTA). Importing LNG will also be beneficial for India and carries great potential in furthering India-Russia energy ties. The two countries need to pursue further cooperation in RFE for mutual gain (Pant, 2017) [23]. Moscow is keen on collaborating with Indian companies in Sakhalin and the Arctic shelf to mitigate the impact of Western sanctions (Alhajji, 2024) [2]. Talks on using the Northern Sea Route (NSR) reflect a strategic push to increase energy security through a shorter, cost-effective trade connection as compared to traditional routes (Alhajji, 2024) [2].

Finally, during his visit to Russia for the 26th session of the Inter-Governmental Commission on Trade, Economic, Scientific, Technological and Cultural Cooperation(IRIGC-TEC), India's External Affairs Minister (EAM) S. Jaishankar Jaishankar suggested measures to boost the trade partnership and address the $58.9 billion trade deficit caused by India's heavy oil imports from Russia, stressing that the imbalance must be resolved urgently (Need to address that urgently': Jaishankar flags soaring India-Russia trade imbalance amid rising oil imports, 2025) [22].

The assumption that New Delhi would bow to Western economic pressure appears misplaced. Not just a principal arms supplier, Russia remains India's key source of advanced technology transfers. India's ties with Russia extend far beyond oil trade; they represent a strategic partnership built on historical depth and multifaceted cooperation (Campose, 2025) [7].

5. Strategic Significance for India andthe Future Trajectory

Discounted Russian crude helped protect India from inflation shocks while sustaining refinery exports and profit margins (Kumar A., Oil and pressure: How India became Russia's oil lifeline after Ukraine war, 2025) [19] India's EAM S. Jaishankar defended India's decision to import discounted crude and contested the premise behind the penalty, that New Delhi is the "largest buyer" of Russian oil and thus helping Russia in the Ukraine war. EAM in Russia remarked," India is not the top importer of Russian oil (that would be China), not the biggest buyer of Russian LNG (that would be the EU), and not even the trade partner with the sharpest post-2022 surge in volume with Moscow." Also, a 2024 video of former U.S. Ambassador Eric Garcetti resurfaced, where he said India's Russian oil purchases aligned with the price-cap policy, ensuring supplies continued without breaching rules or raising global prices (Jain, 2025) [17]. New Delhi's principled stand reflects its long-standing policy of strategic autonomy and that it will not compromise its sovereign interest for geopolitical approval.

Russian Foreign Ministry spokesperson Maria Zakharova stated, "Washington is unable to accept the erosion of its dominance in an emerging multipolar international order" (Siddiqui, 2025) [26]. Meanwhile, Roman Babushkin, the charge d'affaires at the Russian embassy in India, told a press briefing that, despite the political situation, the same level of oil imports by India could be expected. And both countries would find ways to overcome US tariffs in their national interests. Russia's Deputy Trade Commissioner Evgeny Griva said buying Russian oil is highly profitable for India, with discounts of 5-7%. He added that Russia has created a highly specialised mechanism to continue supplies to India and has begun accepting rupee payments after resolving the issue of billions of dollars stuck in Indian banks (Al Arabiya English, 2025) [1]. The world is closely observing the deepening India-Russia energy partnership, with India positioning itself for strategic economic advantage and long-term energy independence. New Delhi's oil strategy is a multi-layered move which also symbolises global recognition of Indiaas a key player in international oil markets (Ghatule, 2025) [9]. In response to ongoing scrutiny of New Delhi's energy partnership with Moscow and tariff threats from the US, India has reiterated the country's commitment to a representative and fair multipolar world order, which resonates with its resistance to geopolitical coercion (Aravind, 2025) [3]. India has affirmed its continued engagement with Russian oil, despite increasing pressure from the US through punitive tariffs. For the world's most populous country and one of the fastest-growing major economies, ensuring energy security remains a strategic imperative (iBNS, 2025). Furthermore, the India-Russia nuclear partnership and the NSR can be viewed as a counterbalance to the hegemony of other major powers in the region, particularly the US and China (Alhajji, 2024) [2]. The partnership will extend beyond oil, encompassing joint ventures in advanced nuclear technology and other major arenas, signalling a shift toward sustainable cooperation. As India pursues energy security and Russia seeks to diversify its economic alliances, their deepening partnership is reshaping the global energy landscape.

India and Russia have a long-standing partnership, and securing an energy partnership is important from both geopolitical and diplomatic perspectives. (Pant, 2017) [23]. The policy-oriented approach that the two countries have adhered to in bolstering their cooperation in the energy sector showcases the strength of the bilateral ties (Gupta, 2023) [10]. Both India and Russia remain firmly committed to advancing energy cooperation, indicating that U.S. tariff pressures on New Delhi over Russian oil imports are unlikely to disrupt their partnership. As EAM S. Jaishankar observed in Russia, "steadiest of the major relationships in the world after the Second World War" (Bao, 2025) [4].

6. Conclusion

The Ukraine war has turned energy into the heart of the India-Russia partnership, with discounted oil trade transforming ties almost overnight. For India, this meant cheaper energy, protection from inflation, and space to uphold its principle of strategic autonomy. For Russia, India became a vital market at a time when the West closed its doors. Though challenges remain, such as payment hurdles, U.S. tariff pressure, and trade imbalances, both sides are finding ways to adapt. Looking ahead, expanding cooperation in natural gas, nuclear power, and routes like the Northern Sea Route could help make the relationship more balanced and resilient. At its core, India-Russia energy cooperation shows how national interests can survive shifting geopolitics. Despite external pressure, both countries continue to see each other as steady and reliable partners, with energy emerging as a bond that is not just tran

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