

India Petroleum Market Size and Share Outlook - Forecast Trends and Growth Analysis Report (2025-2034)

Market Report | 2025-06-28 | 131 pages | EMR Inc.

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Report description:

The India petroleum market attained a volume of 5.57 MB/d in 2024. The industry is expected to grow at a CAGR of 3.90% during the forecast period of 2025-2034. Increasing industrial automation and mechanization in agriculture and manufacturing sectors are driving demand for petroleum-based fuels and lubricants. The overall petroleum consumption in the commercial and industrial segments across India have increased at a rapid pace. In turn, all these factors have resulted in the market attaining a volume of 8.17 MB/d by 2034.

India Petroleum Market Report Summary

Description

Value

Base Year

MB/d

2024

Historical Period

MB/d

2018-2024

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Forecast Period

MB/d

2025-2034

Market Size 2024

MB/d

5.57

Market Size 2034

MB/d

8.17

CAGR 2018-2024

Percentage

XX%

CAGR 2025-2034

Percentage

3.90%

CAGR 2025-2034 - Market by Region

West India

4.4%

CAGR 2025-2034 - Market by Region

East India

4.2%

CAGR 2025-2034 - Market by Type

Sweet

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4.6%

CAGR 2025-2034 - Market by Location

Offshore

4.7%

2024 Market Share by Region

East India

19.8%

India Petroleum Market Overview

Major drivers of the India petroleum market growth include the rising energy demand with growing urbanization and expanding transport and industrial sectors. Emerging trends in the market include diversifying into petrochemicals, record crude imports, and shifting policies to encourage the use of cleaner fuels such as natural gas and biofuels. The government's efforts for deregulation and push for energy security are contributing to the transformation of the market dynamics. Well-known players like Indian Oil, Reliance Industries, and Bharat Petroleum are channeling resources to increase their capacity, integrate upstream operations, and build a larger retail network. With India aiming for a USD 5 trillion economy, the petroleum industry presents great opportunities for innovation, investment, and strategic B2B partnerships along the value chain.

India Petroleum Market Growth

Two significant domains that are sustaining the demand in the India petroleum market are aviation turbine fuel (ATF) and marine bunkering fuels. The revival of domestic and international air travel coupled with the push for enhanced regional air connectivity by the government-imposed UDAN scheme, is resulting in increased ATF demand across airports. Meanwhile, the SagarMala project is enhancing marine fuel consumption under coastal and inland waterways, especially low-sulfur fuels complying with IMO 2020 norm. These niches are attracting investments targeting storage and distribution infrastructure. This has led to further high-margin opportunities for oil marketing companies and private players to diversify away from conventional retail and industrial petroleum segments.

Key Trends and Recent Developments

The key trends of the India petroleum market include the growing shift towards natural gas as a cleaner fuel, privatization and market liberalization, petrochemical integration with refining operations, and technological modernization across the value chain.

May 2025

Shell Plc announced that the company is working with consultants to study a potential takeover of BP Plc, but it is waiting for more stock and oil price falls before deciding whether to launch a deal.

May 2025

Saudi Aramco is expected to acquire a 20% stake in two new refineries planned by state-owned businesses Oil and Natural Gas

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Corp (ONGC) and Bharat Petroleum Corp (BPCL). The plan comes as Saudi Arabia, the world's largest oil exporter, seeks a reliable outlet for its crude in the world's fastest-growing emerging market.

February 2025

Oil and Natural Gas Corporation Limited (ONGC) and BP signed a contract in which BP would function as the Technical Services Provider (TSP) for the Mumbai High field, India's largest and most productive offshore oil field.

May 2024

The state-run Indian Oil Corporation Limited (IOCL) acquired Mercator Petroleum Limited (MPL) for Rs 154 crore.

Growing Shift Towards Natural Gas as a Cleaner Fuel

The country is aggressively shifting towards natural gas as an intermediate fuel in order to reduce its carbon footprint and align with international climate pledges, boosting the India petroleum market development. The government seeks to raise the natural gas portion in the energy mix to 15% by 2030 from 6%. This has resulted in massive investment in LNG terminals, city gas distribution, and pipeline networks. For instance, GAIL and Adani Total Gas are expanding city gas distribution in specific tier-2 and tier-3 cities, thus enabling access to cleaner energy.

Privatization and Market Liberalization

The government is actively liberalizing the petroleum sector for better efficiency and to attract private investments, further reshaping the India petroleum market dynamics. Strategic disinvestments such as BPCL's suggested privatization have made a space for private players in the refining and retail business. Reliance Industries has launched Jio-BP with BP's collaboration for increased retail fuel outlets and charging stations for electric vehicles. Thus, this trend leads to greater competition, improved service quality, and technologically driven consumer engagement in the downstream segment.

Petrochemical Integration with Refining Operations

In order to maximize margins while reducing dependency on transport fuels, refiners are integrating petrochemical production into their operations, stimulating the India petroleum market revenue. Such a move is in response to the growing requirement for plastics, packaging, and synthetic materials in consumer and industrial applications. For instance, Indian Oil Corporation is setting up integrated refinery-petrochemical complexes in Paradip and Gujarat. This emerging trend helps increase profits for companies who target the ever-increasing domestic and export demand for high-value petrochemical products.

Technological Modernization Across the Value Chain

The rapid adoption of technology in exploration, refining, and distribution is accelerating the India petroleum market value. AI and seismic imaging are being used for better resource discovery by upstream companies, while downstream players are using IoT, and blockchain to enhance refinery efficiency and supply chain transparency. For example, ONGC is using advanced analytics for its offshore drilling, and HPCL is implementing AI for fuel demand forecasting. This digital transformation is opening scopes for cost optimization, predictive maintenance, and real-time decision-making in an otherwise manual industry.

India Petroleum Market Trends

Two major drivers in the India petroleum market revenue growth are rural energy access and increasing vehicle ownership.

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Demand for two-wheelers, cars, and commercial vehicles is surging with the increasing middle-class population and better infrastructure. This upsurge is driving consumption of petrol and diesel. Moreover, government initiatives such as PMUY (Pradhan Mantri Ujjwala Yojana) are raising LPG penetration in rural markets, significantly broadening the domestic fuel consumer base. These structural shifts are generating a bigger, more enduring demand curve for petroleum products across the urban and rural segments, thus supporting market stability and growth in the long term.

India Petroleum Market Opportunities

Companies in the India petroleum market witness two major opportunities in biofuels and lubricants. Mandates for fueling ethanol blending (20% by 2030) and biodiesel adoption allow companies to invest in bio-refineries and supply chains for agricultural feed stock. While the growing automotive and industrial base is increasing the demand for high-performance lubricants across sectors like mining, manufacturing, and logistics. Initiating innovations among synthetic lubricants and environment-friendly additives can benefit these firms. In addition, companies can offer high-scoring parameters extending beyond the conventional fuel sale, thus helping to create diversification and long-term sustainable goals.

India Petroleum Market Restraints

- Dependence upon imported crude oil makes the country vulnerable to the fluctuations of international prices, geopolitical tensions, interruptions in its supply chain that can affect pricing stability and energy security. Thus, this factor poses a serious challenge to the India petroleum market growth.
- Stricter environmental regulations and pressure from increasing sustainability have pushed traditional petroleum companies to make large investments in developing cleaner technologies. This results in adverse effects on profitability and capital while complying with worldwide environmental standards.

India Petroleum Industry Segmentation

The EMR's report titled "India Petroleum Market Report and Forecast 2025-2034" offers a detailed analysis of the market based on the following segments:

Market Breakup by Type

- Heavy
- Light
- Sweet
- Sour

Market Breakup by Location

- Onshore
- Offshore

Market Breakup by Region

- North India
- East India
- South India
- West India

India Petroleum Market Share

Market Insights by Type

Current market dynamics indicate that the India petroleum market continues to experience its demands along different crude oil types including heavy, light, sweet, and sour. Refinery configurations coupled with ever-changing fuel quality norms determine how each of these categories performs in the market. Currently, light and sweet crude types are in demand due to lower Sulphur levels that enable their transformation into cleaner fuels at a lesser cost, while meeting the demands of stringent environmental regulations. Heavy and sour crudes are, however, still sourced from large imports, especially from the Middle East. India's strategy is to diversify its crude sources to obtain a balance among cost, refining flexibility, and quality of products in a volatile, dynamic global oil market.

Market Analysis by Location

In terms of the India petroleum market shares, onshore production dominates as established fields in Assam, Gujarat, and Rajasthan are used. Onshore activities offer easy access and cheaper extraction costs. Furthermore, onshore locations have a consistent output through redevelopment and improved oil recovery. However, offshore exploration, particularly in the Krishna-Godavari and Mumbai High basins, is gaining momentum with advanced drilling technologies. The segment is further expected to grow at 4.7% CAGR over the forecast period, contributed by large investments made by ONGC and other private players. The domestic configuration presently witnesses a growing demand for energy and import reliance, pointing towards the significance of offshore fields.

India Petroleum Market Regional Analysis

CAGR 2025-2034 - Market by

Region

West India

4.4%

East India

4.2%

North India

XX%

South India

XX%

North India Petroleum Market Opportunities

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A large population, industrial growth, and significant transportation infrastructure fuel the petroleum demand in North India. Heavy consumption in the cities of Delhi, Chandigarh, and Amritsar is due to the increasing vehicle ownership and urbanization. In addition, logistics and infrastructural activities in the region drive the demand for fuel, particularly for freight and construction.

East India Petroleum Market Insights

The East India petroleum market observes heavy demand, supported by the development of industrial clusters in steel, coal, and mining in the states of Odisha, Jharkhand, and West Bengal. The market is expected to grow at a CAGR of 4.2% over the forecast period. Furthermore, growing rural penetration of LPG and growth in transportation network have given a major push to fuel consumption in this particular region.

South India Petroleum Market Growth

Booming car industries and healthy industrial bases in the states like Tamil Nadu, Karnataka, and Telangana contribute to the strong growth of the South India petroleum market. The region is also a major consumer of refined products as well as petrochemicals. High ownership rates of vehicles and important port cities like Chennai and Kochi bring an increase in demand for automobile as well as marine fuels.

West India Petroleum Market Outlook

Demand in the West India petroleum market is boosted by states such as Maharashtra, Gujarat, and Rajasthan, due to industrial and commercial development. The market is expected to grow at a CAGR of 4.4% over the forecast period. As the capital for finance, Mumbai largely accelerates fuel consumption across sectors such as aviation and retail. Refining capacity in Gujarat also fuels demand for petroleum products, both for domestic and export, further raising the region's strategic value in India's energy scenario.

Competitive Landscape

The India petroleum market players are focusing on altering sites, expanding refining capacity, and diversifying crude sourcing. Most of the India petroleum companies are concentrating on digital transformation, retail network development, and critical strategic partnerships aimed at further enhancing their efficiencies, profitability, and future energy security.

Indian Oil Corporation Ltd (IOCL)

Formed in 1959, and headquartered at New Delhi, Indian Oil Corporation Ltd (IOCL) is India's largest refiner and marketer of petroleum products. The company has emerged to be the central player in meeting the country's energy requirements, with a wide-ranging infrastructure across the entire range of refining, pipelines, and retail.

Oil and Natural Gas Corporation Ltd (ONGC)

Established in 1956, Oil and Natural Gas Corporation Ltd (ONGC) is the largest exploration and production company. ONGC makes a major contribution to India's crude oil and natural gas production in both onshore and offshore locations.

Bharat Petroleum Corporation Ltd (BPCL)

Headquartered in Mumbai, Bharat Petroleum Corporation Ltd (BPCL) is one of the leading players in the Indian petroleum industry. The company encompasses refining, distribution, and marketing of petroleum products with a focus on both domestic expansion

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and global expansion strategy.

GAIL (India) Limited

Founded in 1984, GAIL (India) Limited largely focuses on the production of petrochemicals. The company leverages the advantage of extensive pipeline networks while supporting the country's increasing energy demand.

Other key players in the India petroleum market report are Hindustan Petroleum Corporation Limited, Cairn Oil & Gas, Essar, Reliance Industries Ltd, Petronet LNG Limited, and Shell, among others.

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