

MARCH 28, 2026

From Barrel to Budget: The Ripple Effect of Crude Oil Prices on India

Israel-Iran War · Hormuz Chokepoint · CPI, GDP, INR & Sector Analysis

Base: Brent \$112.57/bbl · INR ₹94.71/USD · CPI ~5.4% (est.)

CPI Risk: 5.4–8.6%

+315 bps combined shock

GDP: 4.3–6.7%

RBI upper band: 6%

46% crude via Hormuz

1 Current Macro Snapshot

BRENT CRUDE

\$112.57

↑ +\$45.57 from Jan '26

USD / INR

₹94.71

↑ 8.3% depreciation

CPI INFLATION

5.4%

↑ +315 bps shock

GDP FORECAST

5.9%

↓ from 7.0% pre-war

CAD (% GDP)

-2.5%

vs -1.3% pre-war

OMC LOSS/DAY

₹2,400cr

Under-recovery crisis

FISCAL DEFICIT

5.4%

vs 4.5% pre-war

FPI OUTFLOWS

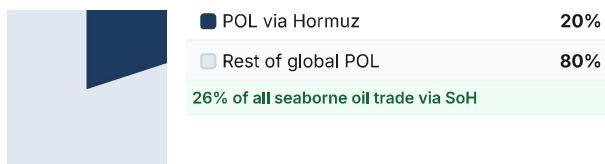
₹1.07L cr

March 2026

Headline: Every \$10/bbl rise adds ~55–60 bps to India's CPI (CareEdge Global, Mar 30, 2026). The \$45.57 rise from Jan's \$67 base adds ~250 bps; the rupee falling from ₹86.8 to ₹94.71 adds another ~66 bps — a combined **315 bps shock** pushing CPI toward 5.4–5.9%. RBI's upper tolerance band is 6%.

2 India's Hormuz Dependency — Structural Vulnerability

Global Hormuz Flow Share (2025)



India's Hormuz Import Dependency

LPG (cooking gas)

90% — 60% of total LPG imports

LNG (natural gas)

55% — Qatar & UAE

Crude oil

46% — 2.5 mbd

Fertiliser (Gulf)

40% — Urea/DAP

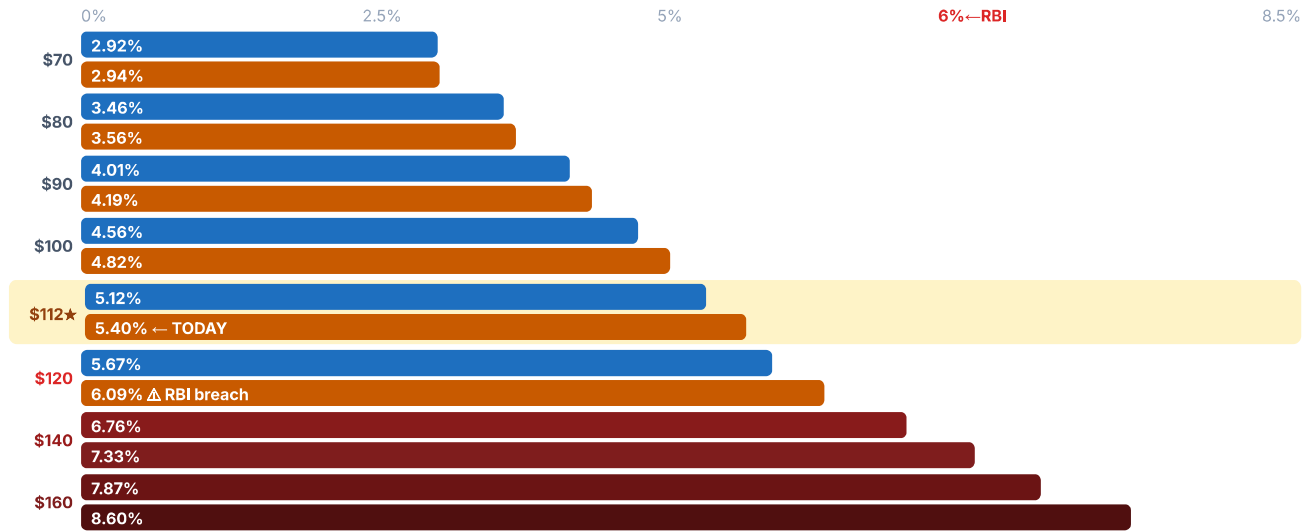
Key fact: Even a 1% supply drop can lift oil prices 3–8%. A 20% Hormuz disruption could shoot the price towards \$150. India — world's 3rd-largest oil consumer with 89% import dependence — is Asia's most vulnerable large economy.

3 CPI Inflation Ladder — Every \$10/bbl Crude Rise

CPI Inflation vs Brent Price Scenarios (\$70–\$160/bbl)

CareEdge elasticity: 55–60 bps per \$10/bbl · Base CPI Jan 2026 = 2.75% · RBI upper band = 6%

■ CPI (crude only) ■ CPI + rupee effect



Brent	CPI crude only	CPI + rupee	RBI band status	GDP	CAD
\$70	2.92%	2.94%	✓ Safe	6.7%	-1.0%
\$80	3.46%	3.56%	✓ Safe	6.5%	-1.4%
\$90	4.01%	4.19%	✓ Safe	6.3%	-1.8%
\$100	4.56%	4.82%	✓ Safe	6.1%	-2.2%
\$112 ★ Today	5.12%	5.40%	▲ Approaching limit	5.9%	-2.5%
\$120	5.67%	6.09%	X Breached	5.7%	-2.8%
\$140	6.76%	7.33%	X Severe	5.1%	-3.5%
\$160	7.87%	8.60%	X Crisis	4.3%	-4.9%

4 The Rupee Double Whammy

Extra CPI from INR Depreciation (at \$112/bbl) — Re.1 weakening = +8 bps CPI independently

₹86.8 (Jan base)

Extra CPI: +0.00%
Combined CPI: 5.22%
Cost/bbl: ₹9,722

₹90

Extra CPI: +0.29%
Combined CPI: 5.51%
Cost/bbl: ₹10,080

₹94.7 ← Today

Extra CPI: +0.73%
Combined CPI: 5.96%
Cost/bbl: ₹10,606

₹97

Extra CPI: +0.94%
Combined CPI: 6.16% ▲
Cost/bbl: ₹10,864

₹100

Extra CPI: +1.22%
Combined CPI: 6.44%
Cost/bbl: ₹11,200

₹110 (Extreme)

Extra CPI: +2.14%
Combined CPI: 7.37%
Cost/bbl: ₹12,320

5 Complete Scenario Matrix — Brent \$70 to \$160

Full Macro Impact Matrix by Crude Price Scenario

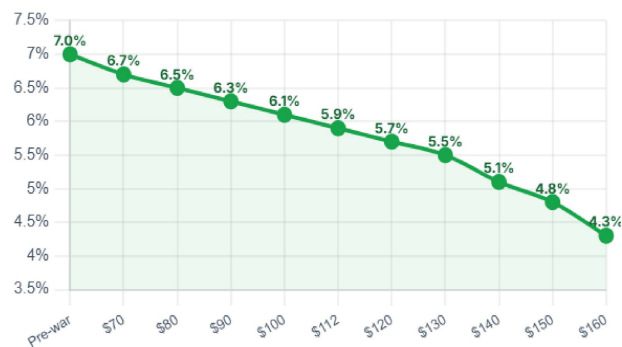
Sources: Goldman Sachs, MUFG Research, CareEdge Global, Bank of Baroda · ★ = Current position Mar 28, 2026

Scenario	Brent	CPI	INR/USD	GDP	CAD	Fiscal	RBI Stance
Bear — ceasefire	\$70	3.04%	₹88–90	6.7%	-1.0%	4.6%	Rate cut
Partial relief	\$80	3.59%	₹90–91	6.5%	-1.4%	4.8%	Rate cut
Prolonged tension	\$90	4.14%	₹91–93	6.3%	-1.8%	5.0%	Cut on hold
Sustained closure	\$100	4.70%	₹93–95	6.1%	-2.2%	5.2%	Monitoring
★ TODAY (Mar 28)	\$112	5.43%	₹94.7	5.9%	-2.5%	5.4%	No cut; watch
Escalation I	\$120	5.87%	₹96–98	5.7%	-2.8%	5.7%	Hike risk
Escalation II	\$130	6.42%	₹98–101	5.5%	-3.1%	6.1%	Hike risk
Escalation III	\$140	6.97%	₹101–105	5.1%	-3.5%	6.3%	Stagflation
Escalation IV	\$150	7.52%	₹105–110	4.8%	-4.0%	—	Emergency
Extreme scenario	\$160	8.07%	₹110+	4.3%	-4.9%	7.2%	Recession risk

6 GDP, CAD & Import Bill Impact

GDP Growth Trajectory (% p.a.)

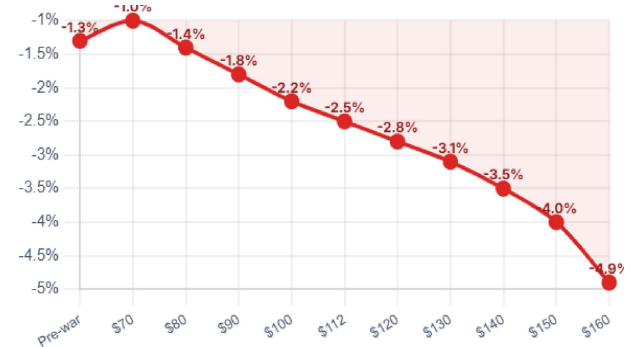
Pre-war 7.0% → Extreme \$160 scenario: 4.3%



Brent	GDP	Change vs pre-war
Pre-war	7.0%	—
\$70	6.7%	-0.3 pp
\$100	6.1%	-0.9 pp
\$112 (now)	5.9%	-1.1 pp
\$130	5.5%	-1.5 pp
\$160	4.3%	-2.7 pp

Current Account Deficit (% of GDP)

Pre-war -1.3% → Extreme -4.9% of GDP



Brent	CAD	BoP Impact
Pre-war	-1.3%	-\$15bn
\$70	-1.0%	-\$15bn
\$100	-2.2%	-\$85bn
\$112 (now)	-2.5%	-\$85bn
\$130	-3.1%	-\$145bn
\$160	-4.9%	-\$190bn+

Additional Annual Import Bill vs Jan 2026 Baseline (\$67/bbl) — USD Billions

Cumulative extra cost India pays each year at each crude price level (colour = severity)



7 Sector-wise Impact Ranking at \$130 Brent

Cost Increase vs Jan 2026 Base — 15 Sectors (values on bars)

Red = critically hit · Amber = moderate stress · Green = beneficiary

1. OMCs (HPCL/BPCL/IOC)	Rs.18-22/L loss at \$130 → Rs.28+/L at \$160	CRITICAL #1
2. Aviation (IndiGo/Air India)	ATF +93% at \$130 → +139% at \$160	ATF +93%
3. Chemicals / Petrochem	Naphtha +55% at \$130 → +82% at \$160	Naphtha +55%
4. Road Logistics	Freight +52% at \$130 → +76% at \$160	Freight +52%
5. Paints (Asian/Berger)	Input costs +35% at \$130 → +55% at \$160	Input +35%
6. Tyres (MRF/Apollo)	Syn rubber +48% at \$130 → +72% at \$160	Rubber +48%
7. Fertilisers (GNFC/Chambal)	Urea cost +38% at \$130 → +57% at \$160	Urea +38%
8. Cement (UltraTech/ACC)	Energy+freight +31%	+31%
9. FMCG (HUL/ITC/Dabur)	Pkg+freight +25%	+25%
10. Textiles	Yarn+dyes +28%	+28%
11. Steel & Metals	Energy+logistics +17%	+17%
12. Automobiles ICE	Input +13%	Demand risk
IT / Pharma (TCS/Infosys)	+15% INR revenue — rupee hedge	BENEFICIARY ✓
Upstream E&P (ONGC/OIL)	+\$63/bbl realisation at \$130	BENEFICIARY ✓

8 Sector Detail: Impact at \$100, \$130 & \$160 Brent

Sector / Key Companies	At \$100/bbl	At \$130/bbl	At \$160/bbl	Rating
OMCs (HPCL, BPCL, IOC)	Rs.10–14/L loss	Rs.18–22/L loss	Rs.28+/L loss	Critical
Aviation (IndiGo, Air India)	ATF +49%; fares +15–20%	ATF +93%; fares +30%	ATF +139%; industry losses	Critical
Paints (Asian, Berger, Kansai)	Input cost +18%	Input cost +35%	Input cost +55%	Severe
Chemicals/Petrochem	Naphtha +30%	Naphtha +55%	Naphtha +82%	Severe
Fertilisers (GNFC, Chambal)	Urea +21%	Urea +38%	Urea +57%	Mod–Severe
Road Logistics	Freight +28%	Freight +52%	Freight +76%	Severe
Tyres (MRF, Apollo, CEAT)	Syn rubber +26%	Syn rubber +48%	Syn rubber +72%	Moderate
Cement (UltraTech, ACC)	Energy+freight +16%	Energy+freight +31%	Energy+freight +46%	Moderate
FMCG (HUL, ITC, Dabur)	Pkg+freight +13%	Pkg+freight +25%	Pkg+freight +38%	Negative
Automobiles (Maruti, Tata, M&M)	Input +7%; demand dip	Input +13%; demand risk	Input +19%; recession risk	Demand risk
IT/Pharma (TCS, Infosys, Sun)	+9% INR revenue	+15% INR revenue	+26% INR revenue	Beneficiary ✓
E&P Upstream (ONGC, Oil India)	+\$33/bbl realisation	+\$63/bbl realisation	+\$93/bbl realisation	Beneficiary ✓
EV/Solar/Green H₂ (Waaree, JSW)	ROI improves	ROI compelling	Transition accelerates	Beneficiary ✓

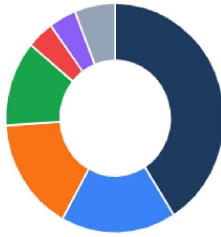
Aviation focus: IndiGo's additional annual fuel bill = Rs.300 cr per \$1/bbl rise. With crude up ~\$45 from Jan base, IndiGo faces Rs.13,500 cr in additional annual fuel costs — erasing ~3 years of pre-crisis profits in a single year.

9 Comparative Shock: Russia–Ukraine (2022) vs Israel–Iran (2026)

Factor	Russia–Ukraine (2022)	Israel–Iran Current	Israel–Iran ≥\$125 Scenario
Brent crude	>\$100 for ~100 days	~\$90–\$120 spike	\$120–\$160
Oil price momentum	Gradual rise	Very sharp (+60%)	Violent spike + shortages
Retail fuel prices	↑ ~Rs.10/litre	No increase (frozen)	Partial pass-through
OMC losses	~Rs.20,000 cr (9 mths)	~Rs.2,400 cr/day	~Rs.5 lakh cr annually
Inflation (CPI)	7–8%	~5% (muted so far)	Sharp rise to 7%+
GDP impact	~0.5–0.7% drag	~1.1% drag	~2.7% drag (7%→4.3%)
Excise duty cut	Rs.8 petrol / Rs.6 diesel	Rs.10/litre cut	Further cuts possible
Govt stance	Pass-through + relief	No pass-through	Burden sharing

10 India's Oil & Gas Consumption Structure

Oil by sector



Transport (Road)	41%
Personal Mobility	17%
Domestic LPG	16%
Industry & Mfg	12%
Aviation	4%
Petrochemicals	4%
Others	6%

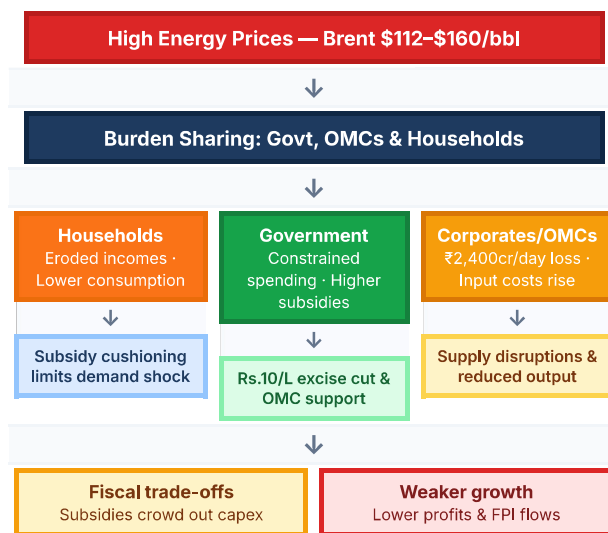
Gas by sector



Fertiliser	29%
City Gas Dist	23%
Others	19%
Power	12%
Refineries	8%
Petrochemicals	6%
Domestic	3%

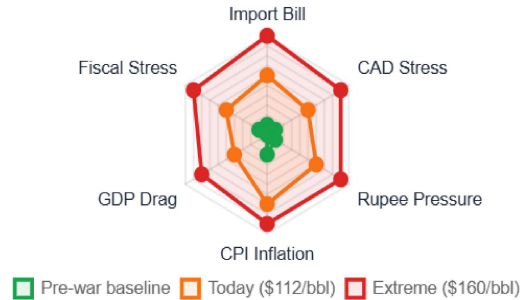
11 Burden Sharing — Transmission

How high energy prices flow through India's economy



R Macro Stress Radar

Pre-war vs Today (\$112) vs Extreme (\$160)



Pressure Point	Pre-war	\$112	\$160
Import Bill	Low	+\$85bn	+\$1,302bn
CAD Stress	-1.3%	-2.5%	-4.9%
Rupee	₹86.8	₹94.7	₹110+
CPI	2.75%	5.43%	8.07%
GDP	7.0%	5.9%	4.3%
Fiscal	4.5%	5.4%	7.2%

Disclaimer: This document is intended to provide a broad overview of the impact of crude oil prices on the Indian economy and is for research purposes only. It is not intended to serve as a basis for investment, policy, or business decisions. The analysis is based on available data and assumptions, and actual outcomes may differ. We assume no responsibility for any consequences arising from the use of this report.