

# INDIAN UPSTREAM OIL & GAS INDUSTRY

---

Crude oil markets enter tipping zone  
as electrification effort intensifies

November 2024





[Click to see full report](#)

*The crude oil demand growth going forward is expected to be much below the pre-Covid historical average annual growth rate. The reason for the lower rate of growth is the weaker-than-anticipated demand from China owing to which global crude oil markets may be entering a tipping zone of weaker growth as electrification intensifies. The operating profits of domestic upstream companies would be adversely impacted and are likely to be lower by Rs 13,000 crore for a \$10/barrel decline in crude oil prices.*



- ICRA expect the crude oil demand growth going forward to significantly trail the pre-Covid historical average annual growth rate, on account of the weaker-than-anticipated demand from China and tepid growth in rest of the world.



- China alone accounted for more than 50% renewable capacity additions globally in 2023. Similarly, in the current year China is adding more than 330 GW of solar and wind power, again higher than the rest of the world combined.



- As much as 39% of new vehicle sales in China in 2023 included electric and plug-in hybrids. In September 2024, new energy passenger vehicle retail sales reached 1.12 million units and their market share increased to 53% aided by declining battery costs.



- China's LNG truck sales have surged in recent years, owing to tightening emission regulations, subsidies, expanding number of fuel stations and favourable economics of LNG vis-a-vis diesel. State-owned PetroChina estimates China's gasoil demand peaked in 2023.



- The prolonged real estate slump, an ageing population and a vast high speed rail network are other factors leading to a deceleration of oil demand growth in China.



- With Chinese demand slowing down, the global crude oil markets may be entering a tipping zone of weaker growth. ICRA expects crude prices to average at \$60-65/bbl in the next five years. However, any adverse geopolitical developments could lead to a spike in crude prices.



# ICRA Analytical Contact Details

Name	Designation	Email	Contact Number
Girishkumar Kadam	Senior Vice-President	<a href="mailto:girishkumar@icraindia.com">girishkumar@icraindia.com</a>	022- 6114 3441
Prashant Vasisht	Senior Vice-President	<a href="mailto:prashant.vasisht@icraindia.com">prashant.vasisht@icraindia.com</a>	0124 – 4545 322
Ankit Jain	Vice-President	<a href="mailto:ankit.jain@icraindia.com">ankit.jain@icraindia.com</a>	0124 – 4545 865
Himani Sanghvi	Analyst	<a href="mailto:himani.sanghvi@icraindia.com">himani.sanghvi@icraindia.com</a>	079 – 6923 3048





ICRA

# Business Development/Media Contact Details

Name	Designation	Email	Contact Number
L Shivakumar	Chief Business Officer	<a href="mailto:shivakumar@icraindia.com">shivakumar@icraindia.com</a>	022-61693304
Neha Agarwal	Head – Research Sales	<a href="mailto:neha.agarwal@icraindia.com">neha.agarwal@icraindia.com</a>	022-61693338
Rohit Gupta	Head Business Development – Infrastructure Sector	<a href="mailto:rohitg@icraindia.com">rohitg@icraindia.com</a>	0124-4545340
Vivek Bhalla	Head Business Development – Financial Sector	<a href="mailto:vivek.bhalla@icraindia.com">vivek.bhalla@icraindia.com</a>	022-61693372
Vinita Baid	Head Business Development – Corporate Sector – West & East	<a href="mailto:vinita.baid@icraindia.com">vinita.baid@icraindia.com</a>	033-71501131
Shivam Bhatia	Head Business Development – Corporate Sector – North & South	<a href="mailto:shivam.bhatia@icraindia.com">shivam.bhatia@icraindia.com</a>	0124-4545803
Naznin Prodhani	Head – Group Corporate Communications & Media Relations	<a href="mailto:communications@icraindia.com">communications@icraindia.com</a>	0124-4545860





***© Copyright, 2024 ICRA Limited. All Rights Reserved.***

All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable. Although reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies, while publishing or otherwise disseminating other reports may have presented data, analyses and/or opinions that may be inconsistent with the data, analyses and/or opinions in this publication. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.



ICRA

**Thank You!**