

October 27, 2026

## India's Push for Home-Grown Energy Gathers Pace

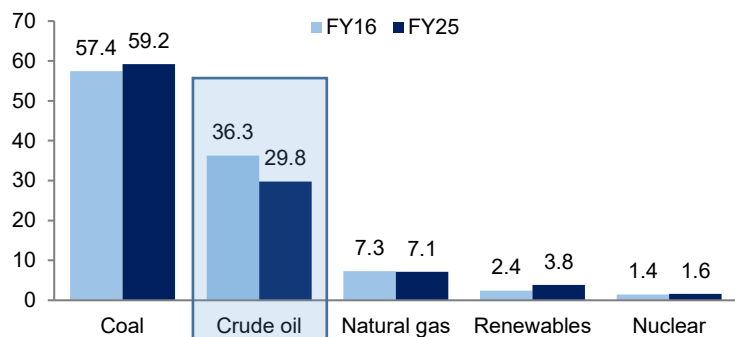
### What's the Point?

- Non-fossil sources crossed **half** of India's installed power capacity in **2025**, five years ahead of the 2030 target, and reached **55%** by September 2026. Renewables made up **88%** of the capacity added in FY26.
- The Middle East's share of India's crude oil imports fell from **64%** in FY22 to **49%** in FY26 as India diversified its suppliers.
- The government approved **₹1.86 trillion** in September 2026 for transmission lines within states, to connect **135 GW** of renewable capacity by March 2033.

India imports **89%** of its crude oil and about **half** of its natural gas, which has long made energy security a policy priority. Over the past decade India has widened its supply base, built strategic reserves and scaled up clean power: non-fossil sources made up **55%** of installed power capacity in September 2026 and supplied **32%** of the electricity generated in April to August 2026. The West Asia conflict began in February, and the steps taken since then aim to reduce the need for imported fuel.

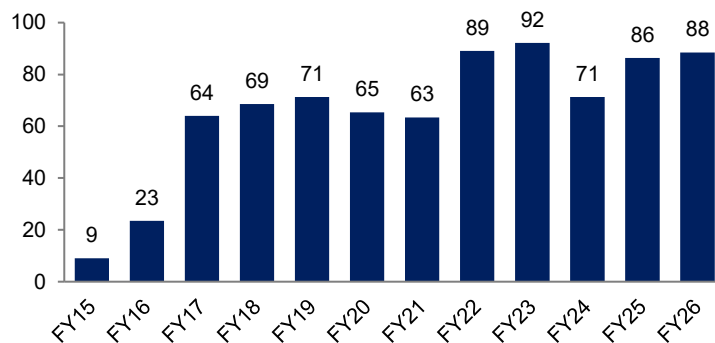
### Oil's share of India's energy supply has declined

Fuel share in primary energy supply (%)



### Renewables have made up most new power capacity since FY17

Renewables' share of power capacity added (%)



## 1) Coal and renewables are largely domestic; oil and gas depend on imports

**Domestic sources are gaining share:** Coal supplied **59%** of India's primary energy in FY25, the latest year available, and crude oil **30%**, with natural gas at **7%**. Oil's share has fallen from **36%** in FY16, while renewables have risen from **2.4%** to **3.8%**. Coal is largely mined at home, and its import dependence has eased to **23.5%** from **27.3%** in FY16.

**Imports are concentrated in oil and gas:** Import dependence was **88.7%** for crude oil in FY26 and about **50%** for natural gas, while **64%** of LPG, the main cooking fuel, was imported in FY26. Electricity though is generated mostly from domestic coal, hydro and renewables, so shifting demand from oil and gas to electricity, as electric vehicles do, reduces imports.

**Rising demand, met mostly at home:** Energy needs are growing with the economy. Manufacturing is expanding, rising incomes are lifting consumption and more homes are buying air conditioners, while electric vehicles and data centres are adding to power demand. Peak power demand reached a record **271 GW** in May 2026 and was **269 GW** in September, up from **229 GW** a year earlier. Total primary energy supply rose **38%** between FY16 and FY25, and over **70%** of that increase came from coal and renewables, both largely domestic.

## 2) India has been widening its energy base for years

**Less reliance on the Middle East:** The Middle East supplied **64%** of India's crude oil imports in FY22 but **49%** in FY26, as Russia's share rose from **2%** to **30%**, with the US, West Africa and Latin America supplying most of the rest.

Refining capacity rose to **267 million tonnes** a year in April 2026 from **215 million** in 2015, and India remains a net exporter of petroleum products.

**Reserves built, ethanol at 20%:** Strategic petroleum reserves at three sites can hold **5.33 million tonnes** of crude, enough for about **9.5 days** of India's crude oil needs. A second phase adding **6.5 million tonnes** was approved in **2021**, and a further **1.75 million tonne** reserve at Mangaluru received in-principle approval in July 2026. Ethanol blending in petrol rose from **1.5%** in 2013-14 to **20%** in October 2025 and has averaged about **20%** since, replacing part of imported crude with a domestic, farm-based fuel.

**Most new capacity is renewable:** Solar alone made up **31%** of installed power capacity in September 2026, and wind **11%**. Renewables accounted for **88%** of the power capacity added in FY26. Renewable energy investment of **\$15.4 billion** was committed in the first half of 2026.

### 3) India is moving faster to replace imported fuel

**Electrifying transport cuts oil imports:** Diesel and petrol make up **55%** of the oil products India uses, most of it in transport, so this is where electrification cuts imports most directly. Electric vehicles on Indian roads already replaced about **89,000 barrels** of oil a day in 2025, around **4%** of the country's oil demand. Adoption has picked up since the conflict began: the electric share of two-wheeler sales rose from **6.7%** in January to **10.7%** in August 2026. Fleet electrification, wider charging networks and easier finance are the next steps.

**Domestic substitutes for gas and LPG:** A 2026 policy guarantees buyers for compressed biogas, made from farm and city waste, for use as vehicle fuel and piped gas. Green hydrogen, made with renewable power, will replace part of the imported gas used to make fertiliser: **11** of the **14** supply contracts signed in January to April 2026 are with fertiliser makers. Domestic LPG output has also been raised by about **25%**.

**Grids and storage to carry clean power:** Transmission is now the focus, so that new generation reaches consumers. The third phase of the Green Energy Corridor, approved in September with **₹1.86 trillion**, will strengthen networks within states to connect **135 GW** of renewable capacity by March 2033. **New lines will be awarded through competitive bidding to private developers, who will build, own, operate and maintain them**, while upgrades to existing networks will be done on a cost-plus basis. Private developers have already won nearly **half** of the national grid projects due in FY27. Since the second half of 2025, solar or wind projects with four-hour batteries, which keep supplying power after sunset, are estimated to produce electricity more cheaply than a new coal plant.

### Conclusion

India had been strengthening its energy security well before the West Asia conflict, and it has done more since. The variables to watch are the pace of electric vehicle adoption, which sets how fast oil demand eases; how quickly transmission lines and batteries are added to carry solar and wind power to consumers and store it for the evening; and the expansion of strategic reserves, which adds a buffer against supply shocks.

**Sources:** MoSPI, CEA, CMIE, PPAC, Ministry of Power, Ministry of New and Renewable Energy, Ministry of Petroleum and Natural Gas, BloombergNEF and other publicly available information.

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