

Managing the USD 100+ oil shock: The economic logic behind the PM's seven appeals

May 2026



The seven appeals explained

| Appeal | Key details | Economic rationale | Potential risks |
|--------------------------------|---|---|--|
| Work from home | Encourage companies/employees to adopt WFH, virtual meetings, video conferencing. | Cuts daily fuel demand, reduces traffic congestion, saves forex spent on oil imports. | Productivity gaps in physical sectors (logistics/manufacturing); digital divide (urban/rural); office real estate decline. |
| Avoid foreign travel | Postpone non-essential foreign trips for one year. | Saves foreign exchange, reduces pressure on rupee (INR 95/USD). | Revenue loss in tourism/aviation; weakened global business ties and diaspora disruption. |
| Postpone gold purchases | Avoid buying gold temporarily. | Gold is India's second-largest import; curbing demand eases forex outflow. | Jewellery industry job losses; cultural resistance; potential rise in unofficial smuggling. |
| Fuel conservation | Reduce petrol/diesel use; adopt EVs, metro, carpooling; shift cargo to railways. | Cuts oil import bill, mitigates impact of crude prices (USD 100/barrel). | Infrastructure gaps (EV/Rail); limited alternatives in rural areas. |
| Reduce cooking oil consumption | Limit edible oil use. | India imports roughly 60% of edible oil; lowering demand reduces forex burden. | Industry demand shocks; price volatility for oilseed farmers. |
| Promote natural farming | Reduce chemical fertilizer use, encourage organic/natural farming. | Fertilizer imports are costly; natural farming boosts self-reliance. | Yield drops during transition; farmer income uncertainty. |
| Adopt swadeshi products | Buy Indian-made goods, support local industries. | Strengthens domestic manufacturing, reduces import dependence. | Higher costs or lower quality; consumer resistance. |

Potential savings from PM Modi's seven appeals

| Category | FY26 value (USD billion) | Targeted reduction | Potential savings (USD billion) |
|--------------------------------|--------------------------|--------------------|---------------------------------|
| Crude oil* | 134 | 10% | 13.4 |
| Gold | 72.0 | 10% | 7.2 |
| Fertilizers* | 14.5 | 50%*** | 7.3 |
| Edible oils* | 19.5 | 10% | 2.0 |
| Foreign travel** | 15.8 | 50% | 7.9 |
| Total potential savings | | | 37.8 |

Sources: Press Information Bureau, Government of India; Moneycontrol; Free Press Journal; News9 Live; BWR Research

*Estimated values. Actual values are yet to be published by the Government of India

**Estimated values. Under the Liberalised Remittance Scheme (LRS), FY26 outward remittances are estimated at USD 28.8 billion. If 55% (USD 15.8 billion) goes to international travel and holidays, a one-year suspension could retain that amount domestically.

***The 50% reduction in fertilizer imports is an ambitious scenario requiring multi-year policy and support

Inflation & fiscal pressure

USD
100+

per barrel
Crude oil price

*Govt. ability to absorb
cost pass-through is
getting thinner*

Source: Petroleum Planning & Analysis Cell, Ministry of Petroleum & Natural Gas, Government of India; BWR Research

Rising import bill → Inflation spiral

When oil stays expensive, India's import bill shoots up, making inflation harder to control. PM's appeals on fuel reduction and WFH directly slow the pass-through of global oil prices into everyday inflation.

The government's fiscal dilemma

If oil stays high: cutting fuel taxes reduces revenue; passing costs to consumers pushes inflation up. Voluntary demand reduction eases pressure on both fronts simultaneously.

Why WFH & fuel conservation matter

Reducing domestic fuel demand buys the government fiscal space — avoiding both a revenue hit and an inflationary shock. Macro gains from behavioural nudges are significant at scale.

Key takeaway: The government's ability to absorb the pass-through is constrained by fuel tax revenue (fuel duties account for a material share of indirect tax receipts) and limited room to increase subsidies without widening the fiscal deficit. Voluntary demand reduction (WFH, fuel conservation) reduces domestic fuel demand and therefore slows the pass-through to CPI and fiscal transfers.

External sector stability & supply chain localisation

India gold import bill (FY2026)

approx. **USD 72 billion**

BWR Research view: Gold is overvalued. Investors should exercise caution

Source: Press Information Bureau, Government of India; BWR Research

Cutting gold purchases = Saving forex

Reducing gold imports conserves foreign exchange reserves, which can then be redirected to manage the higher oil import bill — a direct and immediate macro dividend.

Swadeshi aligns with Make in India & PLI

The PM's Swadeshi appeal reinforces MSMEs, strengthens rural supply chains, and reduces dependence on global markets — especially critical during geopolitical disruptions.

↓ Gold imports

→ Forex conserved

→ Oil bill buffered

→ CAD stabilised

Key takeaway: Cutting gold purchases conserves foreign exchange in the short term; however, the impact on FX reserves depends on timing and household substitution. Reduced gold imports free up forex only if households do not immediately switch to other imported assets.

Agricultural transition & lower external vulnerability

25–30%

of total fertilizer
needs are still imported

Source: Ministry of Chemicals & Fertilizers, Department of Fertilizers, Government of India

Near self-sufficient, but residual risk remains

While India has achieved near self-sufficiency in key fertilizers, 25–30% of overall fertilizer needs are still imported — a vulnerability exposed sharply during global supply disruptions.

Natural farming: Triple macro dividend

Promotes natural farming → cuts fertilizer imports → reduces subsidy burden on the fiscal → improves soil health and diversifies farm income. Agriculture becomes structurally more resilient.

↓ Fertilizer imports

Lower forex outflow & import dependency

↓ Subsidy burden

Fiscal relief on government expenditure

↑ Farm resilience

Diverse income & global supply shock buffer

Overall assessment

These seven appeals pivot India towards proactive demand-side management, creating a USD 37.8 billion forex buffer to stabilize the Rupee at INR 95/USD and shield the fiscal deficit from USD 100+ oil shocks. This strategic shift builds the structural resilience necessary to decouple domestic growth from global commodity volatility across energy, trade, and agriculture.

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The editorial deadline for this study was 12 May 2026.

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