HINDUSTAN TIMES, Delhi, 3.2.2023
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{ INTERVIEW } VIBHA DHAWAN, DIRECTOR GENERAL, TERI

'Hydrogen mission outlay shows India's green commitment'

The Union Budget 2023-24, presented by finance minister Nirmala Sitharaman with focus on clean and green energy, may help India not only to achieve its global climate commitments but shift all sectors to adopt energy transition and sustainable practices, **Vibha Dhawan**, director general, The Energy and Resources Institute (TERI), tells **Jayashree Nandi** in an interview. Edited excerpts:

The Union Budget has put great emphasis on 'green growth' and energy transition. How do you see it?

I would have been surprised if the phrase 'green growth' did not appear in the finance minister's speech as many times as it did. Prime Minister Narendra Modi made climate commitments in Glasgow based on certain presumptions and also the need of the hour. We are already late in taking action on the climate crisis. India has to develop, and that also puts us in a unique position... In the Budget, it was emphasised that we have to develop and at the same time go green. Our net-zero goal for 2070 is not very far.

The finance minister spoke of green finance, green mobility, green buildings, green energy... the allocation to the National Hydrogen Mission of over

₹19,000 crore shows the government's commitment that green hydrogen will be made available to small and medium enterprises and all other sectors to make energy transition feasible.

How can the ₹35,000 crore outlay for net-zero goal be effectively utilised?

In climate crisis negotiations, we keep asking where is the money for transition. The outlay of ₹35,000 crore for energy transition makes capex available now. It will be useful for difficult-to-abate sectors such as steel and cement, as hydrogen can be a game-changer for them. But if you consider e-vehicles and mobility, we have to build the infrastructure now. Over a period, the government will also have to consider how can it nudge people to shift. Schemes incentivising purchase of EVs can be thought of. Money will have to be invested in research on removing bottlenecks stopping largescale adoption of these technologies...

Why do you think India has positioned energy transition as an opportunity?

India has a unique opportunity because we have to grow. Green may be expensive, but it pays back. Solar payback period is coming down. Energy generation cost from solar in India is 50% less than in Germany because they are not blessed with as much sunshine. In years to come we can become one the main generators of solar. It's a young nation and our own energy needs are going to go up.

You are heading Think20 Task force on clean energy at G20. Do you think the issue of non-delivery of climate finance by developed countries will be raised?

At G20, I am sure climate finance is going to emerge as one of limiting factors. Since G20 is a collective voice of major economies, raising this issue will gain attention. You have to tell the industrialised countries that they have created the climate mess and that they are not even willing to pay up for it... Delivery of climate finance should go out as a very important message from G20.

₹30k cr 'support' to let oil cos cushion losses

Fund Meant To Help Cut Carbon Footprint

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New Delhi: The government proposes to give Rs 30,000 crore to state-run oil refiner-cum-fuel retailers in 2023-24 as "capital support", which, officials said, would be spent on building low-carbon infrastructure but industry analysts described as an indirect subsidy to their losses on fuel sales.

Officials explained the budget provision saying the companies have to invest in technology to reduce their carbon footprint, including shifting to green hydrogen in their refineries and expand blending facility for producing 20% ethanol blending. The money is meant to support transition to low-carbon processes. But analysts said the companies are cash-rich in spite of current losses on fuel sales. They also have healthy debt:equity ratio that they can leverage to raise money from the market. So the capital support is an indirect way to subsidise their current losses, they said. ICRA's Sabyasachi Majumdar put things in perspective by pitching the Rs 30,000 crore allocation against the Rs 50,000 crore sought by the companies as compensation for fuel losses.

Experts said the 'capital support' is an indirect way to subsidise the current losses of oil companies

It is pertinent to note that domestic LPG prices are controlled by the government but petrol and diesel prices are officially deregulated.

The finance ministry recently gave Rs 22,000 crore to the three companies — IndianOil, HPCL and BPCL — to compensate them for losses incurred on domestic LPG by not raising prices commensurate to the input cost. The companies had sought Rs 28,000 crore. The companies also suffered losses on petrol and diesel as they did not raise pump prices since April 6, 2022, even after oil rose to $102.97 per barrel that month to $116.01 per barrel in June and falling to $80.92 per barrel this month. This led to the three companies posting a combined loss of more than Rs 21,000 crore in the first half of the current fiscal.

₹35,000 CRORE FOR ENERGY TRANSITION

Energy sector awaits disbursement details

SHREYA JAI & SHINE JACOB
New Delhi/Chennai, 2 February

The ₹35,000-crore Energy Transition Fund announced in the Union Budget has caused a furore in the energy sector as the entire amount has been directed towards the Ministry of Petroleum and Natural Gas (MoPNG), without clear disbursement details.

Senior officials, however, told *Business Standard* that the total amount could be distributed among other energy ministries, such as power and new and renewable energy, as well. They also said a clarification is expected from the Ministry of Finance soon on the issue.

According to the expenditure budget of MoPNG, of the entire transition fund amount, ₹30,000 crore has been allotted to oil marketing companies (OMCs) as "capital support". Some energy sector experts said this is to support OMCs for keeping consumer fuel prices stable even as crude oil prices escalated globally. But some officials said the energy transition fund amount is yet to be fixed for every ministry.

A senior executive from a state-run OMC told *Business Standard* that no decision has been taken on how to utilise this money for green initiatives and the government is yet to come out with any guidelines.

OMCs are looking to ensure availability of EV charging, CNG, LNG or compressed biogas at around 22,000 fuel outlets by 2024

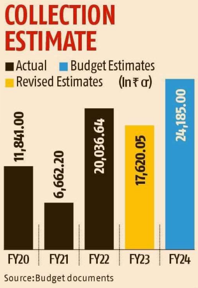
According to sources close to the development, the three OMCs — Indian Oil Corporation (IOC), Bharat Petroleum Corporation , and Hindustan Petr— oleum Corporation — are likely to utilise the energy transition fund in three segments. "This may include investments in biofuel, setting up of charging facilities at fuel outlets, and for adoption of green hydrogen. It will be decided based on the government's priority," said a source.

Giving green energy a push, OMCs are targeting to ensure the availability of electric vehicle charging, compressed natural gas, and liquefied natural gas or compressed biogas at around 22,000 fuel outlets across the country by 2024. A good share of the budget allocation may go into this initiative. According to the Petroleum Planning and Analysis Cell (PPAC), of total 77,111 retail outlets of state-run OMCs, around 12 per cent or 8,975 have either electric charging facility, or CNG/ LNG/ auto LPG/ CBG outlets. As of December, around 4,937 OMC fuel outlets had EV charging facilities, too.

The government has already announced the phased roll-out of E20 (20 per cent ethanol blending into gasoline) from April 1. On bioethanol too, OMCs were planning to come up with 12 plants for an investment of around ₹10,000 crore.

BUSINESS STANDARD, Delhi, 3.2.2023
Page No. 7, Size:(13.45)cms X (54.64)cms.

Higher crude exploration drives non-tax revenue goal



SUBHAYAN CHAKRABORTY
New Delhi, 2 February

The government's push to massively raise the area under exploration and improve ease of doing business in granting petroleum exploration licences has led to a 37.3 per cent higher estimate of non-tax revenue from petroleum, officials told *Business Standard*.

Under the petroleum head, the latest Budget has listed out non-tax revenue collection estimates of ₹24,185 crore in FY24. This is up an annual 37.3 per cent from the revised estimates of ₹17,620 crore in FY23, and 20 per cent higher than the ₹20,036 crore in FY22.

Officials said the government considered a higher amount of Petroleum Exploration License Fee being collected in FY24. The Ministry of Petroleum and Natural Gas (MoPNG) had also communicated the same to the Finance Ministry, they added.

The government lists receipts from licence fees for the right of exploration of oil and gas, as well as royalty on off-shore crude oil and gas production.

Meanwhile, officials clarified that the rate of royalty collected from oil production has changed. It is calculated at 20 per cent of the sale price of crude. While royalty on production from online areas is payable to state governments concerned, those from the production of crude in offshore areas goes to the Centre.

More exploration

The Centre is aiming for the target of having 1 million square kilometres of area under exploration by 2030. Officials said MoPNG has given high priority to efforts that can quickly raise the current area under exploration.

The area has doubled during the past five years to 207,692 (0.2 million) sqkm as of 2022.

India relies on imports to meet 85 per cent of its oil needs and 50 per cent of the natural gas requirement, as domestic production is inadequate, Petroleum and Natural Gas Minister Hardeep Singh Puri has said repeatedly.

"We are working on attracting investment from global majors such as ExxonMobil, Shell and BP. In case a large company such as these come into the Indian exploration scene, the area under exploration would shoot up. Consequently, the license fees would also go up significantly," an official said.

Ease of doing business

The government is also working to facilitate easier oil and gas exploration by companies by bringing in a bevy of measures such as globally recognised and accepted dispute resolution mechanisms, and play-based exploration.

They are also working to reduce the number of licences required. Contractors and operators of oil & gas blocks must obtain statutory clearances and approvals from various state and central government authorities to start exploration and production activities.

These include petroleum exploration licence, petroleum mining lease, environment-related approvals such as environment, forest, and wildlife clearance among others.

Clearances from the Ministry of Defence and Permissions from the pollution control are among other approvals that need to be taken. Delay in obtaining them affects the overall timelines and progress of the projects.

The Centre has identified 22 processes for which documents self-certified by contractors are accepted, obviating the need for approval. Officials said the number of processes covered under the self-certification framework is being expanded.

TIMES OF INDIA, Delhi, 3.2.2023
Page No. 24, Size:(14.43)cms X (7.43)cms.

India Inc braces for CSR cost blow

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Mumbai: The Budget proposals provide that input tax credit under the Goods and Services Tax (GST) provisions, will not be available in respect of goods or services acquired by a company for use to meet its Corporate Social Responsibility (CSR) obligations.

Divergent views have been taken by various benches of the Authority for Advance Rulings (AAR), which **TOI** has reported upon, from time to time. The Uttar Pradesh bench in the case of Dwarikesh Sugar Industries had held that CSR expenditure is a legal obligation, thus GST

paid by the company on the products it purchased for its CSR related expenditure, could be set-off against its GST liability (this is referred to as input tax credit).

On the other hand, the Kerala bench had denied input tax credit (ITC) to Polycab Wires, a dealer of electrical items which had distributed free of charge switches, cables, fans etc to flood impacted people as its CSR activity. A similar denial was given by the Gujarat AAR in the case of Adama India, as the bench held that CSR activities are excluded from the normal course of its business.

Sanket Desai, partner, Indirect taxes, at EY-India points out that public limited entities, including listed companies are statutorily obligated to incur a certain amount towards CSR initiatives. Many private companies also participate in such activities. "Denial of ITC in respect of GST incurred on CSR related expenditure would, to this extent, dent the bottom line of such companies."

"This proposal comes as a significant blow to the industry as it inflates CSR spend by the rate of tax applicable on relevant procurements (typically in range of 12-18%) thereby reducing the funds available/allocated for actual CSR spend," states Adarsh Somani, partner, Economic Laws Practice.

"This amendment is also likely to expose previous ITC claims made by corporates to litigation. However, the taxpayers can now argue that a specific prospective restriction would mean that ITC was available for the period prior to amendment," says Somani.

OPEC+ committee recommends staying course on oil output policy

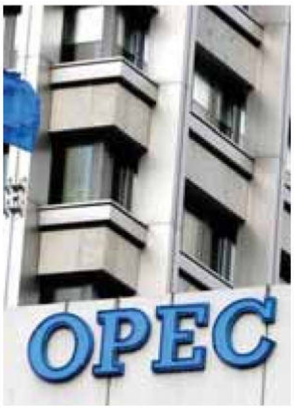
IANS ■ VIENNA

Leading oil officials on Thursday recommended to maintain the current oil output policy of OPEC+, the OPEC and its allies, amid an uncertain global economic outlook.

The OPEC+ agreed in October 2022 to cut production by 2 million barrels per day from the following month until the end of 2023.

The cut equals to about 2 per cent of the annual global oil demand, Xinhua news agency reported.

Members of the OPEC+ Joint Ministerial Monitoring Committee (JMMC) "reaffirmed their commitment" to the current output plan at a virtual meeting on Wednesday



and "urged all participating countries to achieve full conformity and adhere to the compensation mechanism," according to an OPEC statement. The JMMC comprises oil ministers from the OPEC+ countries. It has no decision-making power but provides policy recommendations for the OPEC+ ministerial meeting, the group's decision-making body.

It has also the authority to request additional OPEC+ ministerial meetings "at any time to address market developments," according to OPEC.

The JMMC has reviewed the oil production data for November and December last year and "noted the overall conformity" for the OPEC+ countries, OPEC added.

The next JMMC meeting is scheduled for April 3. The next OPEC+ ministerial meeting, where the group will formally decide its output policy, is set for June 4.

ECONOMIC TIMES, Delhi, 3.2.2023
Page No. 12, Size:(12.50)cms X (3.03)cms.

Petrol, Diesel Sales Dip in Jan as Festive Demand Wears Off

Our Bureau

New Delhi: Domestic sales of petrol and diesel fell 5% and 8.6% respectively in January over the previous month as the demand driven by the festival season wore off.

Sales of petrol and diesel, however, grew 17.6% and 18.5% respectively from the low base of last January, when the increased infection from the Omicron variant of Covid-19 slowed down economic activity and forced many employees to work from home, according to the preliminary data from state-run oil companies, which control 90% of the nation's fuel stations.

INDIAN EXPRESS, Delhi, 3.2.2023
Page No. 20, Size:(4.23)cms X (4.27)cms.

REDEDICATION-ONGC

Union Minister of PNG & Min. for HUD, Hardeep Singh Puri rededicated ONGC's iconic drilling rig SagarSamrat, as a Mobile Offshore Production Unit (MOPU) at a ceremony held on SagarSamrat. He met ONGC's Energy Soldiers & their families.

The Indian EXPRESS
JOURNALISM OF COURAGE

ECONOMIC TIMES, Delhi, 3.2.2023
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Russian Crude Oil Imports Create Another Record in Jan

About 28% of total imports came from Russia, which is 6% more than in Dec

Sanjeev.Choudhary
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New Delhi: India imported a record volume of crude from Russia in January, or 28% of its total imports, little affected by the West's price cap on Russian oil, as per energy cargo tracker Vortexa. India received 1.27 million barrels a day (mbd) of Russian crude in January, 6% more than in December, while China received 0.98 mbd of seaborne Russian crude and Europe 0.27 mbd.

Russia remained the top crude supplier to India for the fourth month in a row in January, improving its market share from 26% in December. Iraq, Saudi Arabia and the UAE also expanded their share in a month by one percentage point each to 20%, 17%, and 8%, respectively. The share of the US rose from 7% to 9% while that of Africa fell from 9% to 6% in January.

Russian oil trade has carried on far more smoothly than was expected ahead of the West's imposition of the price cap on December 5. "Russian Urals are currently trading below the price cap, and the availability of sufficient tonnage supply from existing and incumbent vessel owners have facilitated continued exports of Russian crude so far," said Serena Huang, analyst at Vortexa. The US and allies have barred their shippers, insurers and financiers from touching any Russian cargo purchased at more than $60 a barrel.

But with the Urals staying below the cap in December and January, the Western restrictions linked to the cap just didn't trigger. The Urals comprise 80% of India's import of Russian crude.

Espo and Sokol, the other two grades that made up 8% of India's Russian imports, are currently trading around $74-78 per barrel. For the transport of such crude, which is trading above price cap, Russia has been using its own fleet of ships and those from friendly countries.

India's overall crude imports fell 6% over the previous month to 4.6 mbd in January. Private sector refiners such as RIL and Russia-backed Nayara Energy accounted for 47% of the total Russian crude imports in January.

Windfall profit tax to continue for now

NEW DELHI, FEBRUARY 2

The seven-month-old windfall profit tax on domestically produced crude oil and export of fuel is likely to give about Rs 25,000 crore in the current fiscal ending March 31 and the levy will continue for now as international oil prices are up again, top government officials said.

"As of now, crude prices are again on the rise. So, for time being windfall tax will continue," CBIC chairman Vivek Johri said. Separately, Revenue Secretary Sanjay Malhotra said the Budget has estimated collection from windfall tax at Rs 25,000 crore in the current fiscal.

As the geopolitical situation continues to be volatile, Johri said it would be "difficult to predict how long the windfall taxes will continue".

India first imposed windfall profit taxes on July 1, joining a growing number of nations that tax super normal profits of energy companies. At that time, export duties of Rs 6 per litre ($12 per barrel) each were levied on petrol and ATF, and Rs 13 a litre ($26 a barrel) on diesel.

A Rs 23,250 per tonne ($40 per barrel) windfall profit tax on domestic crude production was also levied. — PTI

₹25,000 CR MOP-UP

- The windfall profit tax on domestically produced crude oil and export of fuel is likely to give about Rs 25,000 crore in the current fiscal

MILLENNIUM POST, Delhi, 3.2.2023
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Windfall tax to continue for now; collections at Rs 25K cr this fiscal

The levy is reviewed every fortnight and rates are moderated based on global oil prices

NEW DELHI: The seven-month-old windfall profit tax on domestically produced crude oil and export of fuel is likely to give about Rs 25,000 crore in the current fiscal ending March 31 and the levy will continue for now as international oil prices are up again, top government officials said.

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A Rs 23,250 per tonne (USD 40 per barrel) windfall profit tax on domestic crude production was also levied. The levy is reviewed every fortnight and rates are moderated based on international oil prices.

The windfall tax on crude oil produced by companies, such as Oil and Natural Gas Corporation (ONGC), is currently Rs 1,900 per tonne.

Crude oil pumped out of the ground and from below the seabed is refined and converted into fuel like petrol, diesel and aviation turbine fuel (ATF).

> The tax on the export of diesel is Rs 5 per litre and that on overseas shipments of ATF is Rs 3.5 a litre. The export tax on petrol was scrapped in the very first review

The tax on the export of diesel is Rs 5 per litre and that on overseas shipments of ATF is Rs 3.5 a litre. The export tax on petrol was scrapped in the very first review.

The government levies tax on windfall profits made by oil producers on any price they get above a threshold of USD 75 per barrel. The levy on fuel exports is based on cracks or margins that refiners earn on overseas shipments. These margins are primarily a difference between the international oil price realised and the cost.

Johri said two rounds of excise duty cut on petrol and diesel to cool retail prices have led to a substantial drop in excise collection in the current 2022-23 fiscal year. "Because of the duty cuts, the RE is lower than BE."

For the current fiscal, the revised estimates pegged excise mop up lower at Rs 3.20 lakh crore against Rs 3.35 lakh crore targeted in the Budget last year.

For 2023-24, the collection has been pegged at Rs 3.39 lakh crore. PTI