FINANCIAL EXPRESS, Delhi, 16.5.2023
Page No. 20, Size:(7.43)cms X (14.75)cms.

2,000-KM LONG ENERGY CORRIDOR

$5-billion undersea UAE-Gujarat gas pipeline proposed

Proposal sent to petroleum ministry

MANISH GUPTA
New Delhi, May 15

20-YEAR LONG-TERM CONTRACT

- The undersea transnational gas pipeline project Middle East-India Deepwater Pipeline was initially conceived between Iran and India (Porbandar) about a decade ago
- The route being looked at is via Oman and UAE through Arabian Sea. It will allow to import gas from Oman, UAE, Saudi Arabia, Iran, Turkmenistan and Qatar

SOUTH ASIA GAS Enterprise (SAGE), an international consortium of companies in deepwater pipeline projects, has sought the support of ministry of petroleum and others to develop an undersea gas pipeline from Gulf to India.

"We have carried out both technical and financial feasibility of the project, and have received positive response from various stakeholders. We now need the diplomatic and political support to take it forward as this requires long term government level agreement to government level," Jain said.

The proposed 2,000-km-long energy corridor connecting Middle East and India, a $5 billion project, can lead to an annual saving of about ₹7,000 crore in comparison with similar quantity of liquefied natural gas (LNG) import.

The undersea transnational gas pipeline project Middle East-India Deepwater Pipeline (MEIDP) was initially conceived between Iran and India (Porbandar) about a decade ago but failed to take off due to western sanctions.

"There have been new large gas discoveries in Oman, UAE and Saudi Arabia recently and the Middle East plans to spend over $120 billion to increase gas output by 14 billion cubic feet per day (bcfd) by 2030. This is the right time to strike long term deals at government level to government level," SAGE director Subodh Kumar Jain said.

SAGE, promoted by Delhi-based Siddho Mal Group along with a UK-based deepwater technology company, gave a presentation to Abu Dhabi National Oil Company (Adnoc) in March this year to its gas master planning division.

The hydrocarbon projects developer has made similar presentations to other gas suppliers in the Middle East, and also made representations to ministries of petroleum, power, fertiliser, and also various industry chambers.

The route being looked at is via Oman and UAE through Arabian Sea to avoid geo-politically sensitive regions. It will allow options to import gas from Oman, UAE, Saudi Arabia, Iran, Turkmenistan and Qatar, a region with 2,500 trillion cubic feet (tcf) gas reserves.

"Meeting needs of power and fertiliser industry for affordably priced gas, while moving to a low carbon economy, and increasing gas share to 15% in energy basket will create a demand of 700 mmscmd gas annually at right prices.

"Gas pipelines are more competitive than LNG up to a distance of 2,500-3,000 km due to high cost of gas liquefaction, transportation and regasification. It can save $5 to $6 per mmBtu. Besides, LNG prices can be volatile," he added.

The proposed pipeline promises to deliver 31 mmscmd gas to India under a 20 year long term supply contract. And, the buyers can purchase gas from Middle East by paying SAGE a pipeline tariff of $2-2.25 per mmBtu range.

BUSINESS LINE, Delhi, 16.5.2023
Page No. 9, Size:(12.71)cms X (12.49)cms.

Economic activity, air travel to push oil demand in Q2 2023

FUELLING GROWTH. India consumed 5.40 mb/d of oil in the first quarter: OPEC report

Rishi Ranjan Kala
New Delhi

An uptick in manufacturing and construction activity coupled with growing air travel is expected to propel India's oil demand, particularly diesel, petrol and aviation turbine fuel (ATF) higher at 5.44 million barrels per day (mb/d) in April-June 2023.

According to the monthly oil market report from Organisation of Petroleum Exporting Countries (OPEC), India consumed 5.40 mb/d of oil in the first quarter of the current calendar year, aided by healthy manufacturing and services activity, particularly during March 2023.

LOOKING FORWARD

With anticipated healthy economic activity and ongoing air travel recovery, India's demand for oil products is expected to remain strong in 2023, the OPEC report said.

"In Q2 2023, oil demand is projected to rise by 0.3 mb/d year-on-year (y-o-y). The government's proposed increase in capital spending is expected to support consumer's purchasing power and boost the momentum of economic activity as construction and manufacturing activity accelerates," it added. These factors, combined with a steady rise in airline activity, will support healthy oil demand growth.

FOCUSED THRUST. The government's proposed increase in capital spending is likely to support consumers' purchasing power

"In 3Q23, oil demand is expected to remain solid at 0.3 mb/d, with transportation fuels, notably gasoline, transportation diesel and jet/kerosene, expected to drive oil demand growth. Agricultural and construction activity could add further support. However, in 3Q23, oil demand is anticipated to be somewhat lower due to the impact of the monsoon season from July to September," the report projected.

In emerging Asia, a stronger-than-anticipated rebound in China after the reopening of its economy may be another possibility, while India could surprise to the upside, with domestic demand accelerating further. "Looking ahead, crude imports are likely to decline from elevated levels, but remain supported by international demand for refined products. Product exports are expected to pick up, with higher diesel outflows," OPEC report said.

JANUARY-MARCH

Oil demand in India saw an y-o-y growth of 0.2 mb/d in March 2023, down slightly from around 0.3 mb/d y-o-y growth in February. Healthy manufacturing and services activity supported oil demand in March.

On the back of healthy mobility, gasoline grew by 50,000 barrels per day (b/d) y-o-y. Stable manufacturing and agricultural activity supported diesel to see a y-o-y increase of 20,000 b/d. As India's overall air passenger traffic inches closer to pre-Covid levels, jet/kerosene increased by 20,000 b/d y-o-y.

However, petrochemical feedstock demand remained weak, as naphtha was yet to recover from soft feedstock demand from naphtha-fed steam crackers in the wake of poor production margins. LPG also declined by 20 tb/d.

India cuts windfall tax on petroleum crude to zero

ENS ECONOMIC BUREAU
NEW DELHI, MAY 15

THE CENTRAL government Monday has slashed the windfall profit tax on domestically produced crude oil to zero in the latest fortnightly review.

The government left the windfall tax on petrol, diesel and aviation turbine fuel at zero.

Earlier in May, the tax was cut to Rs 4,100 per tonne from Rs 6,400 per tonne. The new rate is effective from May 16, according to a notification by the Central Board of Indirect Taxes and Customs.

On April 4, India cut the windfall tax on petroleum crude to zero from Rs 3,500 per tonne previously. The levy on crude was hiked to Rs 6,400 per tonne on April 19.

India last July imposed the windfall tax on crude oil producers and extended the levy on exports of gasoline, diesel and aviation fuel after private refiners wanted to make gains from robust refining margins in overseas markets, instead of selling at home. The tax came into effect as private refiners Reliance Industries and Nayara Energy, the key buyers of discounted Russian supplies, were reaping profits by aggressively boosting fuel exports instead of domestic sales.

HINDU, Delhi, 16.5.2023
Page No. 14, Size:(2.99)cms X (8.29)cms.

NSE launches WTI crude oil & gas futures contracts

Press Trust of India
NEW DELHI

The National Stock Exchange on Monday launched rupee-denominated futures contracts on underlying NYMEX WTI crude oil and natural gas in its commodity derivatives segment. This came after the exchange, in March, received approval to launch these contracts.

The launch of these contracts will provide trading and hedging opportunities to market participants, with key energy products on a single platform.

PIONEER, Delhi, 16.5.2023
Page No. 10, Size:(12.71)cms X (5.91)cms.

NSE launches WTI crude oil and natural gas futures contracts

PTI ■ NEW DELHI

The National Stock Exchange (NSE) on Monday launched rupee denominated futures contracts on underlying NYMEX WTI crude oil and natural gas in its commodity derivatives segment. This came after the exchange, in March, received approval from markets regulator Securities and Exchange Board of India (Sebi) to launch these contracts.

The addition of these contracts has expanded NSE's product offering in the energy basket as well as its overall commodity segment. The launch of these contracts will provide effective trading and hedging opportunities to the market participants, with the availability of key energy products on a single trading platform.

"It gives us immense pleasure to inform the market participants that NSE has launched the NYMEX WTI crude oil and natural gas futures contracts today," Sriram Krishnan, Chief Business Development Officer, NSE said.

Old oil tankers fetch shipping cos big bucks thanks to Russia

By Megha Mandavia
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THE WALL STREET JOURNAL.

"Gone With the Wind" anti-hero Rhett Butler's brutal take on war still resonates almost a century later.

"There were two times for making big money, one in the upbuilding of a country and the other in its destruction. Slow money on the upbuilding, fast money in the crackup."

Publicly listed tanker companies are benefiting from the latter. Despite their best efforts not to have their old ships end up with Russia's so-called shadow fleet assembled for the sole purpose of transporting its oil around the world, they are reaping a bonanza anyway.

Shipping companies have been able to sell their old and soon-to-be-scrapped vessels at high prices as demand remains high from those who are eager to participate in the Russian oil trade. The buyers are often unlisted Greek and Chinese shipping companies. Due to sanctions, trading patterns have become highly inefficient, requiring more tankers to make longer journeys to customers who will accept Russian oil. Vessels earn a certain rate per day irrespective of their age, so a cheap

Shipping companies enjoy earnings bonanza even if they won't carry Russia's oil.
REUTERS

tanker spending more time reaching its destination generates a handsome return. Often vessels transfer oil or refined products from one ship to another at sea to obscure its origin. Growing global oil demand and a dearth of new vessel orders since 2015, according to analyst Benjamin Nolan at Stifel Investment Services, are helping to prop up the value of ancient ships.

But owners of new ones are doing well, too. According to Peter Michael E. Christensen, an analyst at Cleaves Securities, tanker companies' earnings have increased sharply on the back of historically high tanker rates, and to a lesser extent from selling older vessels at high prices. Euronav, Frontline, International Seaways, Hafnia and Mitsui O.S.K. are among the companies that have sold vessels, according to Stifel. One of the largest private beneficiaries has been Ridgebury Tankers, which is private-equity backed. There are knock-on effects even for those whose vessels don't wind up hauling Russian crude. Cleaves believes that Double Hull Tankers, Nordic American Tankers and Teekay Tankers have also benefited from the appreciating values of their fleets.

Most are returning money to shareholders through dividends and share buybacks or reducing debt rather than plowing the windfall into orders for new tankers. Shares of Frontline, Euronav, International Seaways and Hafnia have risen by between 54% and 94% in the past year.

Data provided by shipbroker Braemar showed prices of 15-year-old Aframax and Suezmax tankers, which can hold

TURN TO PAGE 6

MINT, Delhi, 16.5.2023
Page No. 1, Size:(29.46)cms X (11.71)cms.

Old tankers fetch big bucks, thanks Russia

FROM PAGE 1

around a fourth to a half the crude of VLCC supertankers, have doubled over the past year.

Prices for 20-year-old ships have increased substantially, too. Generally, tankers have a maximum of 25 years of useful life. The proportion of tankers aged 20 years or more has increased from 2.2% in 2019 to nearly 8% today, and on their current trajectory would rise to 15.5% by mid-2025, according to Braemar.

Tankers operating in opaque markets reached a record in the first quarter of this year, with strong support from the Russian trade, according to Vortexa, an energy and shipping analytics firm, in a report published last month. It noted Russian crude and refined products accounted for 80% of all opaque market tanker activity in the quarter, a 50 percentage point increase from the previous quarter as tankers previously carrying Iranian and Venezuelan crude switched.

The effect of the war in Ukraine is lifting all ships in this industry—even for those in the Western world that wouldn't sully their hands with Russian crude.

ECONOMIC TIMES, Delhi, 16.5.2023
Page No. 4, Size:(21.77)cms X (8.35)cms.

FOREST CONSERVATION BILL IN PARLIAMENT

Proposed Change to Forest Law will Boost Oil Exploration

Bill introduced in March to offer explorers access to thousands of km of forest areas for seismic surveys

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New Delhi: A proposed amendment to the forest conservation law will give a boost to the oil and gas exploration activity in the country as it would offer explorers prompt access to thousands of square kilometres of forest areas for seismic surveys by obviating the need for time-consuming permits, an official said.

In March, the government introduced The Forest (Conservation) Amendment Bill in Lok Sabha, which aims to exempt certain categories of land from the purview of the current law and widen the list of activities that could be carried out on forest land. The bill aims to stop treating seismic surveys as a non-forest activity.

"This will help translate the prognosticated hydrocarbon resources to producible volumes by undertaking systematic scientific surveys in defined forest areas quickly," said Rajesh Kumar Srivastava, advisor to the Directorate General of Hydrocarbons (DGH), the technical arm of the petroleum ministry that regulates the upstream sector. Srivastava retired as the exploration chief of ONGC last year.

A seismic survey is the first major step for explorers to gather evidence of producible hydrocarbon resources below the ground. This is followed by the drilling of wells, which helps explorers determine if resources are for real and in enough volumes that can be exploited commercially. Seismic surveys are conducted over large areas and data gathered from these are analysed to carve out smaller portions where wells can be drilled. Drilling will continue to require permits from the forest department.

By easing seismic surveys in forest lands, the government can accelerate the award of licences for the exploration of oil and gas resources. About 0.1 million sq km is in forest or restricted areas in the so-called category-II basins like Saurashtra, Kutch, Vindhyan and Mahanadi, according to Srivastava. "With the promulgation of the proposed amendment, around 230 million metric tonnes of oil equivalent (MMToe) of hydrocarbon resources can be targeted," he said.

Category-II basins are areas that are expected to contain hydrocarbon resources but haven't been exploited commercially yet. Category-III basins are those where no discovery has yet been made.

About 200 mmtoe of hydrocarbon resource potential is in about 0.18 million sq km of restricted areas in the category-III basins, which can be opened for exploration.

The government has introduced several reforms in the past few years to expand the scope of exploration in India. Increased exploration can boost the chances of major discoveries and push up output in the country that has witnessed falling oil production and rising import dependence for years.

About 98% of the areas declared 'no-go' mainly due to security reasons for decades have now been opened for exploration.

Changing Green Laws

The Forest (Conservation) Amendment Bill aims to exempt certain categories of land

WIDENS LIST OF ACTIVITIES THAT COULD BE CARRIED OUT ON FOREST LAND

Aims to stop treating seismic surveys as a non-forest activity

Russia turns India's biggest crude supplier by volume

However, in terms of value of imports, Iraq was India's largest oil source in FY23

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NEW DELHI

Russia emerged as the largest exporter of oil to India in the last financial year with 50.84 million tonnes of crude supplies, according to data from the commerce and industry ministry, amid western sanctions on Russian oil purchases following its invasion of Ukraine.

However, due to the $60-per-barrel price cap imposed by the US and its allies, Russia was pipped by Iraq on the value of imports. Russia came second at $31.02 billion, while Iraq supplied 50.31 million tonnes for $33.37 billion.

Saudi Arabia, United Arab Emirates and the US completed the list of the top five suppliers with exports of 39.37 mt, 21.50 mt and 15.16 mt to India during the financial year ended 31 March.

In value terms, supplies from Saudi Arabia, the UAE and the US were worth $29.04 billion, $16.41 billion and $10.18 billion.

Russia surged to the top of the table as a major oil supplier to India in just a year on the back of the discounted oil it was forced to offer. In FY22, Russian oil accounted for only 2% of India's total oil imports; in FY23, it made up around one-fourth of the 235.52 million tonnes of crude oil imported by India.

Due to the $60 per barrel price cap, the value of imports from Russia was the second highest at $31.02 billion. BLOOMBERG

Total oil imports rose by nearly 11% from 212.28 mt in the previous fiscal.

11% rise in total oil imports in FY23

The price of crude oil was volatile throughout the last financial year on account of the Ukraine war, ranging from $75 to as high as $130 per barrel. The increase in the share of Russian supplies came at the expense of a decline in Iraq's share, which has been traditionally the largest supplier to India, followed by Saudi Arabia.

A recent report by the Bank of Baroda showed that the average price of procurement ranged from $615 per tonne from Russia to $790 per tonne from Nigeria. The overall savings on account of the increase in the share of cheap Russian oil was the equivalent of around $5 billion, the ministry said.

However, although Russian oil accounted for a significant part of India's total crude import basket, the lower cost of imports is yet to be reflected in the basket. The basket comprises sour grade (Oman and Dubai average) and sweet grade (Brent Dated) of crude oil processed in India, refined in the ratio of 75.62 : 24.38. It does not comprise Russian crude.

85% of India's energy requirement is met by imports

Union minister for petroleum and natural gas Hardeep Singh Puri recently said the Indian crude basket price is likely to factor in the cheaper Russian imports going ahead. The crude basket currently stands at $75.06 per barrel.

According to market experts, the cost of imports as per the India crude basket would be much lower if the price of cheaper imports from Russia is accounted.

The crude basket is a key reference for policy matters and gas prices. Under the new gas price norms, the domestic natural gas price for a particular month is calculated at 10% of the Indian crude basket price of the previous month.

India imports around 85% of its total energy requirement and amid the volatile market scenario last fiscal due to the Russia-Ukraine war, India tried to diversify the sources of energy imports and looked for cheaper purchases.

However, with the Organization of the Petroleum Exporting Countries and its allies including Russia (Opec+) continuing with their output cuts, the international prices may rise. This may lead to Russia pushing for and increase in the price for its oil exports going forward.

Last month, union finance minister Nirmala Sitharaman said India may buy Russian crude oil near or above the price cap imposed by the G7 if necessary.

ECONOMIC TIMES, Delhi, 16.5.2023
Page No. 10, Size:(8.86)cms X (6.93)cms.

Russia's Seaborne Flows of Crude Oil Climb to New High

Russian crude oil flows to international markets continue to rise, even as the country insists it is slashing production.

Four-week average seaborne shipments, which smooth out some of the volatility in weekly numbers, rose again in the period to May 12, as they have in four of the past five weeks. Flows are now up by 10% since the first week of April and hit a new high for the period since Bloomberg began tracking them in detail at the start of 2022. With almost all Russia's crude going to China and India, volumes to Asia also reached a new peak.

Russia's Energy Ministry said that the nation's oil-output cuts retaliation for Western sanctions almost reached the targeted level in April, having previously said they exceeded the target in March. First Deputy Energy Minister Pavel Sorokin pointed to lower pipeline flows to Europe and reduced refinery runs.

But Russian data show that pipeline flows fell sharply before the cuts came into effect and were almost unchanged between February and March. Refinery runs dropped by 1.4% between March and April and fell further in the first 10 days of May, as some plants underwent normal seasonal maintenance.

Processing rates have fallen by 300,000 barrels a day since March, but remain 430,000 barrels a day above the levels seen in April and May last year. **Bloomberg**

ECONOMIC TIMES, Delhi, 16.5.2023
Page No. 9, Size:(12.67)cms X (15.20)cms.

Windfall Tax on Local Crude Reduced to Zero

NEW DELHI India on Monday reduced windfall tax on domestically produced crude oil to nil from ₹4,100 per tonne, aligning it with softening international crude oil prices. The export duty exemption for petrol, diesel and aviation turbine fuel will continue. The new rate will be effective from May 16, according to a notification issued by the Central Board of Indirect Taxes and Customs (CBIC). This is the second time when the windfall tax on crude has been reduced to zero. It was last slashed to zero on April 4. In the previous revision, the government had reduced the windfall profit tax on domestically produced oil to ₹4,100 from ₹6,400 per tonne.

AMAR UJALA, Delhi, 16.5.2023
Page No. 11, Size:(13.20)cms X (4.89)cms.

नोएडा में जनरेटर पर पाबंदी, थमी उद्योगों की रफ्तार

दिन में दो से तीन घंटे की कटौती के बीच बंद रहीं इकाइयां, कार्रवाई के डर से उद्यमियों ने काटे डीजी सेट के कनेक्शन

अमर उजाला ब्यूरो

नोएडा। डीजल जनरेटर पर लगी पाबंदी से उद्योगों की मुश्किलें बढ़ती दिखाई दे रही हैं। पहले ही दिन जिले के हजारों उद्योगों की रफ्तार थम गई। औद्योगिक सेक्टरों में दो से तीन घंटे तक बिजली कटौती हुई। इस दौरान इकाइयां बंद रहीं। कई उद्यमियों ने कार्रवाई के डर से जनरेटरों के कनेक्शन काट दिए।

वहीं, एमएसएमई इंडस्ट्रियल एसोसिएशन के प्रतिनिधियों ने दिल्ली जाकर वायु गुणवत्ता प्रबंधन आयोग (सीएक्यूएम) के चेयरमैन डॉ. एमएम कुट्टी और सदस्य सचिव अरविंद नौटियाल से मुलाकात कर उद्योगों को राहत देने की गुहार लगाई। दिल्ली-एनसीआर में 15 मई से डीजल जनरेटर (डीजी) पर पाबंदी लगा दी है। दोहरे ईंधन जिसमें 70 प्रतिशत पीएनजी गैस और 30 प्रतिशत डीजल से चलने वाले जनरेटरों का ही इस्तेमाल किया जा सकेगा।

डीजी सेट का कनेक्शन चेंजओवर से जुड़ा मिलने पर उसे सील करने की चेतावनी भी प्रदूषण नियंत्रण बोर्ड ने दी है। जब तक दोहरे ईंधन या पीएनजी चलित जनरेटर का बंदोबस्त नहीं होगा तब तक रोजाना पांच हजार रुपये के हिसाब से जुर्माना लगेगा।

ऐसे में नए नियम का पहले ही दिन औद्योगिक सेक्टरों में खास असर दिखा। सुबह से ही कटौती का सिलसिला शुरू हो गया। अधिकांश औद्योगिक इकाइयों ने कटौती के दौरान डीजी सेट बंद रखे, जिससे इन इकाइयों का कामकाज प्रभावित रहा। डीजी सेट का कनेक्शन कटा होने पर कार्रवाई नहीं की जाएगी।

व्यापारियों ने बैठक कर जताई चिंता

उत्तर प्रदेश उद्योग व्यापार प्रतिनिधिमंडल की ओर से सेक्टर-5 में बैठक आयोजित की गई। अध्यक्ष नरेश कुच्छल ने डीजी सेट पर लगी पाबंदी पर एतराज जताते हुए कहा कि इससे जिले के हजारों उद्योगों के सामने संकट खड़ा हो जाएगा। चेयरमैन रामावतार सिंह ने कहा कि सरकार को 24 घंटे बिजली आपूर्ति करने का गारंटी देना चाहिए। सिस्टम को दुरुस्त किए बिना लागू किया जाना कतई जायज नहीं है।

Half-done

No level playing field in gas pricing reforms

Will the new pricing guidelines ensure a stable pricing regime?

The Modi government has approved the revised domestic natural gas pricing guidelines to ensure a stable pricing regime for consumers and protect producers from market fluctuations. The new pricing guidelines are based on the report of the Kirit Parikh Committee, which has suggested that the monthly price of gas produced from old blocks be fixed at 10 per cent of the monthly average of the Indian crude basket, with a cap of $6.5/mmBtu and a floor price of $4/mmBtu.

The pricing guidelines are for gas produced from nomination fields of ONGC/OIL, New Exploration Licensing Policy (NELP) blocks and pre-NELP blocks, where Production Sharing Contract (PSC) provide for government's approval of prices. The price of such natural gas shall be linked to the monthly average of Indian Crude Basket, which shall be notified on a monthly basis.

For the gas produced by ONGC and OIL from their nomination blocks, the Administered Price Mechanism (APM) price shall be subject to a floor and a ceiling. Gas produced from new wells of ONGC and OIL would be allowed a premium of 20 per cent over the APM price.

In the near term, it will lead to significant decrease in prices of piped gas for households and CNG for transport. The fertiliser and power sectors too will benefit to some extent. The rates of both CNG and PNG had jumped 80 per cent in the previous few months after a sudden spike in international markets. With a series of crucial assembly elections due this year leading to the general election in 2024, the Modi government clearly did not clearly want to upset household budgets.

Taking a relook

Explaining the rationale of the new guidelines, senior officials said that before this change, APM prices were set based on the weighted average price of four markets for producers – the US, Canada, Russia and the UK. The prices were being decided on that basis and they fluctuated widely. It was $1.69/mmBtu a year ago, which did not even cover the marginal cost of production of ONGC and OIL. It was revised to over $8/mmBtu six months back. That had put a lot of stress on distributors. The CGD (city gas distribution) companies felt that their growth expansion had slowed down. So, giving the same price to our producers, at the price available for producers abroad, did not make sense. This is because production fields may be different. Hence, the government thought that there was a need to take a relook at it.

Now, the Cabinet has decided to index the APM prices to the price of imported crude oil. APM will be priced at 10 per cent of the price of a basket of crude oil that India imports. The rate is, however, capped at $6.5 per million British thermal units, with a floor price of $4 per mmBtu. Currently, the Indian basket of crude oil is priced at $85 per barrel, so the ceiling is helping to cut the prices from $8.5 (10 per cent of crude oil) to $6.5 and this will lead to an overall reduction in prices of domestic PNG and CNG.

Energy experts, however, point out that much like earlier attempts, this reform is being done in bits and pieces. It will not really result in opening the gas market, nor will it result in creating a level playing field, as there is still a differential gas price regime – of at least four different price points. As India is working towards developing a gas exchange to facilitate an open market pricing, it will need to ensure a level playing field. For genuine reform, the government will need to address all issues – infrastructure, taxes and demand. Otherwise global exploration and production firms may feel that the government is trying to control prices through policy guidelines.

The Kirit Parikh Committee was set up last year to examine gas prices and determine a pricing formula that takes into account the interests of both local consumers and producers, keeping in view of the government's stated aim is to transition to a gas-based economy. Prime Minister Modi has said that the share of natural gas in the energy basket has to go up from 6.4 per cent currently to 15 per cent by 2030.

The committee recommended a price range for current production from legacy or old fields, which account for about two-thirds of the country's total gas production and are currently regulated under the administered price mechanism (APM).

However, the pricing formula for difficult fields has not been modified. These legacy or old fields will remain under the APM until the complete deregulation of prices is implemented in 2027. ♦

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