ECONOMIC TIMES, Delhi, 19.4.2023
Page No. 14, Size:(12.71)cms X (13.52)cms.

'Russian Oil Cap Worked Out Better than Expected'

West delighted that Russian oil flows to India have risen & Moscow's revenue is in check: BP chief economist

Our Bureau

Consensus in the West

After outbreak of Ukraine war, Russian oil has been selling at a deep discount, making it a favourite for Indian refiners

After G7 imposed price cap of **$60** per barrel in Dec 2022, imports have further accelerated

New Delhi: The price cap on Russian oil has worked far better than anyone had expected and there was a delight in capitals from Washington to Brussels that Russian oil flows have increased to India while keeping Moscow's revenue in check, BP chief economist Spencer Dale said on Tuesday.

Since the outbreak of the Ukraine war, Russian oil has been selling at a deep discount to international benchmarks, making it a favourite feed for Indian refiners, which barely imported from Russia in previous years. After the G7 countries imposed a price cap of $60 per barrel on Russian oil in December 2022, the imports have further accelerated.

"All the capitals in the West I have spoken to, they have been delighted by this increase (in India's imports). This is not a problem at all," said Dale, adding that the whole point of the price cap was to keep Russian oil flowing to the global market to avoid any shortage but to do so in a way that "Russia wasn't able to monetise those flows at very high prices".

The consensus among G7 countries was that the price cap had worked better than anyone had expected, he said. "The US treasury has estimated that something like 25% of per quarter of the crude which has been exported from Russia been transported using western transport and insurance, which implies that it is happening below the price cap", Dale said, adding that India's imports of Russian crude have increased to 1.8 million barrels per day (mbd) from 1 million mbd in September 2022.

But there could be a challenge if international benchmark rates rise and the price of Russian oil gets close to the cap, said Dale. "We will have to see how G7 responds to that," he said.

A recent decision by producer club OPEC+ members to cut output has led to an increase in oil prices by about $5 per barrel to $85. This has also pushed up prices for Russia's flagship crude Urals to about $65.

The war highlighted the need for energy security, Dale said, adding that the countries can't rely on markets alone to provide that and that government intervention was needed. "Free markets don't generate the optimal level of public goods like energy security," he said.

No country depends entirely on market to provide energy security, Dale said to a query on how India handled the domestic fuel prices at a time of global volatility.

Pump prices have been frozen for a year in India, with state-run fuel retailers incurring heavy losses in the first six months of 2022-23, when they couldn't raise domestic prices in line with international rates.

TRIBUNE, Delhi, 19.4.2023
Page No. 7, Size:(21.17)cms X (12.14)cms.

Debunking false narratives on fuel prices

HARDEEP S PURI
UNION MINISTER FOR PETROLEUM & NATURAL GAS AND HOUSING & URBAN AFFAIRS

DOMINANT narratives are often presented as an objective truth. It is important to remember that such narratives are often set by those with an agenda and hence the need for perspective. As British historian EH Carr famously said, "The historian without his facts is rootless and futile; the facts without their historian are dead and meaningless."

The context and understanding of fuel prices provide a case in point. Unsustainably low petrol and diesel prices belong at best to a world of fantasy.

That fuel prices in India are high is based on a narrative that is deeply flawed. They are, in fact, among the lowest in the world largely due to Prime Minister Narendra Modi's efforts at ensuring energy availability and affordability.

It was PM Modi who had cut the Central excise duty twice — in May 2022 and November 2021 — amounting cumulatively to Rs 13 per litre on petrol and Rs 15 per litre on diesel. This cost the Central exchequer Rs 2.2 lakh crore a year.

Furthermore, the Government of India even imposed an export cess and windfall tax on domestically produced petroleum products last year to prevent exporters from profiteering at the cost of domestic consumers. Oil marketing companies (OMCs) being 'good corporate citizens' incurred huge losses during price peaks for ensuring the supply of petrol and diesel at controlled rates to Indian citizens, which have been kept unchanged by public sector OMCs since April 6, 2022.

Many state governments also came forward with VAT (value added tax) cuts to bring down the prices of petrol and diesel. However, many, not all, states are conspicuous by their determination to not cut VAT and lower fuel prices in the state.

It is worth highlighting that in the BJP-ruled states and the states that have cut VAT, the VAT rates on petrol and diesel are generally in the range of Rs 14.5/litre to Rs 17.5/litre, while in states that haven't cut VAT, they are in the range of Rs 26/litre to Rs 32/litre. This translates into a huge difference in the common man's pocket and expenses.

In Congress-ruled Rajasthan, consumers are paying Rs 108.48/litre for petrol and Rs 93.8/litre for diesel which is approximately Rs 12/litre more on petrol and Rs 4/litre more on diesel than what consumers pay in neighbouring BJP-ruled Uttar Pradesh — Rs 96.57/litre and Rs 89.76/litre, respectively.

Due to the lasting damage done by the UPA government between 2005 and 2012, under which long-term oil bonds worth Rs 1.44 lakh crore were issued instead of under-recoveries to the OMCs, Indian taxpayers are still paying back Rs 3.2 lakh crore as interest plus principal.

> Even as the world acknowledges India's phenomenal success in providing accessible and affordable energy to its 1.4 billion citizens in these tumultuous times, a few hypocritical state governments and political leaders continue to blare nonsense while hiding their anti-citizen tactics. It is time for them to cut their state's tax on fuel.

AFFORDABLE: The fuel prices in India are among the lowest in the world. TRIBUNE PHOTO

In YSR-Congress-ruled Andhra Pradesh, the prices of petrol and diesel at Rs 110.48/litre and Rs 98.27/litre, respectively, are almost Rs 10 higher than in Karnataka, where these are Rs 101.94/litre and Rs 87.89/litre, respectively. Andhra Pradesh holds the record for having the highest petrol price in India, for the second year running.

In TRS-ruled Telangana, consumers pay the second highest rate of petrol in India at Rs 109.66/litre. This is a whopping Rs 13/litre higher than in Uttar Pradesh (Rs 96.57/litre). In percentage terms, the VAT in Telangana on petrol is 35.2 per cent, compared to 26.8 per cent in UP. The VAT in Telangana on diesel is 27 per cent, compared to 17.48 per cent in UP.

In West Bengal, consumers pay Rs 106.03/litre for petrol and Rs 92.76 for diesel, whereas consumers in Assam only pay Rs 97.02/litre and Rs 88.3, respectively. If Bengal Chief Minister Mamata Banerjee cares for her people, then why doesn't she bring the petrol price below Rs 100/litre?

The hypocrisy is bare and blatant and unhinged for all to see. Even when it comes to aviation fuel prices, which are crucial for the hospitality and travel sectors, the blatant greed of certain states is clear and visible. In the recent Maharashtra Budget, the state government slashed VAT on jet fuel to 18 per cent, while India's biggest hub — Delhi — remains among the few states that still levy a very high tax — 25 per cent — on jet fuel.

While natural gas prices at the international gas indices (Japan Korea Marker) have increased by up to 228 per cent between January 2021 and February 2023, in India the CNG (compressed natural gas) price rise (Delhi representative market) was restricted to about 83 per cent, thanks to the steps such as increasing domestic gas allocation to about 250 per cent of the allocation since 2013-14 and diverting domestic gas from other non-priority sectors to meet the requirement for CNG (transport) and PNG (piped natural gas, domestic) segments.

Recently, the PM Modi-led Cabinet took a major decision to revise the pricing methodology of domestically produced natural gas; it continues to give a fillip to India's goal of gas-based economy. This decision, which determines that Indian natural gas prices should be 10 per cent of the monthly average of the Indian crude basket, is being hailed as a balanced reform by the industry as well as consumers. While the industry benefits from a more dynamic and robust pricing mechanism, consumers are already reaping the benefits which have been passed on in the form of Rs 7-8 price cuts in domestic PNG and CNG.

Even as the world acknowledges India's phenomenal success in providing accessible and affordable energy to its 1.4 billion citizens in these tumultuous times, a few hypocritical state governments and political leaders continue to blare nonsense while hiding their anti-citizen tactics. It is time for them to cut their state's tax on fuel.

BUSINESS LINE, Delhi, 19.4.2023
Page No. 1, Size:(12.71)cms X (9.84)cms.

India and China bought most of Russia oil in April above price cap

UNSHAKEN. Kremlin enjoying stronger revenues despite West's attempts to curb funds

Reuters
Moscow

India and China have snapped up much of Russian oil so far in April at prices above the Western price cap of $60 per barrel, according to traders and Reuters calculations.

That means the Kremlin is enjoying stronger revenues despite the West's attempts to curb funds for Russia's military operations in Ukraine.

A G7 source told Reuters on Monday that the Western price cap would remain unchanged for now, despite pressure from some European Union countries, such as Poland, to lower the cap to increase pressure on Moscow.

The advocates of the cap say it reduces revenues for Russia while allowing oil to flow, but its opponents say it is too soft to force Russia to backtrack on its activities in Ukraine.

The latest data from Refinitiv Eikon suggest Russian Urals oil cargoes that loaded in the first half of April are mostly heading to India's and China's ports.

India accounts for more than 70 per cent of the seaborne supplies of the grade so far this month and China for about 20 per cent, Reuters calculations show.

The lower freight rates and smaller discounts for Urals against global benchmarks nudged the daily price of the grade back above the cap earlier in April from a period of trading below.

India and China have not agreed to abide by the price cap, but the West had hoped the threat of sanctions might deter traders from helping those countries buy oil above the cap.

Average discounts for Urals were at $13 per barrel to dated Brent on a DES (delivered ex-ship) basis in Indian ports and $9 to ICE Brent in Chinese ports, according to traders, while shipping costs were $10.5 a barrel and $14 a barrel respectively for loadings from Baltic ports to India and China.

NO CHANGE. Western price cap will remain unchanged for now, despite pressure from some EU countries

ASIAN AGE, Delhi, 19.4.2023
Page No. 7, Size:(2.30)cms X (13.37)cms.

India, China breach G7 price cap on Russian oil

Moscow, April 18: India and China have snapped up the vast majority of Russian oil so far in April at prices above the Western price cap of $60 per barrel, according to traders and *Reuters* calculations.

That means the Kremlin is enjoying stronger revenues despite the West's attempts to curb funds for Russia's military operations in Ukraine.

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BUSINESS STANDARD, Delhi, 19.4.2023
Page No. 3, Size:(39.54)cms X (17.20)cms.

India snaps up Russian oil above $60 'price cap'

Accounts for over 70% of seaborne supplies of the grade so far in April; China's share is about 20%

REUTERS
New Delhi, 18 April

India and China have snapped up the vast majority of Russian oil so far in April at prices above the Western price cap of $60 per barrel, according to traders and Reuters calculations.

That means the Kremlin is enjoying stronger revenues despite the West's attempts to curb funds for Russia's military operations in Ukraine.

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Kremlin is enjoying stronger revenues despite the West's attempts to curb funds for Russia's military operations in Ukraine

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Meanwhile, lower freight rates and smaller discounts for Urals against global benchmarks nudged the daily price of the grade back above the cap earlier in April from a period of trading below.

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That means the Urals price on a free on board (FOB) basis in Baltic ports, allowing about $2 per barrel of additional transport costs, has been slightly above $60 per barrel so far in April, Reuters calculations show. Shipping costs have come down significantly in recent weeks as Russian port ice conditions eased and more tankers became available.

Freight rates for Urals cargoes loading in Baltic ports for delivery to India have eased to $7.5-$7.6 million from $8-$8.1 million two weeks ago, two traders said. The cost of tanker shipment from Baltic ports to China was $10 million, down from nearly $11 million a couple of weeks ago, they added.

HINDU, Delhi, 19.4.2023
Page No. 16, Size:(12.71)cms X (8.88)cms.

India, China snap up Russian oil in April above 'price cap'

India has accounted for more than 70% of seaborne supplies of Urals grade so far this month, China for about 20%; average discounts were at $13 per barrel to dated Brent in Indian ports

Reuters
MOSCOW

India and China have snapped up the vast majority of Russian oil so far in April at prices above the Western price cap of $60 per barrel, according to traders and Reuters calculations.

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The Urals price on a free-on-board basis in Baltic ports, allowing about $2 per barrel of transport costs, has been slightly above $60 per barrel so far in April, Reuters calculations show.

In full flow

The West fears that Kremlin is enjoying stronger revenues despite attempts to curb funds for Russia's military operations in Ukraine

- India and China have not agreed to abide by the G7's price cap
- West had hoped threat of sanctions might deter oil purchases
- Lower freight rates, smaller discounts for Urals against global benchmarks nudged the daily price of the grade back above the cap earlier in April

BUSINESS LINE, Delhi, 19.4.2023
Page No. 3, Size:(15.95)cms X (11.96)cms.

India's goal of raising natural gas' share to 15% by 2030 seems too ambitious

BP ENERGY OUTLOOK. In primary energy mix, share of natural gas projected to grow to just 7-11% by 2050

Rishi Ranjan Kala
New Delhi

The bp Energy Outlook 2023 projects that the share of natural gas in India's primary energy mix, which currently stands at around 6.5-6.7 per cent, is expected to grow to just 7-11 per cent by 2050.

This means that the world's third largest energy consumer may fail to achieve its target to raise the share of natural gas in the total energy mix to 15 per cent by the end of the current decade.

"The share of natural gas in total primary energy grows in all scenarios, increasing from 5 per cent in 2019 to 7-11 per cent in 2050, supported by industry and heavy road transport demand," the bp Energy Outlook – 2023 report said.

THREE SCENARIOS

Natural gas is the only fossil fuel that grows (in absolute terms) throughout to 2050 in all scenarios, it added. The outlook's three main scenarios are designed to explore a range of possible outcomes for the global energy system over the next 30 years.

The 'accelerated' and 'net zero' scenarios explore how different elements of the energy system might change in pathways that achieve substantial reductions in carbon emissions by 2050 by around 75 per cent in accelerated and over 95 per cent in net zero. While the 'new momentum' scenario is designed to reflect the current broad trajectory of the world's energy system, it explained.

The outlook projects India's natural gas consumption at 235 billion cubic meters (BCM) under 'accelerated' scenario as well as 177 BCM and 286 BCM under 'net zero' and 'new momentum' scenarios, respectively. Besides, gas production grows under all scenarios, up to 59-132 BCM in2050 (from 27 BCM in 2019).

India consumed 55.54 BCM of gas during April-February in FY23, a decline of 5.4 per cent on an annual basis.

ENERGY ESTIMATE

- India's natural gas consumption projected at 235 BCM under 'accelerated' scenario, and 177 BCM and 286 BCM under 'net zero' and 'new momentum' scenarios, respectively.
- Gas production grows under all scenarios, up to 59-132 BCM in 2050 (from 27 BCM in 2019)
- India consumed 55.54 BCM of gas during April-February in FY23, a decline of 5.4% on an annual basis

CHALLENGING ENDEAVOUR

Last month, in a podcast with *businessline*, former Planning Commission Member Kirit Parikh had also said that the target to reach 15 per cent share of natural gas is challenging. Last month, the government accepted recommendations of the Parikh committee on fair pricing of natural gas.

"As far as gas is concerned, it constitutes around 6.5 per cent of our energy basket. Out of which nearly 45-50 per cent of gas is imported. So, domestic production constitutes less than 4 per cent. Now to increase the share of natural gas to 15 per cent by 2030 is a very very ambitious goal," he pointed out.

Similarly, Fitch Ratings in a January report said that price volatility and infrastructure constraints will challenge India's target of increasing natural gas' (NG) share of energy to 15 per cent by 2030 despite resilient demand from city gas distribution (CGD) and rising domestic production.

"Fitch Ratings believes that India's target to increase the share of natural gas in energy mix to 15 per cent by 2030, from 6 per cent in 2017, remains exposed to risks of lower demand from price volatilities, and infrastructure constraints on importing and distributing NG. Progress on the target has been minimal – 6 per cent share in 2021 – as NG growth has not managed to outpace total energy growth," it added.

MINT, Delhi, 19.4.2023
Page No. 2, Size:(3.68)cms X (18.10)cms.

India, China buy Russian oil above G7 price ceiling

Reuters
feedback@livemint.com

India and China have snapped up the vast majority of Russian oil so far in April at prices above the western price cap of $60 per barrel, according to traders and *Reuters* calculations. That means the Kremlin is enjoying stronger revenue despite the West's attempts to curb funds for Russia's military operations in Ukraine.

A G7 official told *Reuters* on Monday the western price cap would remain unchanged for now, despite pressure from some European Union countries such as Poland to lower the cap to increase pressure on Moscow.

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FINANCIAL EXPRESS, Delhi, 19.4.2023
Page No. 3, Size:(2.69)cms X (10.13)cms.

Russia to continue oil supplies to India

FE BUREAU
New Delhi, April 18

RUSSIA WILL CONTINUE to supply crude oil to India this year, Russian deputy prime minister Denis Manturov said, adding that both countries are also in talks to increase bilateral trade using their national currencies.

"We have supplied (oil) to India for a long time and increased supplies last year. We will continue to supply this year," Manturov said after meeting finance minister Nirmala Sitharaman in New Delhi.

Russia's share in India's crude oil import basket rose to a record 28% in January, compared to just 0.2% before the Russian invasion of Ukraine on February 24, 2022. As a result, India's imports from Russia more than quadrupled to around $46 billion in FY23.

"It is one of the aspects that was discussed and is beneficial for both countries," Manturov said. India has been keen on increasing the use of its rupee currency for trade with Russia.

ECONOMIC TIMES, Delhi, 19.4.2023
Page No. 4, Size:(7.28)cms X (5.91)cms.

Windfall Tax Reimposed on Local Crude Oil; Duty on Diesel Exports Scrapped

New Delhi: India Tuesday reimposed windfall tax on domestically produced crude oil at ₹6,400 per tonne and scrapped export duty on diesel.

The export duty exemption for petrol and aviation turbine fuel (ATF) will continue.

In the last revision the Centre had reduced the windfall profit tax on domestically produced petrol to zero while it has halved the levy on the export of diesel to ₹0.50 per litre.

The duty will be effective from April 19, according to a notification issued by the Central Board of Indirect Taxes and Customs.

In the last revision the government had cut the tax on the export of diesel to ₹0.50 per litre from ₹1.

The latest revision comes on the back of rise in oil prices, which have climbed up following a surprise cut in production Opec plus.

The tax rates are reviewed every fortnight based on average oil prices in the previous two weeks. —**Our Bureau**