FREE PRESS JOURNAL, Mumbai, 19.8.2023
Page No. 8, Size:(6.79)cms X (7.34)cms.

IIM Ahmedabad includes Case Study on Mahanagar Gas in their curriculum

Mahanagar Gas Limited (MGL), one of the largest City Gas Distribution (CGD) companies in India, has been featured as the subject of a case study published by the Indian Institute of Management – Ahmedabad, one of the premier institutes for management studies in the country. Mr. Sanjay Shende, Deputy Managing Director, Mahanagar Gas Limited and Mr. Sunil Ranade, Ex-CFO & Advisor, Mahanagar Gas Limited recently unveiled the case study at a ceremony, at the prestigious business school.

The case study titled, 'Mahanagar Gas Limited (MGL): In Search of New Growth Avenues To Gas It Up', has been authored by Professor Amit Karna, Professor for Strategy Area and Chairperson of PGPX at IIM Ahmedabad, Professor Diptiranjan Mahapatra from IIM Sambhalpur, and Ms. Shikha Khurana, Doctoral Student of IIM Ahmedabad. It chronicles the journey of Mahanagar Gas Limited and highlights the strategic approach adopted towards growth and development. This journey has been divided in three different time periods, with each phase covering a unique set of challenges, which were successfully addressed by MGL, leading the company to become one of the prominent players in the sector. The study also observed significant changes in shareholding patterns over the years, its impact and the business efforts taken to stabilise and further its growth in the current dynamic natural gas procurement market.

FINANCIAL EXPRESS, Delhi, 19.8.2023
Page No. 1, Size:(2.88)cms X (15.58)cms.

BILL FROM INBOUND SHIPMENTS UP JUST 10% IN 9 YEARS

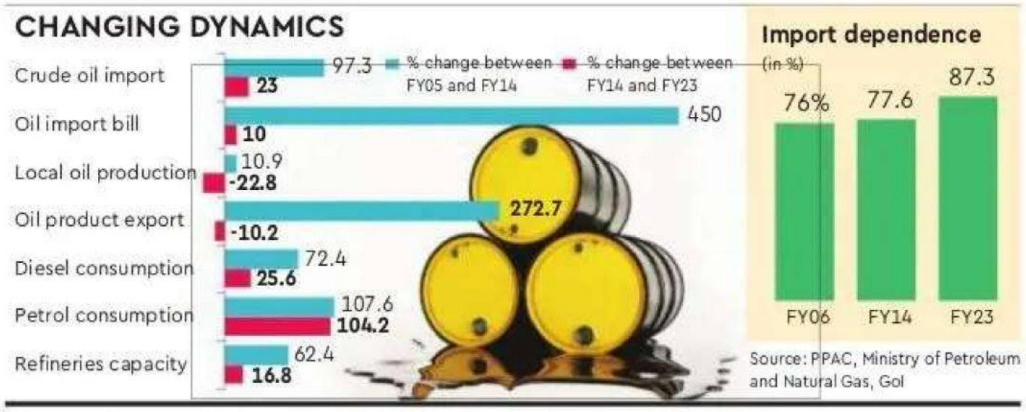
India's oil demand seen peaking as import growth slows

MANISH GUPTA
New Delhi, August 18

THE GROWTH IN India's crude oil imports has declined considerably between FY14 and FY23 under the watch of the Narendra Modi government, even as domestic production marginally declined, in what hints at demand peaking soon.

While the decline in import volume growth was significant, the fall in growth was much steeper in value terms. This was also due to the low crude prices that prevailed in the initial years of the Modi regime, amid abundant global supplies and the spike in shale oil production by the US.

India's crude oil imports rose 97% from 95.9 million tonne (MT) in FY05 to 189.2 MT in FY14. Compared with this, the imports increased just 23% between FY14 and FY23 (232.7 MT), as per the Petroleum Planning and Analysis Cell of the ministry of petroleum and natural gas.



The oil import bill ballooned 450% from $26 billion in FY05 to $143 billion in FY14, while it went up just 10% to $158 billion between FY14 to FY23.

However, India's import dependence for oil still rose from 76% in FY05 to 77.6% in FY14 and, further to 87.3% in FY23. This was because domestic production fell 23% between FY14 and FY23.

A host of factors have led to the deceleration in oil consumption: decontrol of auto fuel prices, more fuel-efficient auto vehicles, shift to CNG, ethanol blending in petrol and proliferation of electric vehicles, especially two-wheelers. Besides, the near elimination of tax differential between petrol and diesel made the latter costlier, further incentivising the shift to cleaner fuels.

Domestic crude production slowed during the Modi regime, even as the prime minister had set a target to reduce oil import dependence to 65% by 2022. While an 11% rise was reported in crude oil production in India from 34.1 MT in FY05 to 37.8 MT in FY14, it fell 22.8% to 29.18 MT in FY23.

Sector experts believe that larger increase in oil import during FY05-FY14 was due to higher capacity addition in Indian refineries during the period. Many also cite an ongoing energy transition. "Crude is imported not only to consume in India, but also for export of (refinery) finished products. Refinery capacity got a boost in the decade to FY14 and as this was dependent on imported crude, the oil import shot up," said former petroleum secretary RS Pandey.

The installed capacity of Indian refineries grew 62.4% from 132.47 million metric tonne per annum (MMTPA) as on February 1, 2006, to 215.1 MMTPA on April 1, 2014. In the last nine years, it rose just 16.8% to 251.2 MMTPA as on April 1, 2023. The increased refining capacity has led to higher petroleum products exports from India from 18.2 MT in FY05 to 67.9 MT in FY14, resulting in net product export rising from 9.4 MT in FY05 to 51.2 MT in FY14. In other words, roughly a quarter of imported oil was used for exports by FY14.

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India's oil demand may peak as import growth slows

HOWEVER, THE INCREASE in export-oriented import of crude oil hasn't sustained in the latter period. Export of products fell to 61 MT in FY23, with a significant decline in net exports to 16.5 MT. Going by the consumption pattern of diesel, which is two-and-a-half times that of petrol in India, energy transition is clearly happening in transportation.

This is the largest oil-consuming segment that includes cars, buses, trucks, aircraft and large ships. The domestic consumption of diesel, which grew 72.4% from 39.7 MT to 68.4 MT during FY05-FY14, increased at a slower rate of 25.6% thereafter to 85.9 MT in FY23. Petrol consumption grew at a similar rate of 107.6% and 104.2%, respectively.

"There has been progressive improvement in the efficiency of car engines and there are other fuels that are now competing, such as CNG and ethanol blending in petrol. Overall our crude import would reduce to some extent due to lower consumption in the transport sector," said Prashant Vasisht, vice president and co-head, corporate ratings, Icra.

In Delhi and other big cities where city gas distribution has been implemented, public transport like buses and autorickshaws were converted to CNG. Besides, the differential between petrol and diesel prices reduced, leading many to shift to the less polluting fuel petrol or CNG, Vasisht said for the deceleration in diesel consumption. "While LCVs are being converted to CNG, a large proportion of two-wheeler population has been electrified. With power situation improving, use of diesel gensets across urban and rural areas, including the farm sector, came down," he added.

With energy transition set to further reduce demand for oil products, the next big oil-consuming segment is the petrochemicals industry, which the government is keen on encouraging as about 80% of India's petrochemicals capacity is integrated with petroleum refineries.

BUSINESS STANDARD, Delhi, 19.8.2023
Page No. 4, Size:(24.31)cms X (33.35)cms.

Talks over crude discount with Iraq, UAE likely soon

INDIA'S CRUDE OIL IMPORT BASKET

	FY23		FY24 (Apr-Jun)	
	Imports ($bn)	Share of total oil imports (%)	Imports ($bn)	Share of total oil imports (%)
Iraq	33.6	20.7	6.5	19.1
Russia	31.02	19.1	12.36	36.1
Saudi Arabia	29.07	17.9	5.4	16
The United Arab Emirates	16.84	10.4	1.7	4.9
The US	10.1	6.2	1.5	4.1
From top 5 source nations	120.63	74.3	27.46	80.2
India's total crude oil imports from all nations	162.2	100	34.25	100

Source : Commerce Department

SUBHAYAN CHAKRABORTY
New Delhi, 18 August

India will soon meet Iraq and the United Arab Emirates (UAE) to seek a definitive rate of discount on crude oil similar to what Russia has provided so far, sources said.

Multiple officials and industry executives said Iraq, which is India's biggest oil supplier, wants to discuss the level of discounts expected by Indian refiners.

India's focus on snapping up ever-increasing volumes of Russian crude oil has led to a corresponding decline in imports from the Middle East. Flows from Iraq, Saudi Arabia, and the UAE have suffered as a result. Meanwhile, the price of Russian Urals grade crude is trading close to the $60 limit, beyond which sanctions take hold. Since April, the majority of Russian oil sold to India has been on the Dubai benchmark, with an average discount level of $8-10 per barrel. Indian oil-marketing companies are keen to avoid purchasing beyond that limit, an IOCL official said.

Sellers ready for discounts

Last year, Baghdad undercut Russia in June by supplying a range of crudes that, on average, cost $9 a barrel less than Russian oil. The extremely price-sensitive market, therefore, shifted heavily back in favour of Iraq.

The trend continued till the G7 nations imposed a $60 per barrel price cap on Russian crude on December 5, 2022. This was implemented concurrently with a separate ban on Russian seaborne crude shipments by EU nations.

Pushed into a corner, Moscow had offered more competitive prices to retain a steady flow of crude to new buyers like India and China in a bid to make up for the lost volumes that were earlier going to Europe. That trend has continued since.

Industry insiders said Moscow won't change terms by a wide margin at a time when it is pressed for cash. But the level of discounts has continuously shrunk in 2023 as China has snapped up larger volumes of Russian crude. In July, oil imports from Russia stood at 1.92 million barrels per day (bpd), down from a record high of 2.12 million bpd in June. It remained the single-largest supplier of crude oil for the 10th straight month as of February, estimates made by London-based commodity data analytics provider Vortexa, which tracks ship movements to estimate imports, show.

Need to expand crude basket

Even without the price argument, officials feel a stable supply of crude oil should be established from outside the West Asian region. "While oil imports from Iraq have remained a mainstay of our purchases, given global complications and Iraq's volatile internal situation, India needs to create alternative mechanisms," another official said.

The series of Basrah crude export grades originating in Iraq are attractive for upgraded Indian refineries. They are also of great value for production of items, such as diesel.

As part of a planned overhaul of its crude grades, Iraq has increased the availability of Basrah Medium and Basrah Heavy — relatively cheaper than Basrah Light — that are suited for India's upgraded plants. Crude imports from the UAE touched a record high of $16.8 billion in FY23, up from $12.3 billion in the previous year. But this made the Emirates only the fourth-largest source of crude for India in FY23, knocked down one spot from FY22 due to the emergence of Russian Urals grade crude in the Indian market.