BUSINESS STANDARD, Delhi, 19.12.2023
Page No. 9, Size:(33.58)cms X (35.33)cms.

ILLUSTRATION: AJAY MOHANTY

How to assess the outcome of COP28

This year's UN Climate Conference, hosted by a petrostate and led by a fossil-fuel CEO, defied expectations with new commitments

"#Actionism." That word greeted arriving passengers at Dubai International Airport, the port of entry for the vast majority of the 100,000 or so climate negotiators, activists, industry lobbyists, and others attending this year's United Nations Climate Change Conference and the events around it. It flickered from ads in the oddly underused metro connecting the airport directly to the official COP28 venue, and it was displayed on the occasional billboard along the two main "roads" spanning the length of the city, each with at least a dozen lanes. Apparently, the neologism is meant to convey not just action, but "vigorous action to bring about change."

This attempt to rebrand an everyday word encapsulates COP28, surely one of the most surreal climate summits to date. Between Dubai's ostentatious fossil-fuelled wealth, misguided car-centric city planning, and the fact that COP28 itself was led by a fossil-fuel CEO, it has been much easier than in prior years to be cynical about the whole exercise.

GERNOT WAGNER

But cynicism will not help us address climate change, and while it was tough to spot amid all the greenwashing, there was some real progress on the ground. Two weeks before the conference, the United Arab Emirates opened the world's largest single-site solar plant, with two gigawatts of panels spanning 20 square kilometres and powering almost 200,000 energy-hogging UAE homes for \$1.32 per kilowatt-hour — one of the lowest prices for electricity anywhere delivered at this scale.

Nor is this the only development to applaud. The renewables lobby is celebrating a pledge, supported by 118 governments, to triple global renewable-energy capacity and double the annual rate of energy efficiency improvements by 2030. The nuclear industry also has reason to cheer, with 22 governments pledging to triple global nuclear-energy capacity by 2050. Both commitments are good news for the climate. The world needs both renewables and nuclear in order to cut fossil-fuel use quickly. Building low-carbon capacity fast is what matters, more so than whether the COP28 agreement includes the words "phase out" or "phase down."

Precisely because the world needs to cut fossil-fuel use altogether, it is more difficult to evaluate another pledge made this month to reduce methane (CH_4). While carbon dioxide (CO_2) is the biggest overall climate culprit, CH_4 will be responsible for as much as 45 per cent of the planetary warming this decade — even though it doesn't remain in the atmosphere for nearly as long as CO_2.

So it was much more than just well-timed symbolism when the US Environmental Protection Agency announced on December 2, the first Saturday of COP28, that it had finalised a long-awaited rule to cut CH_4 emissions from the oil and gas sector by around 80 per cent over 15 years. That news came with a \$1 billion commitment to help smaller countries address the same problem, leading several to join the Global Methane Pledge (launched at COP26 in Glasgow and strengthened at COP27 in Sharm El-Sheikh) to cut total CH_4 emissions 30 per cent by 2030. And all this comes on the heels of an EU law that sets tight CH_4 leakage standards. In classic EU regulatory fashion, that provision should reach well beyond European borders. December 2 also brought a major industry announcement. Around 50 of the world's largest oil and gas firms — including ExxonMobil, Shell, SaudiAramco, and ADNOC (the company led by Sultan al Jaber, the COP28 president) — pledged to all but eliminate their own CH_4 emissions. That means addressing both venting and the routine flaring of CH_4. Though the latter practice has been banned for two decades in the UAE, it remains a major contributor to the constant haze and air pollution engulfing Dubai. Here's hoping that "actionism" will finally turn this pledge into reality.

Climate campaigners are understandably questioning the industry's motives, and emphasising that such pledges could detract from the need to cut both CH_4 and CO_2 emissions from fossil-fuel use, not merely from its production. They can cite comments like one by Occidental Petroleum CEO Vicki Hollub, who told S&P Global's CERAWeek conference earlier this year that Occidental's purchase of direct-air-capture technology "gives our industry a licence to continue to operate for the 60, 70, 80 years that I think it's going to be very much needed." The statement put "moral hazard" on display better than any climate campaigner ever could.

None of that diminishes the real, positive effects that would come from slashing CH_4 emissions this decade (or from scaling up carbon-removal technologies, for that matter). But the question of how useful the COP process has been raises an even broader, almost philosophical one: How should we think about CO_2, CH_4, or any other emissions reductions that are ostensibly "costless" (or even profitable) from a narrow technical perspective, but that have yet to happen?

After all, oil and gas companies here are committing to stop wasting gas, one of their two main products — and an increasingly important and lucrative one at that. Ideally, it would not take the performative circus of COP to achieve these kinds of agreements. Yet, as the CH_4 pledge shows, apparently it does.

The problem is that coordinating pledges across industry players, civil society, and governments to measure, report, verify, and ultimately enforce action via a unified set of standards takes time and effort. It is for good reason that the acronym-laden COP process has turned "MRV" into a verb. The task now will be to MRV(E) — measure, report, verify, and enforce — the pledges on renewables, nuclear, and CH_4 coming out of COP28, while also keeping the larger picture in mind.

There are clear hurdles to overcome, even — or perhaps especially — with seemingly costless emissions reductions that industries themselves have an interest in adopting. The key task for international gatherings, as for low-carbon technologies themselves, is to focus on getting costs down, and fast. Judged by that benchmark, COP28 may yet prove to be at least as important a stepping stone in the global clean-energy race as any of the previous UN climate summits.

The writer is a climate economist at Columbia Business School. ©Project Syndicate, 2023

Is there a case for cutting petrol and diesel prices?

Parvathi Benu
Chennai

A little over a week ago, international crude oil prices dipped below $80 per barrel, creating a call across the country to slash petrol and diesel prices. But a reply given in Rajya Sabha by Harshdeep Singh Puri, Minister of Petroleum and Natural Gas, showed that India is the only major economy to have cut prices in the last two years.

DATA FOCUS.

The Minister, however, is only telling the half-truth. While prices in India have moved lower in the last two years, they were hiked sharply in 2020 and 2021, as the Centre raised excise duties in March and May 2020 to absorb the fall in international crude oil prices following the outbreak of the pandemic.

The retail selling price of petrol moved up from ₹69 in March 2020 to above ₹100 by September 2021. Following the public uproar, prices have been kept stable since then, with marginal cuts in excise duties by the Centre and the States on November 4, 2021, and May 22, 2022.

With the cushion provided by the price increase in 2020, the Centre allowed retail price to rise only marginally in 2022 when the Russia Ukraine war broke out. That is when most economies increased fuel prices.

According to Ministry data, between October 2021 and 2023, the price of petrol was down 5 per cent, while for diesel prices were down 1 per cent in India. On the other hand, in the US, petrol prices and diesel prices went up 22 per cent 39 per cent in that period.

The other major economies where the price went up include France, Spain, Italy, Germany, the UK, and Canada. Almost all of India's neighbours, including Pakistan, Nepal, Bangladesh and Sri Lanka, also saw fuel prices going up.

Apart from these economies, *businessline's* analysis of data from globalpetrolprices.com, a website that captures fuel prices across the world, shows that the price of both petrol and diesel went up in China, too.

Source: Rajya Sabha, Ministry of Petroleum and Natural Gases, globalpetrolprices.com, PPAC

NOT THE LOWEST

A comparison of retail selling price across countries also shows that there is a case for cutting fuel prices in India. As of December 11, 2023, a litre of petrol (gasoline) costs $1.249 in India, according to globalpetrolprices.com.

The price of a litre of petrol is lower in Canada ($1.214 per litre), the US ($0.912), Pakistan ($0.991), Bangladesh ($1.137) and China ($1.179). Selling price is, of course, very low in oil-rich countries such as Iran ($0.029), Libya ($0.031), Venezuela ($0.035), and Kuwait ($0.341). A litre of diesel costs around $1.121 in India.

It is cheaper in the US ($1.053), Pakistan ($1.02), Bangladesh ($0.99), Sri Lanka ($1.006), Nepal ($1.2) and China ($1.05). Keeping this data in mind, there seems to be a case for reducing fuel prices in India after all.

AFTER STATE-RUN FIRMS POST ROBUST H1 PROFITS

Govt may cut fund infusion into OMCs

PRASANTA SAHU
New Delhi, December 18

CAPITAL INFUSION IN state-run oil marketing companies (OMCs) may turn out to be much less than the budget estimate (BE) of ₹35,000 crore in the current financial year. This is because robust profits in the first half on the back of subdued crude oil prices enabled these firms to partly offset the losses incurred in the previous quarters, sources told *FE*.

"There is no clarity as of now on how much capital will be infused in the OMCs, but it will be only a part (of the budget estimate)," an official said.

A final decision, however, might also factor in the likely cut in retail petrol and diesel prices by OMCs ahead of general elections in April-May, sources said.

The state-run fuel retailers are widely expected to resume daily revision of petrol and diesel prices over the next weeks. Calibrated price cuts may begin once volatility in global oil prices gets reduced, and the Indian basket of crude settles in the range of $80-85/barrel, according to analysts.

In the Budget 2023-24 presented on February 1, the government had announced ₹30,000-crore equity investment plan for the three OMCs — IOC, BPCL and HPCL — towards energy transition and net-zero objectives.

The change in the plan is given the improved profitability of the firms in H1 as well as expected robust performance in H2.

NO CLARITY

Final decision may factor in the likely cut in retail petrol and diesel prices by OMCs ahead of the 2024 elections

In Budget 2023-24, govt had announced **₹30,000-cr** equity investment plan for IOC, BPCL and HPCL

- Biggest state-run OMC Indian Oil posted a net profit of **₹26,717 cr** in H1FY24
- For H1FY24, BPCL reported a net profit of **₹19,052 cr**; HPCL also posted robust results

Also, there are concerns about the shareholders having to cope with a fall in earnings per share (EPS) as a result of the budgeted equity infusion plan.

Indian Oil, the biggest state-run OMC, reported a net profit of ₹26,717 crore in H1FY24 compared with ₹611 crore in the year-ago period. For H1FY24, BPCL reported a net profit of ₹19,052 crore against a net loss of ₹6,567 crore recorded in H1FY23. HPCL also posted strong results.

If oil prices stabilise at $80-85/bbl, analysts expect strong core earnings to continue in H2 as well. From April to July, the Indian basket of crude remained around $75-80/bbl before rising to $90.08/bbl in October. However, it has now climbed down to $76/bbl so far in December.

Following the Budget announcement, the BPCL board in June approved an ₹18,000-crore rights issue to shareholders, entailing at least ₹9,500-crore capital infusion by the Centre for its 52.98% stake. In July, the IOC board approved a rights issue for raising ₹22,000 crore, which requires the government to infuse at least ₹11,330 crore for its 51.5% stake.

The remaining amount of capital infusion by the government was to go to HPCL, a subsidiary of state-run upstream major ONGC.

Retail fuel prices in India have been frozen since May 2022. However, this price control has been during both rising and falling crude prices, allowing OMCs to recoup losses during periods of high crude prices. With most of the losses of FY23 recouped during FY24, a price cut is expected by the end of Q4.

Due to the Russia-Ukraine war, the Indian basket of crude prices shot up by an average of 18% in FY23 to $93.15/barrel compared with $79.18/barrel in FY22.

BUSINESS LINE, Delhi, 19.12.2023
Page No. 5, Size:(20.24)cms X (19.79)cms.

NGT seeks reports on impact of CPCL oil spill on sea life, biodiversity

Our Bureau
Chennai

Even as the National Green Tribunal has asked the Tamil Nadu government to submit reports on study about the impact of oil spills on fish and sea life by the Fisheries Department and biodiversity study by the Forest Department, the State has indicated that it is preparing a plan to restore the mangroves habitat, impacted by the Ennore Creek oil spill.

An exhaustive review of the ongoing oil spillage mitigation work was held at Ennore on Monday by Supriya Sahu, Additional Chief Secretary, Environment, Climate Change and Forest Department.

The team also took a comprehensive assessment of the oil spill's impact on mangroves in the Ennore Creek area. The department is in the process of preparing a plan for restoration in those areas with the support of specialised agencies like, the Centre for Environmental Studies, Anna University, and M S Swaminathan Foundation, according to an official statement.

The four specialised cleaning agencies engaged in the mitigation works viz. Sea Care and Viraj from Mumbai and Vens Hydralift Pvt. Ltd and Neowin India, have almost completed the removal of floating oil and have started clearing oil deposits from shores, boulders, and oil-laden debris, it said.

HIGH-LEVEL MEET

About 700 people, 110 boats, 3 skimmers, 2 hydrojets, 5 gully suckers, 1 tractor, 11 tippers, and other machines continued to work on cleaning operations.

A high-level coordination meeting was held with all stakeholders on site by the Additional Chief Secretary to coordinate efforts of various agencies including the Coast Guard, Chennai Petroleum Corporation Ltd (CPCL), Health Department, Revenue, Fire and Rescue, Fisheries, TNPCB, Department of Environment and Forest Department, it said.

Meanwhile, CPCL maintained that there was no 'leak in the pipeline or tanks' and the refinery operation was normal. The CPCL team has also taken samples for detailed chemical analyses. The initial findings of CPCL have revealed that it (oil) was a very 'light product' and was not part of the company's product portfolio.

BUSINESS LINE, Delhi, 19.12.2023
Page No. 11, Size:(29.70)cms X (14.95)cms.

Ethanol blending falls to 10.24 per cent in November

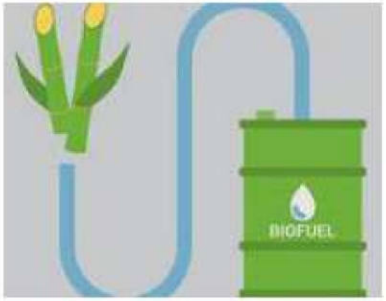
Rishi Ranjan Kala
New Delhi

The percentage of ethanol blended with petrol during November 2023 fell to 10.24 per cent from 12.38 per cent during October. November is the first month of the ethanol supply year 2023-24.

"Ethanol blending with petrol during November 2023, the first month of the Ethanol Supply Year (ESY) 2023-24, stood at 10.24 per cent, as compared to 12.06 per cent during the ESY December 2022-October 2023," the Petroleum Planning and Analysis Cell (PPAC) said in its latest report.

During ESY 2022-23, the OMCs floated a tender for 599.7 crore litres of ethanol, against which letters of intent (LoIs) for 567 crore litres were issued. During the year, surgarcane juice accounted for 25 per cent of the ethanol production, B-Heavy molasses was 45 per cent, C-Heavy molasses 1 per cent and foodgrains 29 per cent.

The oil marketing companies (OMCs) saved around 509 crore litres of petrol on account of ethanol blending during ESY 2022-23, resulting in savings of more than ₹24,300 crore in foreign exchange and payments of about ₹19,300 crore to farmers.



India achieved the target of 12 per cent blending of ethanol with petrol in ESY 2022-23, and 10 per cent blending in ESY 2021-22.

STEEP TARGET

The Ministry of Petroleum and Natural Gas (MoPNG) has targeted 15 per cent blending in ESY 2023-24 (November 2023-October 2024).

However, it is unlikely to meet the blending target as the government has prohibited the use of sugarcane juice and sugar syrup to produce ethanol.

According to India Ratings and Research (Ind-Ra), the move is likely to affect the ethanol blending rate in the country.

"While there is likely to be an increased focus on production through grain-based sources, Ind-Ra believes blending could fall below 10 per cent in ESY 2023-24 in the absence of cane juice-based ethanol, against the government's target of 15 per cent. After a secular rising trend over the past five years, this would be a setback for achieving the target of 20 per cent ethanol blending in petrol by ESY 2025-26," Ind-Ra added.

However, the Food Ministry, in a new order on Saturday, said OMCs will decide on the quantity of ethanol they intend to purchase from each distillery, mentioning how much biofuel is to be made from which feedstock. Now OMCs will issue a revised allocation of sugarcane juice and B-Heavy Molasses based ethanol for ESY 2023-24.

India's ethanol production capacity of 1,364 crore litre is spread across the country, including in the ethanol surplus states of Uttar Pradesh, Maharashtra and Karnataka.

ECONOMIC TIMES, Delhi, 19.12.2023
Page No. 5, Size:(8.37)cms X (9.99)cms.

Domestic Natural Gas Usage Up 6% in Nov

LNG imports rise 5%, while output from domestic gas fields increased 7.6% in Nov

Our Bureau

New Delhi: Domestic natural gas consumption went up 6% year-on-year in November, helped by increased supply from domestic fields, showed petroleum and natural gas ministry data.

Imports of liquefied natural gas (LNG) expanded 5% year-on-year during the month while output from domestic gas fields increased 7.6%. The overall domestic production was boosted by the 26% increase in output from fields operated by the private sector. ONGC's natural gas output fell 3.6% in November. ONGC produces about half of the country's gas output.

For the April-November period, India's gas consumption increased 8.5% year-on-year while LNG imports went up 12%. Domestic gas production increased 5.5%.

The fertiliser sector is the largest consumer of natural gas in the country, with city gas distributors and power plants being the second and third-largest consumers respectively. Fertiliser makers are the biggest consumers of imported gas while city gas distributors are the largest users of domestic gas, whose prices are subject to government-set ceilings.

India has imported 46% of the gas it consumed this fiscal, with Qatar being the largest source

India has imported 46% of the gas it consumed this fiscal, with Qatar being the largest sourcing destination. Gas is imported both under long-term and short-term contracts.

ECONOMIC TIMES, Delhi, 19.12.2023
Page No. 16, Size:(17.21)cms X (10.87)cms.

Global India Through Dubai Door

Srivatsan Iyer

Before the start of COP28 in Dubai, we hoped that the UN climate summit would address the following themes:

- Emission reduction from hard-to-abate sectors.
- Sustainable food and agriculture.
- Increased investment in mitigation and adaptation.
- Mobilisation and deployment of climate finance on a scale not yet seen.

The agreements and outcomes from the summit, which concluded last week, are promising, and we hope that governments and the private sector will work to convert these commitments into explicit and granular action. A welcome outcome was the agreement among nations to transition away from fossil fuels — making a commitment towards this shift is crucial to meeting the 1.5° C target.

Leaders from more than 120 countries committed to tripling the world's RE capacity to 11,000 GW by 2030 and doubling the annual energy efficiency rate. This signals a significant shift in global energy policy, with implications for individual nations' energy strategies. The summit also produced an agreement on operationalising the Loss and Damage Fund, with many nations pledging financial support to the fund. Finally, over 150 countries signed a declaration to focus on sustainable agriculture and food systems.

After COP28, India's vast and growing energy needs and reliance on coal make the transition to RE a complex endeavour. India's stance at COP28, balancing economic growth with sustainable energy practices, reflects the intricate dynamics of a developing nation on the path to a greener future.

India stands at a crucial juncture in its RE journey. According to the ministry of new and renewable energy, about a third of the country's installed energy capacity comes from non-fossil fuel sources. Aiming to triple its RE capacity and meet 50% of its electricity demands from renewables by 2030, India's stated commitment aligns with the ambitious targets of COP28.

Technologies and underlying economics are both in place to enable this growth. What is needed is the ability to accelerate capacity growth significantly over what the country has historically demonstrated to meet these goals.

India's journey will be challenging. But certain structures are already in place:

- A conducive policy framework.
- Active government push towards 'dispatchable' RE.
- Planned investments in transmission and distribution infrastructure.
- A growing manufacturing base in the components required for RE.
- A private sector experienced in setting up projects.

Further policy and regulatory support will be required to:

- Dealing with challenges of land acquisition.
- Mobilising suitable financing in a timely manner.

Establishing a $30 billion global climate solutions fund by the UAE and a collective pledge of $700 million to support lower-income countries highlight the urgent need for robust climate finance mechanisms. These steps are crucial for India as it seeks significant investments to expand its RE infrastructure and fulfil its ambitious climate goals.

India's participation at COP28 was not just about negotiating climate agreements; it was also about shaping a sustainable future that aligns with the country's developmental aspirations and the well-being of citizens. The emphasis on equitable and inclusive climate action underpins India's commitment to a global climate framework.

The summit showcased New Delhi's evolving role as a key player in the global climate dialogue, balancing its rapid economic growth with a steadfast commitment to environmental stewardship.

The writer is Global CEO, Hero Future Energies

Climate in the balance

ECONOMIC TIMES, Delhi, 19.12.2023
Page No. 16, Size:(8.00)cms X (17.62)cms.

Oil's Well That Stays Well Below Prices

Declining crude prices good news for India, GoI

Crude oil prices are on a declining trend. This, despite production cuts announced earlier this year by Opec and Russia, because US output is likely to reach record highs. Last week, IEA released its projection that suggests that world oil consumption will increase by 1.1 million bpd in 2024, up by 130,000 bpd from its earlier estimate. Opec's forecast for 2024, also released last week, remains unchanged. The US, however, now reckons prices will average $83 during the year. Opec+ may agree on further production cuts in the first half, which could lead to a temporary support. But the overwhelming sentiment is negative. This is on expected lines with large buyers like China and India drawing on discounted Russian crude in circumvention of a Western blockade of Moscow's energy exports. It makes it more difficult for the suppliers' cartel to hold prices unless its members are prepared for deeper cuts.

Cheap oil typically boosts economic growth in India, and helps put it on a course to fiscal and current account balance. For most of its two terms, the Modi government has used depressed oil prices to pull back on the fiscal deficit while forex reserves kept piling up. The drawdown in 2022 has also been reversed. The fiscal space created by an extended period of low crude oil prices has allowed GoI to bump up welfare spending and capex. These are the principal economic achievements on which it will be seeking a third term.

With a low likelihood of oil playing truant before the general elections, BJP should not need to have to defend its economic management of back-to-back crises. It has delivered on growth in extreme conditions and has moved the reforms needle in less taxing times. A big chunk of the reforms agenda, notably privatisation, remains work-in-progress. The ruling party, however, can rightly claim to have made it easier to do business in India. In the process, India's economic and, hence, political prospects are less dependent on oil prices as the country swivels towards alternative energy sources.

HINDUSTAN TIMES, Delhi, 19.12.2023
Page No. 11, Size:(20.28)cms X (14.57)cms.

Raj govt may reduce petrol prices: Officials

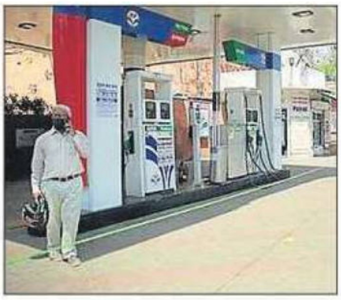
Rajeev Jayaswal
letters@hindustantimes.com

NEW DELHI: The new Bharatiya Janata Party government in Rajasthan may reduce petrol rates by ₹8-10 per litre and consider cutting diesel prices marginally by reducing value-added tax to fulfil a poll promise made by Prime Minister Narendra Modi, two officials said.

"The state government is expected to review VAT on petrol and diesel after the full cabinet is in place. It will take a view in lines with the Prime Minister's guarantee to the people of Rajasthan during his Bharatpur rally on November 18," one of them said, seeking anonymity.

The government will factor in resources before announcing a VAT rate cut as the state already has a debt burden of over ₹ 5 lakh crore and the new administration has also committed to provide cooking gas for ₹450 per cylinder, he said.

In Bharatpur a month ago, Modi said there was a disparity in petrol prices between Congress-ruled Rajasthan (about ₹ 109 per litre) and its BJP-ruled neighbours Uttar Pradesh, Gujarat and Haryana (approximately ₹97 per litre). "I'm giving you this assurance that petrol pricing will be reviewed immediately after formation of the BJP government, and as soon as possible, a decision in public interest will be taken," he had said.



The government may reduce petrol rates by ₹8-10 per litre.

"There is a scope to reduce petrol prices by ₹8-10 per litre, while keeping precarious financial state of Rajasthan in mind. A balance could be made by a token reduction in diesel rate also. But, a review will take place only after the cabinet is formed," a second official said, declining to be named.

Petrol in state capital Jaipur is sold at ₹108.48 per litre, which costs ₹96.57 a litre in Lucknow in Uttar Pradesh, according to state-run Indian Oil Corporation, India's largest fuel retailer. It costs ₹96.42 a litre in Ahmedabad and ₹97.18 in Gurugram.

Diesel in Jaipur pumps is sold at ₹93.72 per litre, Lucknow (₹89.76), Ahmedabad (₹92.17) and Gurugram (₹90.05).

Petrol and diesel rates vary because of state levies and other local charges. Pump prices of transport fuels are comparatively higher in Rajasthan because of high VAT and other levies, an executive working for a state-run refiner said, requesting anonymity.

Rajasthan charges 31.04% VAT and ₹1,500 per kilolitre road development cess on petrol, and 19.30% VAT and ₹1,750 per kilolitre road development cess on diesel. Comparatively, Uttar Pradesh levies 19.36%, or ₹14.85, per litre VAT, whichever is higher, on petrol and 17.08%, or ₹10.41 a litre, whichever is higher, on diesel. VAT on petrol in Gujarat is 13.7% plus 4% cess and VAT on diesel is 14.9% plus 4% cess. In Haryana, the key tax on petrol is 18.2%, or ₹14.50 a litre, whichever is higher; on diesel, it is 16%, or ₹11.86 a litre, whichever is higher.

Two other states, Madhya Pradesh and Chhattisgarh, where BJP has formed new governments, may also review tax rates on petrol and diesel and consider reducing pump rates of the two fuels, the first official said. State governments of Rajasthan, Madhya Pradesh and Chhattisgarh did not respond to emailed queries.

"There is a scope to reduce petrol and diesel prices in these states by reducing VAT," the official said. Vat on petrol in Chhattisgarh is 24% plus ₹2 per litre and on diesel, it is 23% plus ₹ 1 per litre. In Madhya Pradesh, VAT on petrol is 29% plus ₹.2.5 a litre plus 1% cess, and on diesel, it is 19% plus ₹1.5 per litre VAT and 1% cess.

TIMES OF INDIA, Delhi, 19.12.2023
Page No. 20, Size:(14.59)cms X (8.68)cms.

Red Sea attacks force ships to reroute, hitting supply

US-Led Coalition To Hold Talks On Threats Today

NYT

2 CARGO VESSELS HIT: File photo of ships in the Red Sea. The Houthi group said it had attacked two cargo vessels in the area on Monday

Dubai: Attacks by Yemen's Iran-aligned Houthi militants on ships in the Red Sea are disrupting maritime trade and prompting US efforts to build a coalition to deal with the threat, as freight firms reroute around the Cape of Good Hope to avoid the Suez Canal. The Houthi group said it launched a drone attack on two cargo vessels in the area on Monday, the latest in a series of missile and drone strikes on shipping which it says are a response to Israel's assault on Gaza Strip.

US defence secretary Lloyd Austin, speaking on a visit to Israel, said Washington was building a coalition to address the Houthi threat and said defence ministers from the region and beyond would hold virtual talks on the issue on Tuesday. Norway said it was ready to provide 10 naval officers, Italy said it was considering joining and Denmark said it would "participate" in helping to provide security.

About 15% of world shipping traffic transits via the Suez Canal, the shortest route between Europe and Asia.

Several major companies — including MSC — have begun to sail around Africa, adding costs and delays which are expected to be compounded in the coming weeks.

The attacks have showed the ability of Middle Eastern paramilitary forces backed by Iran to upset global trade at a time when Tehran and its proxies are positioning themselves against the US and Israel.

Combined, the firms that have diverted vessels "control around half of the global container shipping market," an ABN Amro analyst said.

Oil major BP paused transits through the Red Sea and oil tanker group Frontline Monday said its vessels will avoid passages through the waterway, signs the crisis was broadening to include energy shipments. Crude oil prices rose on those concerns on Monday.

Later on Monday, Norwegian energy group Equinor said it rerouted "a few ships" carrying crude oil and LPG away from the Red Sea. Tanker firm Euronav said it will avoid the Red Sea until further notice.

The Houthi attacks were also forcing companies to rethink their connections with Israel, with Taiwan's Evergreen Marine saying it had stopped accepting Israeli cargo.

Observers pointed out that despite the Houthi group's claim to be hitting only Israeli-linked vessels, their targets include ships not headed to or affiliated with Israel. REUTERS

LARGE PSUS ACHIEVED 66.6% OF FY24 CAPEX TARGET TILL NOVEMBER

On PSU capex push: Oil, highways, rail set the pace; steel, green power trail

SUKALP SHARMA
NEW DELHI, DECEMBER 18

India's oil and gas companies are working to rapidly expand capacities and capabilities on multiple fronts as the country's energy demand is expected to rise significantly over the coming years. *File*

FY24 PSU CAPEX STATUS

	FY24 Target (Rs cr)	Achievement till Nov (Rs cr)	Achievement till Nov (%)
Railways	2,72,741	1,76,496	64.7
Roads	1,62,207	1,15,356	71.1
Petroleum	1,06,763	81,828	76.6
Power	60,938	33,460	54.9
Communication	59,625	43,646	73.2
PMO	22,594	9,566	42.3
Coal	19,480	13,023	66.9
Steel	10,260	5,306	51.7
Defence	4,245	1,765	41.6
Civil aviation	4,000	2,587	64.7
Housing	3,700	2,509	67.8
Mines	2,150	1,433	66.7
Renewable energy	2,051	290	14.2
Shipping	300	263	87.6
OVERALL*	7,33,345	4,88,470	66.6

(Data for PSUs with FY24 capex aim of over Rs 100 crore)

*(*includes capex data from five more ministries)*
Source: Department of Public Enterprises (DPE), Ministry of Finance

PUBLIC SECTOR oil and gas companies have already achieved over three-fourths of their cumulative capital expenditure (capex) target for the current financial year ending March (FY24), taking a lead over most large public sector undertakings (PSUs) under other central government ministries, latest government data shows.

Capex refers to expenses or investments made by companies to buy or upgrade long-term fixed assets like land, production units, and equipment for fostering growth. India's oil and gas companies are working to rapidly expand capacities and capabilities on multiple fronts--exploration and production, refining and petrochemicals, fuel retail, and gas infrastructure--as the country's energy demand is expected to rise significantly over the coming years.

In the first eight months of FY24, 10 oil and gas PSUs with a cumulative capex aim of Rs 1.07 lakh crore for the fiscal spent a total of Rs 81,828 crore, or 76.6 per cent, according to data from the Department of Public Enterprises (DPE). The DPE actively tracks the capex progress of all PSUs with an annual capex target of over Rs 100 crore. Ten of the 12 PSUs under the petroleum ministry have a capex aim over that threshold for FY24. The combined capex achievement level of the 10 oil and gas PSUs is significantly higher than the overall achievement of 66.6 per cent cumulatively by all PSUs over the Rs 100-crore capex threshold. In all, there are 59 such PSUs from a total of 19 ministries. These companies have a collective capex target of Rs 7.33 lakh crore for the current fiscal, of which, Rs 4.88 lakh crore was spent in the April-November period. The collective capex aim of these 59 PSUs accounts for 73 per cent of the Centre's overall capex target of Rs 10.01 lakh crore for the fiscal. Over the past few years, raising government capex has been a key element of the Centre's strategy to generate demand in the economy, spur economic growth, and crowd in private sector investment. The Rs 10.01-lakh-crore capex announced by Finance Minister Nirmala Sitharaman in the Budget for FY24 was 33 per cent higher year-on-year. The FY24 capex is almost three times the Centre's capital outlay for FY20.

Only the shipping ministry exceeds the petroleum ministry in terms of percentage achievement of capex of large PSUs. However, it is worth noting that just one shipping ministry PSU--Cochin Shipyard--is among these 59 PSUs and has a capex aim of just Rs 300 crore for FY24, of which it achieved 87.6 per cent till November.

Key infrastructure Ministries whose PSUs did not meet even 60 per cent of their capex targets till November include the likes of renewable energy, steel, and power. Of its FY24 capex aim of Rs 2,051 crore, Solar Energy Corporation of India (SECI) achieved just 14.2 per cent till November. SECI is the only PSU of the renewable energy ministry among the 59 companies. Six PSUs of the steel ministry achieved 51.7 per cent of their cumulative capex aim of Rs 10,260 crore in April-November. As for the power ministry, which has seven PSUs among the 59 companies, Rs 33,460 crore were spent, accounting for 54.9 per cent of the annual target of Rs 60,938 crore.

In terms of the PSU capex target, the petroleum ministry stands third in the pecking order. The railway ministry tops the list with an aim of Rs 2.73 lakh crore (64.7 per cent achieved till November), followed by the roads, transport, and highways ministry with a target of Rs 1.62 lakh crore (71.1 per cent achieved). The high capex aims for railway and road PSUs mean that they lag oil PSUs in terms of target achievement despite having spent more in absolute terms.

Among the oil and gas PSUs, refiner and fuel retailer Hindustan Petroleum Corporation (HPCL) has already exceeded its FY24 capex target of Rs 10,210 crore by spending Rs 11,904 crore till November. The country's largest refiner and fuel retailer Indian Oil Corporation (IOC), which has the highest capex aim--Rs 30,395 crore--among all oil and gas PSUs, achieved 85.5 per cent of the target by November.

India's largest upstream oil company Oil and Natural Gas Corporation (ONGC) spent Rs 20,330 crore as capex in April-November, achieving 67.5 per cent of its Rs 30,125-crore aim for FY24. Government-owned refiner Bharat Petroleum Corporation (BPCL) achieved 65.9 per cent of its FY24 capex target of Rs 10,000 crore till November, while gas major GAIL achieved 79.4 per cent of its Rs 7,750-crore aim.

FULL REPORT ON
www.indianexpress.com

India slashes windfall tax on diesel, crude oil

REUTERS
BENGALURU, DECEMBER 18

INDIA HAS cut the windfall tax on diesel and crude oil on Monday, according to a government notification.

The government cut the windfall tax on crude oil to Rs 1,300 ($15.64) a tonne from Rs 5,000 a tonne, while cutting the diesel windfall tax to Re 0.5 per litre from Re 1 per litre, the notification said.

The windfall tax on aviation turbine fuel has been hiked to Re1/litre from zero.

The government imposed a windfall tax on crude oil producers in July 2022 and extended the levy on exports of gasoline, diesel and aviation fuel as private refiners wanted to sell fuel overseas to make gains from robust refining margins instead of selling locally.

INDIAN EXPRESS, Delhi, 19.12.2023
Page No. 15, Size:(6.28)cms X (3.77)cms.

Capital infusion in OMCs may fall below ₹35,000 cr budget estimate

PRASANTA SAHU
NEW DELHI, DECEMBER 18

CAPITAL INFUSION in state-run oil marketing companies (OMCs) may turn out to be much less than the budget estimate (BE) of Rs 35,000 crore in the current financial year. This is because robust profits in the first half on the back of subdued crude oil prices enabled these firms to partly offset the losses incurred in the previous quarters, sources told *FE*.

"There is no clarity as of now on how much capital will be infused in the OMCs, but it will be only a part (of the budget estimate)," an official said.

A final decision, however, might also factor in the likely cut in retail petrol and diesel prices by OMCs ahead of general elections in April-May, sources said.

The state-run fuel retailers are widely expected to resume daily revision of petrol and diesel prices over the next weeks. Calibrated price cuts may begin once volatility in global oil prices gets reduced, and the Indian basket of crude settles in the range of $80-85/barrel, according to analysts.

In the Budget 2023-24 presented on February 1, the government had announced Rs 30,000-crore equity investment plan for the three OMCs — IOC, BPCL and HPCL — towards energy transition and net-zero objectives. **FE**