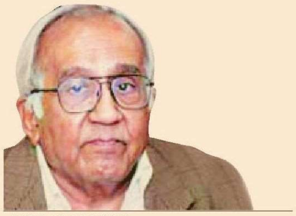
BUSINESS STANDARD, Delhi, 22.3.2023
Page No. 17, Size:(22.94)cms X (38.54)cms.

PARIKH PANEL RECOMMENDATION

The committee's logic for proposed gas policy



KIRIT S PARIKH

The main objectives of the gas pricing policy considered by the committee, which I chaired, were the following:

- To increase the production of natural gas in India to meet the government's target of increasing the share of natural gas in the primary energy mix of the country to 15 per cent by 2030 and also to contribute to energy security
- To ensure the availability of natural gas to end users, vulnerable sectors and sections of society at fair and affordable costs
- To realise these objectives with minimum burden on central and states finances

In doing so, the producers and distributors must get an adequate return on their investments.

India uses around 63,000 million metric standard cubic metres (MMSCM) of gas, of which 47 per cent is imported as liquefied natural gas (LNG). The share of natural gas in India's primary energy mix in 2022-23 was around 6.3 per cent. Thus, an important question was how to increase domestic gas production. Since exploration and production of gas involve a lot of risk for the investors, they want total pricing and marketing freedom and assurance of stable government policy. Such freedom is already provided to fields allotted after February 2019. This is the goal of the pricing policy for all producers. The trust in the stability of government policy will be earned over time.

Currently, many pricing regimes are followed depending on when the field was allotted and under what terms. These can be grouped under three categories; the first is the fields given to ONGC and OIL on a nomination basis. These two public sector firms produce nearly 70 per cent of the domestic gas. The price of their gas is administered by the government and is called the APM (administered price mechanism) gas. Since 2014, the price of APM gas has been determined as the weighted average producer price of four foreign markets, one in the USA, one in Canada, one in Europe, and one in the former Soviet Union excluding Russia. The price was revised every six months.

In a competitive market, it is the consumer price that should be equalled to the cost of imported gas. Linking the producer price in India to that of foreign producers can create problems. The cost of production varies from field to field, and the formula produced an APM gas price of $1.79 per metric million British thermal unit (MMBtu) from October 1, 2020, to October 1, 2021. This did not cover even the marginal cost of production of ONGC and OIL. A $4 per MMBtu would cover their cost and provide a reasonable profit margin. Thus, a floor price of $4 per MMBtu was recommended.

The APM gas is allotted to different consumers, household consumers of piped natural gas (PNG), transport vehicles that run on compressed natural gas (CNG), and fertiliser producers. Household consumers need to be provided with clean cooking fuels as using firewood or dung, or coal causes indoor air pollution with adverse impacts on health such as lung disease, eye infections and premature deaths. To attract people to use PNG instead of LNG, much of which is also imported, the delivered price of PNG has to be lower than that of liquefied petroleum gas (LPG) to account for the piping cost required for PNG.

CNG use by transport vehicles is promoted to reduce urban air pollution. CNG vehicles emit fewer particulates and less CO2 than Bharat Standard VI diesel vehicles. Thus, the cost of CNG for the vehicles has to be less than that of diesel.

As long as the government subsidises fertiliser, the subsidy on gas supplied to fertiliser plants merely replaces the one on fertiliser price to farmers.

Thus, APM gas price has to be fixed so that PNG and CNG users remain competitive compared to their alternatives. The committee has suggested that the price be fixed based on the import price of Indian basket of crude oil with a slope of 10 per cent, i.e. the APM gas price will be in $/MMBtu = 0.1*$/barrel of average import price of the Indian basket of crude oil with a ceiling of $6.50/MMBtu. Since the prices of LNG and diesel are related to the price of crude, this will ensure that PNG and CNG remain competitive.

Since the international price of crude oil and gas has been very volatile recently, a ceiling price is imposed. The ceiling price of $6.5/MMBtu is the landed cost of import even when the producer price in the US falls to $2.5/MMBtu when the loss of 15 per cent in liquefaction, cost of loading and shipping, and the cost of unloading and regasification are included. Once the volatility in the international market falls, APM gas price may be freed and be market-determined.

The set of other producers who were given fields through competitive bidding have different conditions. While some have cost-sharing, some have profit-sharing and some revenue-sharing. They all have pricing freedom but with a ceiling that the government prescribes periodically. The ceiling should be removed from January 1, 2026. The reason for delaying this is that a number of producers have contracts that are linked to the ceiling price. A sudden removal will create unnecessary disturbance and legal issues.

We had explored the impact of various pricing regimes on government finances and concluded that even when the gas price is freed and reaches a value as high as $15/MMBtu and the government subsidises PNG and CNG users, the net impact on government finance is positive. Thus, the policies recommended put no burden on government finance.

The author is former member, Planning Commission, and chairman, Integrated Research and Action for Development

Coal, crude oil spike lead port cargo charge in FY23

Growth in bulk segments but clouds over container cargo

DHRUVAKSH SAHA
New Delhi, 21 March

India's state-owned ports have registered a strong growth during the 11 months of the ongoing financial year due to enhanced supply of imported coal, increased coastal shipping of domestic coal, and rising crude oil imports.

Data released by the government shows that cargo growth in FY23 has been 9.4 per cent, with total volumes at 711 million tonnes (mt).

This growth has come despite slow international trade for the majority of this fiscal year, as the impact of the Russia-Ukraine war was seen across commodities. Overseas cargo handled at major ports increased by 10.2 per cent to 546.88 mt during April-February 2022-23 from 496.45 mt during April-February 2021-22, according to data from the ministry of ports, shipping, and waterways (MoPSW). Major ports refer to those owned by the Central government.

Coastal cargo handled at major ports increased by 7.1 per cent to 164.67 mt during FY23, from 153.70 mt during April-February, 2021-22.

So far, in this financial year, imported and other unclassified coal has seen a spike of 89 per cent during the fiscal, while domestic thermal coal volumes grew by 21 per cent. Crude oil cargo also saw a growth of 13 per cent.

Among the major drivers of coal demand is the country's power generation sector which is again bracing for record high electricity demand in the upcoming summer months.

The Centre has also directed states to import thermal coal to meet the shortfall. Additionally, non-power sectors especially steel and manufacturing are witnessing an uptick in business which is also pushing demand for both coking and non-coking coal.

Experts believe these numbers are likely to maintain an elevated level as more coal is moved through the rail-sea-rail (RSR) route over the rail route in the coming months. Crude oil imports have been rising ever since sanctions-hit Russia offered its oil with deep discounts. India imported about 51 million barrels of crude oil from Russia in February, 16 per cent higher than the 44 million barrels imported in January.

TRACKING GROWTH AFTER THE PANDEMIC

Major port volumes (in mn tonnes)

COMMODITY-WISE GROWTH

(In '000 tonnes)

Commodities	February, 2023 Cargo handled	February, 2023 % share	April-February, 2022-23 (P) Cargo handled	April-February, 2022-23 (P) % share	YoY change (%)
Container	13,672	20.9	154,713	21.7	1.3
POL crude	13,990	21.4	147,230	20.7	13
Thermal coal	8,333	12.7	97,144	13.7	21.4
POL products	4,877	7.5	52,129	7.3	-5.7
Iron ore pellets/fine	5,072	7.7	40,493	5.7	-11.5
Other coal	3,380	5.2	37,998	5.3	89.2
Coking coal	2,435	3.7	35,643	5	12.9
Iron and steel	925	1.4	8,460	1.2	-18.8
Foodgrain, minus pulses	425	0.7	6,157	0.9	5.9
Fertiliser-Dry	673	1	7,650	1.1	-4
Total	**65,450**	**100**	**711,550**	**100**	**9.4**

Note: Total may not match as all commodities are not included
Source: Ministry of Ports, Shipping, and Waterways
POL: Petroleum, oil, and lubricants

Meanwhile, the international trade outlook remains grim, which is likely to impact movement of finished goods.

In containers, India saw a year-on-year price dip of 50 per cent from $4,237 in March 2022 to $2,127 in March 2023. Despite growth in all segments and added handling capacity at key ports such as Jawaharlal Nehru Port (JNPT) and Deendayal Port (DPT), container cargo had a near-negligible growth in FY23. The Centre has made coastal shipping a focus area.

Union Finance Minister Nirmala Sitharaman said in this year's budget speech that coastal shipping will be promoted as the energy-efficient and lower-cost mode of transport, both for passengers and freight, through public-private partnership (PPP) mode with viability gap funding (VGF).

The Centre is currently working on a production-linked incentive scheme for containers to save transporters from such price volatility.

"The decline in demand for freight or containerized trade is due to the absence of significant inventory destocking in the US and EU, with the uncertainty around inventory restocking and consumer spending exacerbating the situation. This signals a grim outlook for the revival of container prices in the near future," a forecast from Germany-based logistics platform Container Xchange stated earlier this week. "The excess of containers and falling demand is a bad sign for the global economy, as it suggests a decrease in buying and selling by people and businesses," it added.

INDIAN EXPRESS, Delhi, 22.3.2023
Page No. 18, Size:(2.67)cms X (7.63)cms.

Windfall tax on diesel export hiked

New Delhi: The government has hiked the windfall profit tax on export of diesel to Re 1 per litre while the levy on domestically produced crude oil has been cut by a fifth, according to an official order.

The levy on crude oil produced by companies, such as Oil and Natural Gas Corporation (ONGC) has been reduced to Rs 3,500 per tonne from Rs 4,400 per tonne, the order dated March 20 said.

The government raised the tax on export of diesel to Re 1 per litre from Rs 0.50, and the same on overseas shipments of ATF remains at nil.

The new tax rates come into effect from March 21, the order said. Crude oil pumped out of the ground and from below the seabed is refined and converted into fuels like petrol, diesel and aviation turbine fuel (ATF). PTI

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BUSINESS LINE, Delhi, 22.3.2023
Page No. 3, Size:(6.02)cms X (12.49)cms.

Windfall levy cut on crude oil, hiked on diesel for export

Our Bureau
New Delhi

The Finance Ministry has lowered the windfall levy on domestically produced crude oil, while raising it on diesel. The revised levy has come into effect as of Tuesday.

According to a notification, windfall levy, technically known as Special Additional Excise Duty (SAED), has been lowered to ₹3,500 per tonne from ₹4,400 per tonne. One of the reasons could be the fall in global crude oil prices. This will benefit companies such as Oil and Natural Gas Corporation (ONGC). SAED is not applicable to entities whose annual crude oil production is less than 2 million barrels in the previous financial year.

However, as product prices are on the rise and also to ensure better diesel availability, the Ministry has hiked the levy on diesel for export to ₹1 litre from ₹0.50 a litre earlier. Reliance Industries and Rosneft-backed Nayara Energy are primary exporters of fuel

India first imposed windfall profit taxes last July, joining a number of nations that tax super normal profits of energy companies. At that time, export duty of ₹6 per litre ($12/bbl) was levied on petrol and ATF, and ₹13 a litre ($26/bbl) on diesel. A ₹23,250 per tonne ($40/bbl) windfall profit tax on domestic crude production was also levied.

The tax rates are reviewed every fortnight based on oil prices in the previous two weeks. The government levies a tax on windfall profits from oil producers on any price above a threshold of $75 per barrel. As per Finance Ministry, the data for SAED on production of crude oil is not maintained separately. The collection of SAED, for the current financial year, is estimated at the level of ₹25,000 crore from production of crude oil, export of petrol, diesel and aviation turbine fuel.

Windfall tax cut on domestic crude oil

THE CENTRE HAS slashed the windfall tax on domestically produced crude oil to ₹3,500 per tonne from ₹4,400 per tonne. It also hiked the tax on diesel meant for exports to ₹1 per litre from ₹0.5 per litre. FE BUREAU

FINANCIAL EXPRESS
READ TO LEAD

MILLENNIUM POST, Delhi, 22.3.2023
Page No. 10, Size:(21.75)cms X (6.97)cms.

Windfall tax on diesel export hiked to Re 1 per litre

NEW DELHI: The government has hiked the windfall profit tax on export of diesel to Re 1 per litre while the levy on domestically produced crude oil has been cut by a fifth, according to an official order.

The levy on crude oil produced by companies such as Oil and Natural Gas Corporation (ONGC) has been reduced to Rs 3,500 per tonne from Rs 4,400 per tonne, the order dated March 20 said.

The government raised the tax on export of diesel to Re 1 per litre from Rs 0.50, and the same on overseas shipments of ATF remains at nil.

The new tax rates come into effect from March 21, the order said.

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

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

India first imposed windfall profit taxes on July 1 last year, joining a growing number of nations that tax super normal profits of energy companies. At that time, export duties of Rs 6 per litre ($12 per barrel) each were levied on petrol and ATF and Rs 13 a litre ($26 a barrel) on diesel. A Rs 23,250 per tonne ($40 per barrel) windfall profit tax on domestic crude production was also levied.

The export tax on petrol was scrapped in the very first review and that on ATF was done away with at the last review on March 4.

Reliance Industries Ltd, which operates the world's largest single-location oil refinery complex at Jamnagar in Gujarat, and Rosneft-backed Nayara Energy are primary exporters of fuel in the country.

The government levies tax on windfall profits made by oil producers on any price they get above a threshold of $75 per barrel.

The levy on fuel exports is based on cracks or margins that refiners earn on overseas shipments. These margins are primarily a difference between the international oil price realised and the cost. AGENCIES

BUSINESS STANDARD, Delhi, 22.3.2023
Page No. 4, Size:(19.25)cms X (11.97)cms.

Windfall tax on diesel export increased to ₹1 per litre

The government has hiked the windfall profit tax on export of diesel to ₹1 per litre while the levy on domestically produced crude oil has been cut by a fifth, according to an official order. The levy on crude oil produced by companies such as Oil and Natural Gas Corporation (ONGC) has been reduced to ₹3,500 per tonne from ₹4,400 per tonne, the order dated March 20 said. The government raised the tax on export of diesel to ₹1 per litre from ₹0.50, and the same on overseas shipments of aviation turbine fuel (ATF) remains at nil. The new tax rates come into effect from March 21. PTI

TRIBUNE, Delhi, 22.3.2023
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Windfall tax on diesel exports hiked, levy on crude oil slashed

NEW DELHI, MARCH 21

The government has hiked the windfall profit tax on export of diesel to Re 1 per litre while the levy on domestically produced crude oil has been cut by a fifth, according to an official order.

The levy on crude oil produced by companies such as ONGC has been reduced to Rs 3,500 per tonne from Rs 4,400 per tonne, the order dated March 20 said.

The government raised the tax on export of diesel to Re 1 per litre from Rs 0.50, and the same on overseas shipments of ATF remains at nil. The new tax rates come into effect from March 21, the order said.

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

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

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

NEW RATES EFFECTIVE IMMEDIATELY

- Windfall profit tax on export of diesel has been hiked to ₹1 per litre from ₹0.50 per litre earlier
- The levy on crude oil produced by companies such as ONGC has been reduced to ₹3,500 per tonne from ₹4,400 per tonne
- The new tax rates come into effect from March 21

ASIAN AGE, Delhi, 22.3.2023
Page No. 7, Size:(2.58)cms X (7.54)cms.

CENTRE SLASHES WINDFALL TAX ON CRUDE OIL

MADHUSUDAN SAHOO
NEW DELHI, MARCH 21

The central government has hiked the windfall profit tax on the export of diesel to ₹1 per litre but the levy on domestically produced crude oil has been cut by a fifth. The revised rate(s) of windfall tax would come into effect from March 21. However, this cut on domestically-produced crude oil is learnt to have come in the backdrop of a reduction in global crude oil prices.

According to the official notification issued on late Monday, the government slashed the windfall gains tax on the domestic production of crude petroleum by ₹900 per tonne from ₹4,400 tonne to ₹3,500 per tonne. "The export duty on diesel, instead of being reduced like windfall tax, has been increased to ₹1 per litre. Previously, this amount stood at ₹0.50 per litre," the official said.

PIONEER, Delhi, 22.3.2023
Page No. 1, Size:(9.88)cms X (19.49)cms.

Army begins work on hydrogen-based micro-grid along LAC

PNS ■ NEW DELHI

The Indian Army has put in motion the process for installation of a green hydrogen based micro grid power plant project in the forward areas along the Northern borders facing China not connected by the national or State grid.

Giving details here on Tuesday, officials said a memorandum of understanding (MOU) was signed here between the Indian Army and National Thermal Power Corporation Renewable Energy Limited (NTPC REL).

The Army is providing requisite land on lease for 25 years with a commitment to purchase generated power through a Power Purchase Agreement (PPA). The proposed projects — part of the National Green Hydrogen mission — will be installed by NTPC on Build, Own and Operate (BOO) Models at a jointly identified location in Eastern Ladakh.

The project entails setting up a Solar Power Plant for

hydrolysis of water to produce Hydrogen, which, during non-solar hours will provide power through fuel cells. This will set the stage for similar projects in the future and contribute towards reducing dependence on fossil fuel-based generator sets with concomitant abatement of green-house gas emissions.

With this MoU, the Indian Army has become the first Government organisation to enter into an agreement with the National Thermal Power Corporation Renewable Energy Limited with firm plans to roll out similar projects in the future.

VIRAT VAIBHAV, Delhi, 22.3.2023
Page No. 15, Size:(6.10)cms X (4.66)cms.

डीजल निर्यात पर अप्रत्याशित लाभ कर बढ़ाकर एक रुपए प्रति लीटर किया गया

एजेंसी ■ नई दिल्ली

सरकार ने डीजल के निर्यात पर लगने वाले अप्रत्याशित लाभ कर में बढ़ोतरी करते हुए इसे एक रुपए रुपए प्रति लीटर कर दिया जबकि घरेलू स्तर पर उत्पादन किए जाने वाले कच्चे तेल पर कर में कटौती की गई है। सरकार की तरफ से 20 मार्च को जारी एक आदेश में यह जानकारी दी गई। इसमे बताया गया कि ओएनजीसी जैसी तेल उत्पादक कंपनियों के कच्चे तेल उत्पादन पर लगने वाले शुल्क को 4,400 रुपए प्रति टन से घटाकर 3,500 रुपए प्रति टन कर दिया गया है। डीजल निर्यात पर कर 0.50 रुपए प्रति लीटर से बढ़ाकर एक रुपए प्रति लीटर किया गया है। विमान ईंधन एटीएफ पर लगने वाले कर में कोई बदलाव नहीं है और यह शून्य बना हुआ है। आदेश में कहा गया कि नई कर दरें 21 मार्च से प्रभाव में आएंगी। जमीन एवं समुद्र के भीतर से उत्खनित कच्चे तेल का शोधन कर उसे पेट्रोल, डीजल एवं विमान ईंधन जैसे अलग-अलग ईंधनों में परिवर्तित किया जाता है। बीते चार मार्च को सरकार ने डीजल के निर्यात पर लगने वाले अप्रत्याशित लाभ कर में कटौती करते हुए 0.50 रुपए प्रति लीटर करने के साथ ही विमान ईंधन एटीएफ पर लगने वाले कर को शून्य कर दिया था। सरकार ने गत वर्ष जुलाई में पहली बार तेल उत्पादक कंपनियों पर अप्रत्याशित लाभ कर लगाया था।

गेल
GAIL
NAVODYA TIMES, Delhi, 22.3.2023
Page No. 12, Size:(21.87)cms X (30.94)cms.

केंद्र सरकार ने कच्चे तेल पर विंडफॉल टैक्स में की बड़ी कटौती, डीजल पर बढ़ाई ड्यूटी

नई दिल्ली, 21 मार्च (एजेंसी) : केंद्र सरकार ने कच्चे तेल के घरेलू प्रोडक्शन पर विंडफॉल टैक्स (अप्रत्याशित लाभ कर) को लेकर बड़ी कटौती की है। सरकार ने कच्चे तेल पर विंडफाल टैक्स को घटाकर 3,500 रुपए प्रति टन कर दिया है, जो इससे पहले 4400 रुपए प्रति टन था। यानी क्रूड पर विंडफॉल टैक्स में 900 रुपए प्रति टन की कटौती की गई है। सरकार ने एक नोटिफिकेशन में यह जानकारी दी है। हालांकि डीजल पर सरकार ने ड्यूटी बढ़ा दी है।

केंद्र सरकार ने डीजल के एक्सपोर्ट ड्यूटी में 0.50 रुपए प्रति लीटर की बढ़ौतरी की है। अब यह 1 रुपए प्रति लीटर हो गया है। वहीं दूसरी ओर पैट्रोल तथा एविएशन टर्बाइन फ्यूल (ए.टी.एफ.) यानी जैट फ्यूल को इससे छूट दी गई है।