BUSINESS STANDARD, Delhi, 22.9.2023
Page No. 10, Size:(19.96)cms X (30.60)cms.

THE COMPASS

OMCs may feel the heat of high crude oil prices

DEVANGSHU DATTA

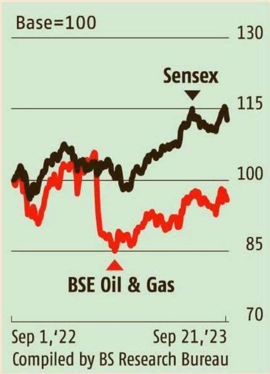
India's trade account could come under pressure and there could be an inflation push if crude oil prices remain above the $90 per barrel (Brent) for a prolonged period since India imports over 85 per cent of its oil and roughly 50 per cent of its gas.

A rebound in economic activity is bound to lead to higher fuel demand. While India is the third-largest importer of crude, it is a net exporter of refined products, which helps to compensate to some degree.

The recent price surge is due to the supply reduction announcements from Russia and Saudi Arabia. Saudi Arabia has set a production target of 9 million barrels per day (mbpd) for the remainder of the year, down from 11 mbpd in October 2022.

Russia, which also produces around 9.4 mbpd, has extended a reduction of 300,000 barrels per day of export until the end of December. So, Q3FY24 is expected to see high prices.

India has been hiking imports of Russian crude due to the discount in price but that discount, which was close to $30 per barrel in January 2023 is now down to $14. Even so, Russia holds around 34 per cent market share (August) in Indian imports down from 44 per cent (April). The Indian crude basket is averaging around $82-83 for April-August 2023 period, and expected to rise to around $87 for FY24.



Given that the global economy is in a downturn, balancing off imports by raising exports is difficult and hence, the trade balance may deteriorate, and of course, that may mean a Current Account Deficit. Taken together, the macroeconomic impact could create some more pressure on the rupee. Given the election pressures, there will be a reluctance to hike retail prices at the pump or in household gas. This could mean oil marketing companies (OMCs) absorbing under-recoveries, and perhaps sharing losses with upstream PSU oil producers.

It could also mean slippage on the fiscal deficit because just as the OMCs will be reluctant to hike retail prices, the government will also be reluctant to cut budgeted spend on infrastructure.

The likelihood is that upstream profits for producers will also be capped due to the windfall tax creating a ceiling above realisations of around $75 per barrel equivalent. Since international gas prices also move in tandem with crude, LNG prices could rise impacting the margins for city gas distribution (CGD) players who do import. According to energy analysts, gross refining margins (GRMs) will remain strong, especially in diesel, since the Saudi production cuts will push GRMs up. This means refined exports may compensate to some extent for a higher import bill.

Assuming crude and gas prices do remain elevated however, despite strong GRMs, the impact on the OMCs is likely to be clearly negative. Most analysts are factoring in earnings downgrades for downstream PSUs in the OMC sector. The CGD players may also see earnings downgrades though there's less clarity on this.

The upstream production PSUs, ONGC and OIL, will not see much change in estimates due to the Windfall tax unless they are pushed to subsidise the OMCs. The macro consequences of a weaker rupee could include more inflation, which may be a cause of concern for the RBI. Reliance Industries could be a potential beneficiary of exports of diesel and other refined products if GRMs are good.

ECONOMIC TIMES, Delhi, 22.9.2023
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CLEAN ENERGY

Green Hydrogen, A Gas?

Arijit Barman

For a country that wants to drive the global narrative on decarbonisation, why is the recently notified definition of green hydrogen (GH2) making the industry and climate activists see red? As the industrial use of GH2 rises, the attempt to create an enabling environment to cater to a wider domestic ecosystem and aim for a significant chunk of global exports through standardisation is a logical first step. But continuing to depend on the paradox that fossil fuels, mainly coal, will fuel India's next 'green revolution' is hardly a forward leap by the world's third-largest emitter of CO_2.

Without plugging the critical gaps and relying on simplistic assumptions, the new definition will fail to achieve the main aim: reducing GHG emissions.

According to the ministry of new and renewable energy (MNRE), for hydrogen to be certified green, it now needs to have emissions of under 2 kg of CO_2 for every 1 kg of hydrogen produced. But the emissions will be measured over a 12-month average. This is far too lenient and does not push the decarbonisation agenda forward. The scope of the definition encompasses both electrolysis- and biomass-based hydrogen production methods.

The new notification also encourages the 'banking' of green energy with the grid while discouraging the greening of the grid by making electricity from green sources dispatchable — ideally the ultimate goal.

Grid banking is an industry mechanism of releasing excess RE generated during low-demand periods to the grid for third-party usage, only to be compensated with fossil-fired electricity during peak-demand times to balance out the intermittency of renewables.

But whenever renewable power is banked, electrolysers draw more grid power to run. It is accepted that 80% of that power is fired from fossil fuels, mainly coal, among the most polluting sources.

India's lax annual periodicity to measure GHG emissions will incentivise producers of GH2 to depend on accounting by banking energy with the grid to meet the policy criteria in principle instead of reducing emission levels.

These two factors can ensure nearly four times more GHG emissions in GH2 produced in the future than the natural gas-based grey hydrogen, the predominant variant. How?

Grey hydrogen fires India's refineries, steel mills, fertiliser plants and other industrial users as an alternate feedstock, but belches out 11 kg of CO_2 per kg of gas produced. According to the Central Electricity Authority, India's power grids emit 0.71 kg of CO_2 on average to produce one unit of power.

But to generate 1 kg of hydrogen, one needs approximately 56 units of power with current technologies. To generate a similar 1 kilo of GH2, one would end up emitting 39.76 kg of CO_2 (multiply 56 units by 0.71 kg), quadrupling the emissions compared to gas-based hydrogen, when we are aiming for it to be only 2 kg.

Admittedly, India doesn't have enough electricity and/or hydrogen-storage mechanisms compared to what the industry needs. Storage for GH2 and power are capital-intensive, but it is bound to trickle in with the right policy and scale-favourable economics. Large conglomerates are also ramping up capacity and investments into storage, thus making it a compelling alternative.

The policy needs to mandate a match between the power consumed by the electrolyser and the source of green power, ideally on a real-time basis or at least a monthly accounting basis, to avoid users relying on green power only when it suits them. This will enable deep decarbonisation of the grid.

There are no universally accepted standards on GH2. In that context, India has achieved a milestone. But, in the EU, the law specifies a monthly periodicity to measure the carbon emitted during the GH2 manufacturing process. It is valid until December 2029. After that, it suggests an hourly measurement basis. This is what truly gives sanctity to the methodology.

India's current hydrogen demand is around 6.5 million tonnes per annum, expected to double by 2030, but we are also planning to ship out an additional 5 MTPA of GH2 by 2030. Private supply contracts are getting stitched up to cater to markets as diverse as Germany and Japan.

The science of carbon calculation is clear. But instead of getting bogged down with incremental approaches to meet weak mandates and pacify a handful, MNRE's policies should push for long-term sustainable innovation and encourage risk-taking.

We shouldn't fall prey to supporting quick fixes just to accelerate financial returns.

It's also green, but suspicious

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'Govt on course to achieving 12% ethanol blending target this year'

Puja Das
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NEW DELHI

The Centre is confident of reaching its target of 12% ethanol blending with petrol target by the end of the current ethanol supply year ending October, Union food and public distribution secretary Sanjeev Chopra said on Thursday.

This comes after the government procuring agency Food Corp of India (FCI) temporarily halted the supply of rice for ethanol production in July. While grains account for 20% of ethanol blending with petrol, sugar has a contribution of 80%.

Highlighting the achievements of the sector, Chopra said, "India's sugar industry has been on a roller-coaster ride for decades, but recent years have energized the sector. Previously, the industry relied on subsidies. However, efforts such as the ethanol blending program have emerged as a game-changer. Starting with a 1.5% ethanol blending capacity in 2013-14 to a blending percentage of about 12% which we are likely to achieve this ethanol supply year."

"In spite of the bounces in between we are confident to meet the 12% ethanol blending capacity by the end of the current ethanol supply year," the food secretary said.

Ethanol blending with petrol (EBP) had reached 11.76% as of 31 August as against the target of 12% for the entire 2022-23 (December-October) ethanol supply year (ESY).

Indian Sugar Mills Association (ISMA) President Aditya Jhunjhunwala on Wednesday said sugar mills had contracted to supply about 4.5 billion litres of ethanol in the ongoing ESY.

He further said that though India has the potential to produce as much as 10 billion litres of ethanol from the current level of sugarcane production against a requirement of 12 billion litres to achieve a 20% EBP target by 2025-26. Sugar mills need to ramp up their capacity from the current 7 billion litres to at least 11 billion litres, which will require an estimated investment of Rs 17,500 crore.

Food and public distribution secretary Sanjeev Chopra.

"Sugar mills do not have the capacity and that needs to be raised urgently as only two years are left to meet the 20% ethanol blending target," Jhunjhunwala added.

In the current ethanol supply year, sugar mills supplied around 4.5 billion litres of ethanol to oil marketing companies (OMCs). Another 1 billion litres were supplied to the alcohol and other industries.

The sugar industry has played a pivotal role in the transformation. Currently, cane dues to farmers are at their lowest in years, which is a remarkable achievement.

Around ₹24,000 crore was approved by the union government for the sugar industry in the current sugar year ending September for cane dues to growers.

There is a lot more to be done, including digitalization of the sugar industry, and the government along with ISMA is committed to supporting the industry, the food secretary said.

"The sugar industry is doing a lot but there is more required which is intended to do and ISMA is aware of the possibilities. In terms of sugar recovery, we are currently at 11% which is a low-hanging fruit. In the next few years, we aim to achieve a 13% sugar recovery. For this, we need to digitise the entire sugar chain and ISMA is working on it," Chopra said.

"They are planning to use remote-sensing technology to ensure that the harvesting of sugarcane is happening at the appropriate time, even if the difference between the sugarcane arrival and the crushing is minimal so that the recovery could be maximised."

BUSINESS STANDARD, Delhi, 22.9.2023
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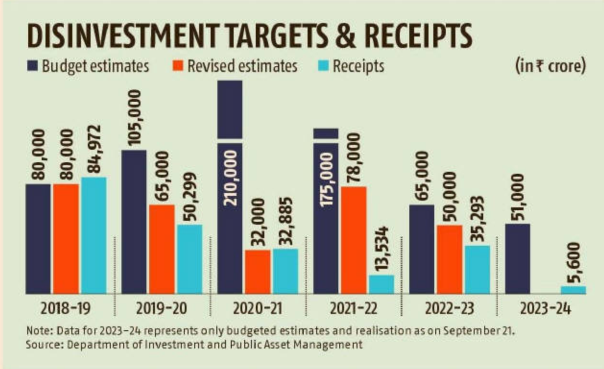
FLIGHT OF DISINVESTMENT

Air India flew and LIC moved, but a big-bang PSU stake sale programme has proved to be elusive so far



SHRIMI CHOUDHARY
New Delhi, 21 September

In February 2021, Prime Minister Narendra Modi made a strong pitch for selling the government's equity stakes in non-strategic public sector units (PSUs), saying sustaining loss-making enterprises on taxpayers' money drained resources that could have been spent on public welfare.

"The government has no business to be in the business," he said. "Modernise and monetise is the motto we will follow."

Soon after, the government unveiled a disinvestment pipeline featuring Air India, Container Corporation of India (Concor), Central Electronics, BPCL, and IDBI Bank. The beleaguered national carrier is now owned by the Tata Group and is creating ripples with its large order of planes and frenetic hiring of pilots. But there is not much to report on the progress with the others.

Since 2014, the government's total disinvestment proceeds stand at around ₹4.7 trillion. Barring 2017-18 and 2018-19, the disinvestment receipts fell short of the Budget Estimates (BE). In 2019-20, the government garnered ₹50,299 crore — half of the BE for the financial year. During the pandemic years — 2020-21 and 2021-22 — the receipts were significantly lower than BE.

In 2022-23, the proceeds were mainly driven by the public debut of Life Insurance Corporation of India (LIC), which fetched the Centre ₹35,293 crore, but there was still a shortfall of ₹15,000 crore from the revised estimates for the financial year. With IDBI Bank stake sale unlikely any time soon, the Centre might miss its target for the fourth straight year.

"Inter-ministerial coordination, information on the proposed PSUs, and due diligence are taking longer than expected to conclude the process," said multiple people privy to the matter.

In some cases, the process is held up due to inopportune timing, disinterest from buyers, opposition from employee unions, and past litigation. The last two years also saw pandemic-related uncertainty and external headwinds.

No new strategic sale has been approved in recent times. With some states going to the polls this year and the big one, Lok Sabha, next summer, experts say this is not the best time for politically sensitive moves.

Many a slip

Processes are on for selling the government's stake in IDBI Bank, Bharat Earth Movers Limited (BEML), Shipping Corporation of India (SCI), and Concor.

"I also have to see the appropriate time for bringing some disinvestment proposals to the market," said Union Finance Minister Nirmala Sitharaman, when asked whether the asset sale roadmap was stuck in the slow lane, during a wide-ranging interview last week. On IDBI Bank, she said it should happen, but did not give a definite timeframe. "I want to watch the market and take a call on when that will be. Nothing particularly is holding it back," she said.

The proposed sale of IDBI Bank, which is expected to work as the template for future bank disinvestments, had received initial bids seven month ago and is yet to get the Reserve Bank of India's "fit and proper" clearance on the shortlisted bidders. The Department of Investment and Public Asset Management (DIPAM), which handles the government's privatisation policy, explains the delay as part of the vetting process critical for sensitive sectors such as banking.

BEML and SCI stake sales, on the other hand, are grappling with demerger of land assets from the core divestment activity. On Concor, the railway ministry has expressed apprehensions over the impact on logistics prices. The BPCL stake sale was called off due to a muted response to the expression of interest. In the case of Pawan Hans and Central Electronics, the winning bidder was disqualified due to pending litigation.

Air India, LIC

Air India turned out to be a landmark not only in the journey of disinvestment but it was also a momentous privatisation, the first in 19 years. The previous privatisation, an instance of the government completely pulling out of the company, not just selling a part of its equity holding, was in 2003.

In the interim, not many candidates for privatisation were lined up, even as a new public sector enterprises policy envisaged the government to exit most businesses, while maintaining a minimal presence in select "strategic" sectors.

This was evident in the capital receipts of the central government and resulted in the disinvestment target being slashed year after year. Proceeds from disinvestment and privatisation are money receipts of the government that either create or reduce liability.

LIC's stock market debut, in which the Centre diluted 3.5 per cent equity for ₹21,000 crore, was a milestone in its own way, for the government as well as the markets. It was dubbed the "Mother of all IPOs". However, even after a year, its stock has not really set market indices on fire. Sources in DIPAM say the Centre may go for further dilution after the Lok Sabha election.

> **With IDBI Bank stake sale unlikely, the Centre might miss its target for the fourth straight year**

"Opposition from unions and finding the right valuation for PSUs act as dampeners in the disinvestment plan," says one of the persons cited in the beginning.

For the current financial year, 2023-24, the divestment target was set at ₹51,000 crore, deliberately kept lower than last year because the focus shifted to more achievable goals. During the first half of the year, up to September 21, the value of disinvestment receipts stood at ₹5,600 crore, a shade above 10 per cent of the target. Now that the IDBI Bank sale looks unlikely to go through this financial year, the target looks taller.

If the government is to meet this year's target, it might prioritise minority stake sale in listed PSUs, say experts, as these are likely to take less time and effort than a strategic sale and ceding of management control.

"Minority stake sales in Coal India and Rail Vikas Nigam have already accounted for a major part of the ₹5,000 crore mobilised through disinvestment in 2023-24. However, stock market conditions would play a key role in deciding the exact timing of the offer for sale," says Arindam Guha, an independent public policy expert.

Some experts say the government can afford to move slowly because its revenue receipts are comfortable and can fill the gaps.

Asset monetisation plan

The National Monetisation Pipeline (NMP), which was launched two years ago, monetised assets worth ₹1.32 trillion in 2022-23, against the target of ₹1.62 trillion. The shortfall occurred as some key ministries, including the railways, road transport, power, and telecom failed to meet their targets. The ministries of coal, mines, petroleum and natural gas, and shipping met theirs.

For 2023-24, a target of ₹1.79 trillion has been restated as set by the Niti Aayog. To ensure this target is met, the government asked key infrastructure ministries and departments to make asset monetisation a "priority".

The NMP's aggregate monetisation potential is ₹6 trillion, through the core assets of the central government during 2021-22 to 2024-25. During the first year, the monetisation of public sector brownfield assets unlocked a value of ₹97,693 crore.

ASIAN AGE, Delhi, 22.9.2023
Page No. 5, Size:(6.55)cms X (7.58)cms.

Economy facing headwinds

India may continue to remain a relative bright spot in the world economy with the potential of contributing to global growth this year and in the next. But a couple of headwinds seem to be blowing now that could see the raising of furrows in the brows of Indian economists.

The first is the rising cost of crude oil, all set to breach the psychological $100 a barrel of Brent mark. The other is the US Fed hardening its hawkish stance though it decided to hold the interest rates steady.

There may be no immediate impact on the Indian consumer in terms of the price of fuel at the pump as the government has frozen the rates since May 2020. Also, with elections less than a year away, the chances of fuel costing more at the pump can be safely discounted.

India's shrewder sourcing practices in buying discounted oil from Russia from the start of the Ukraine war and from Iraq to keep its crude basket average procurement rate lower than that of many other Asian countries will help cushion the blow from oil prices that are climbing steeply owing to Saudi Arabia and Russia being bent on maintaining production cuts till end 2023.

The cause for worry comes from other factors that will come into play despite India's comfortable current position as a big and growing oil consumer, importer of crude and exporter of diesel to Europe thanks to a sea change in global geopolitics.

Rising oil prices will hit home when they start affecting the Current Account Deficit. With the trade deficit hitting a 10-month high in August, a worsening deficit could put pressure on the rupee, which has already fallen to historic lows. Any further stress on the rupee could mean foreign investors could be driven away from investing in the Indian markets.

The US Fed's hawkish stance and possible reluctance to lower rates even in 2024 would also mean that bond yields would remain high enough for foreign investors to see them as a better proposition. Indian stock markets, which were on a roll to historic highs most recently, with the benchmark Nifty crossing 20,000 for the first ever time last week, are beginning the pinch now as seen in a 1,600-point drop in three sessions.

While bubbling stock markets are only an adjunct to the general good feeling about the prospects of the economy, none will rush to the aid of the bourses if they tumble. With inflation likely to rise globally in the wake of oil prices upward of $100 a barrel, it remains to be seen how the Indian economy faces these cyclical headwinds.

INDIAN EXPRESS, Delhi, 22.9.2023
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Changing How We Move

India needs a clear plan to scale up ethanol production

KARTHIK GANESAN

INTERNATIONAL OIL prices are surging, nearing \$100 per barrel once again. India's import dependence on crude oil and products stood at an all-time high of 87.3 per cent in FY2023, and 25.8 per cent of the country's import bill was spent on it. Our economy has the third-largest crude and product demand in the world with significant room for consumption growth. At the same time, estimates from the International Energy Agency suggest that in the last decade, up to 20 per cent of our total primary energy supply was met by biomass, and a large portion of it was used by households. The newly formed Global Biofuel Alliance under India's G20 presidency must now convert this fuel into a form that can supply clean bio-energy to multiple end uses, improve energy security and get value for public spending.

In a bid to arrest the dependence on imported crude, India launched its ethanol blending programme in 2003 but it saw little progress for more than a decade. In 2022, after a concerted policy push for five years, India's blending programme achieved the significant milestone of 10 per cent ethanol blending in petrol. Plans are now afoot to increase the blending share to 20 per cent (E20) by FY25-26, a target that was brought ahead by five years.

Ethanol producers supplied nearly 430 crore litres of ethanol in 2022. The demand for 20 per cent blending is set to increase India's ethanol demand to nearly 1,100 crore litres by 2025. But achieving the 2025 target will require investments, and the ability to provide (and divert) the necessary feedstock for the domestic production of ethanol.

Much of India's supply of ethanol for the blending programme comes from first-generation production — using underlying sugars in food crops, mostly sugarcane (84 per cent) and grain (16 per cent). While the prospects for second-generation (2G) technologies for ethanol production are immense, investments have been slow and even Indian Oil's state-of-the-art facility will only produce 3 crore litres of 2G ethanol. There are 12 such facilities in various stages of planning and construction but are unlikely to contribute to the lion's share of ethanol demand.

Nearly 60 per cent of our petrol demand comes from two-wheelers, which cater to the mobility needs of citizens across the economic spectrum. The remaining 40 per cent demand is from four-wheelers and this share is likely to increase, albeit slowly. Nearly 55 per cent of respondents in a 2021 study focused on urban India by the Council on Energy, Environment and Water indicated their desire (and need) to own a four-wheeler. In line with this aspiration, a NITI Aayog report also indicated a growth in petrol demand by over 45 per cent by 2030, compared to 2021. In such a scenario, blending alone can deliver a small reduction in the overall demand for petrol.

At the same time, EVs are not the silver bullet solution to our mobility needs as the minerals, materials and components they need, present more trade, employment and economic concerns. In such a situation, biofuels and flex-fuel vehicles (that can run almost entirely on biofuels) may merit consideration. To this end, Union Minister Nitin Gadkari recently unveiled India's first flex fuel vehicle.

Much of India's supply of ethanol for the blending programme comes from first-generation production – using underlying sugars in food crops, mostly sugarcane (84 per cent) and grain (16 per cent). While the prospects for second-generation (2G) technologies for ethanol production are immense, investments have been slow and even Indian Oil's state-of-the-art facility will only produce 3 crore litres of 2G ethanol. There are 12 such facilities in various stages of planning and construction but are unlikely to contribute to the lion's share of ethanol demand.

Given the predominance of first-generation production, the often-discussed food-energy-water nexus considerations must be put into practice at the earliest. Food crops require fertiliser and water, and these in turn require heavily subsidised energy (natural gas and electricity) to produce (or draw). While ethanol opens up a new income stream for the farming community by way of assured procurement, climate change considerations suggest that rainfall and yields will both see significant variations and can leave us vulnerable to supply shocks. India needs a robust assessment of these tradeoffs, and a clear research and development plan for 2G technologies, before it can scale up ethanol production.

Even in diversifying our fuel base, the primary focus of policy must be to slow down the overall consumption of petrol in the economy and address the private demand for the fuel. Targeted promotion of EVs in public transit and pricing the use of private vehicles in urban settings could ease the transition to higher levels of biofuels.

At a time when the automobile industry is grappling with the challenges of transitioning to EVs, a well-thought-out and implementable plan to transform the way India moves, will not only help reduce the import bill but also buy us time to help transition a marquee industry of our economy.

The writer is Fellow and Director, Research Coordination, Council on Energy, Environment and Water (CEEW). Views are personal

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ELECTRIC VEHICLES SEEN EATING INTO SALES OF LIQUID FUELS

EV Rush Makes OMCs Think Beyond Oil

Cos look to offset impact by diversifying into EV charging infra, battery swapping stations

Kalpana.Pathak@timesgroup.com

Mumbai: Oil marketing companies (OMCs) — Indian Oil Corporation, Bharat Petroleum Corporation and Hindustan Petroleum Corporation — are facing a new challenge these days with every electric vehicle sold in the country eating into the sale of liquid fuel — petrol and diesel.

With EV sales steadily gaining pace, senior officials from these companies said they have already diversified into setting up electric vehicle (EV) charging infrastructure and battery swapping stations to offset the potential impact of lower fuel sales going forward.

"Every single EV coming in the market is impacting our petrol and diesel sales. Thousands of EVs are out of the liquid fuel ecosystem now. The portion of EVs is still insignificant but it is growing and is expected to reach a critical mass someday," said a senior official at an oil marketing company.

According to the Federation of Automobile Dealers Associations (Fada), a total of 56,747 electric three-wheelers were sold in the domestic market in August, a 71% jump from 33,130 vehicles a year earlier. The share of three-wheelers in the total EV market climbed to 56.8% as of August, from 55.1% in the same month last year.

In the electric passenger vehicle segment, sales doubled to 6,727 vehicles in August, from 3360 EVs a year earlier. The share of passenger vehicle segment in the total EV market has doubled to 2.2% as of August, from a year earlier.

In the electric commercial vehicle segment, a total of 515 vehicles were sold in August, a 84% rise from 280 vehicles a year earlier. The electric CV market share stood at 0.68% compared to 0.38% during the period under review.

In the EV two-wheeler segment, August this year saw sales of 62,396 units against 52,226 units, up 19.47%.

On the Road

56,747 electric three-wheelers sold in domestic market in August: **Fada**

In the electric PV segment, sales doubled to **6,727** vehicles in **Aug**

SILVER LINING: Until heavy vehicles & buses adopt alternate fuels, demand for liquid auto fuel to be strong

India's daily oil demand projected to rise to **6.7 million barrels** by **2030: IEA**

Market share of electric two-wheelers rose to 5% from 4.4% during the period.

IOCL, BPCL and HPCL did not respond to emailed queries till press time. These companies have a combined more than 90% of India's fuel retail market. Diesel is the most consumed fuel, accounting for about two-fifths of domestic fuel demand.

"We are anticipating that in the next three to five years, EVs will gain much ground. So, this will impact the sale of fossil fuels. To counter this, we are chalking out an aggressive growth strategy in the alternative fuel segment," said another official at an OMC, adding his company is currently in a wait and watch mode on its expansion plan for the refining business.

The OMCs, however, are taking refuge in the fact that until heavy vehicles and buses adopt alternate fuels, including compressed natural gas or CNG, demand for liquid auto fuels will remain strong.

According to the International Energy Agency (IEA), India's daily oil demand is projected to rise to 6.7 million barrels by 2030 and to 7.4 million barrels by 2040.

ET GRAPHICS

FUEL ECONOMICS

Crude on the Boil

Crude oil's push past $90 a barrel, largely because of output cuts by Russia and Saudi Arabia, is causing worries. It means a higher import bill for India, which creates pressure on an already weakening rupee. But in a pre-election year, the consumer may not be made to bear the burden of higher fuel prices. A look at the impact on the economy.

NOT MUCH IMPACT ON PRICES

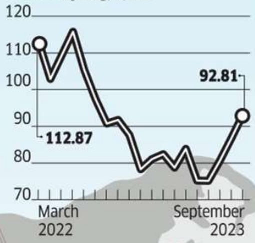
LPG prices have already been cut recently

Ahead of Lok Sabha polls, oil marketing companies may be asked to keep petrol/ diesel prices unchanged

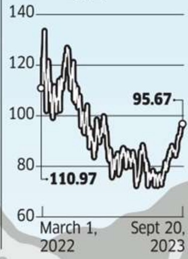
Taxes may be cut to share burden with OMCs

Petrol price breakup (Delhi, IOC)	₹
Base price including freight	57.3
Avg dealer commission	3.8
VAT	15.7
Excise	19.9
Retail Price	**96.7**

Crude Oil FOB Price (Indian Basket) - monthly avg, $/bbl



Brent IPE ($/b)



CURRENT ACCOUNT DEFICIT MAY RISE

CAD may increase to 1.8% of GDP if Indian crude basket averages $90 per barrel for the remainder of the year

NOT MUCH IMPACT ON GOVERNMENT FINANCES

As OMCs are expected to bear the crude price rise burden, fiscal slippage should be limited.

If it cuts excise on petrol and diesel to cool prices in case of prolonged costly crude supplies, the government can again raise windfall taxes and hike special additional excise duty on refined petroleum exports.

DISCOUNTED RUSSIAN CRUDE HELPED UNTIL NOW

Share of Russian crude in India's oil import falls...

April	43%
Aug	34%

...due to a diminishing price differential when compared to other global crude oil benchmarks

Brent-Ural price differential

$28/bbl January 2023

$14/bbl Sept 1st week

Source: CareEdge, ET Intelligence Group

ECONOMIC TIMES, Delhi, 22.9.2023
Page No. 11, Size:(12.99)cms X (6.91)cms.

SUPPLY ISSUES IN FOCUS OVER ECO HEADWINDS

Russia Fuel Export Ban Boosts Oil Prices

Reuters

Oil prices were slightly higher in choppy trading on Thursday, rising as much as $1 a barrel after a Russian ban on fuel exports snapped focus away from Western economic headwinds that had dropped prices $1 a barrel early in the session.

Gains were capped as global central banks signalled continuing tight policy.

Brent futures for November delivery rose 6 cents, or 0.7%, to $93.59 by 11:46 a.m. EDT (1646 GMT). US West Texas Intermediate crude (WTI) climbed 36 cents, or 0.4%, to $90.02. Both benchmarks had both risen and fallen more than $1 earlier on Thursday.

Russia temporarily banned exports of gasoline and diesel to all countries outside a circle of four ex-Soviet states with immediate effect in order to stabilize the domestic fuel market, the government said on Thursday.

The shortfall will force Russia's fuel buyers to shop elsewhere, prompting refiners to process more of a dwindling crude supply to meet that demand, said Tamas Varga of oil broker PVM.

"The Russian news came out and tension from the longer-term outlook immediately shifted back to supply," said Vargas, referencing the US Federal Reserve's hawkish signals.

The Fed on Wednesday maintained interest rates, but stiffened its hawkish stance, projecting a quarter-percentage-point increase to 5.50-5.75% by year-end.

That could dampen economic growth and overall fuel demand. The US dollar surged to its highest since early March, making oil and other commodities more expensive for buyers using other currencies.

US unemployment benefit claims dropped to an eight-month low last week, the US Labor Department reported. John Kilduff, partner at Again Capital LLC in New York, called this another factor that would encourage high interest rates.

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Russia still No.1 oil source despite fall

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NEW DELHI

Russia remained the top supplier of crude oil to India in July as it exported crude oil worth $3.37 billion during the month, showed data from the ministry of commerce and industry. However, compared to June, the imports from Russia declined 11.4% in terms of value.

In June, India had imported crude oil worth $3.80 billion. The month-on-month decline comes in the backdrop of narrowing discounts on the Russian oil and with supply cuts by the country in tandem with Opec+ decision, analysts said.

India imported crude oil worth $8.96 billion and Russian supplies constituted 37.62% of the overall imports in value terms. Russia has emerged as a major supplier of oil to India in the past 18 months as the country offered discounted oil amid sanctions from the West in reprisal for its invasion of Ukraine.

In FY22, Russian oil accounted for only 2% of India's total oil imports; in FY23, it made up around one-fourth of the 235.52 million tonnes of crude oil imported by India.

India's overall oil import bill fell $10.01 billion in June 2023 to $8.96 billion in July, the data showed.

On a year-on-year basis imports, Russian oil imports continued to witness growth as imports from the country rose 42.54% from $2.36 billion in July 2022. For April-July this year, import of crude from Russia stood at $15.74 billion, nearly 127% higher than $6.93 billion during the corresponding period of the last fiscal.

Compared to June, oil imports from Russia declined 11.4% in value terms in July. AP

This rise of Russia as the top oil supplier to India comes with Opec members losing their market share in India.

Iraq, which is traditional oil supplier to India, has witnessed a decline of 38.6% on a YoY basis in its supplies to India during the April-July period at $6.9 billion. Saudi Arabia, the second largest oil producer in the world, sold oil worth $6.90 billion during the first four months of the fiscal, down nearly 27% from the corresponding period of the last fiscal.

On a month-on-month basis, too, Iraq and Saudi Arabia witnessed a decline of 6.5% and 5.3%, respectively, as their supplies to India in July stood at $1.76 billion and $1.41 billion.

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पेट्रोल व गैस की चुनौती के लिए वैश्विक समझदारी, साझेदारी व ठोस कदम उठाने की आवश्यकता

दैनिक जागरण संस्कारशाला
अच्छाई की समझ

मनुष्य को विकास की दिशा में सहायक मशीनों को चलाने के लिए जीवाश्म ईंधनों से प्राप्त ऊर्जा की आवश्यकता पड़ती है। कई वर्षों के क्रमिक और अत्यंत धीमी गति से बने ये जीवाश्म ईंधन पुनः प्राप्त नहीं किए जा सकते हैं। इस कारण विश्व के चिंतकों और विज्ञानियों ने इन्हें सुरक्षित रखने के लिए ऊर्जा के नवीन तथा अन्य प्राकृतिक संसाधनों जैसे सौर, जल, पवन, विद्युत और परमाणु ऊर्जा के अधिक प्रयोग को महत्व देना जरूरी समझा है।

संगठन पेट्रोलियम निर्यातक देश (ओपेक) को वैश्विक ईंधन को विनियमित और नियंत्रित करने की समग्र जिम्मेदारी सौंपी गई है। यह वैश्विक आर्थिक आधार पर कीमतों को बढ़ाता या घटाता है। कोरोना महामारी के बाद बदली सोच व परिस्थितियों ने निजी संसाधनों को बढ़ावा दिया है। इससे सामान्य जीवन में पेट्रोल व प्राकृतिक गैस की सेवाओं और उत्पाद की मांग अत्यधिक बढ़ गई है। उत्तरी गोलार्द्ध , अमेरिका व यूरोप के वातावरण में आए परिवर्तन तथा कोयले की कमी को इसके लिए जिम्मेदार ठहराया जा रहा है।


रीतिका आनंद

रूस लगभग 43 प्रतिशत प्राकृतिक गैस की आपूर्ति यूरोपीय देशों को जिस पाइपलाइन से करता है वह रूस, यूक्रेन व पौलैंड से होकर गुजरती है, परंतु रूस व यूक्रेन के संबंधों में बढ़ी खटास के कारण रूस ने सीधे जर्मनी तक जाने वाली गैस पाइपलाइन नार्ड स्ट्रीम-2 तैयार की है, जिसे यूरोपीय देशों ने अभी मंजूरी नहीं दी है, क्योंकि इससे यूक्रेन व पौलैंड को आर्थिक रूप से अत्यधिक नुकसान होगा। इस कारण विभिन्न देशों में गैस समस्या अभी बनी हुई है और इस कारण उपभोक्ताओं को बढ़ते दामों का बोझ उठाना पड़ रहा है।

पिछले 10 वर्षों में कंपनियों की ओर से कोयले और तेल के निवेश में आई 46 प्रतिशत कमी को पूरा किए बिना समस्या को सुधारा नहीं जा सकता। परिस्थितियां चाहें जो भी हों वैश्विक चुनौती के रूप में उभरी प्राकृतिक गैस व पेट्रोल की मांग-आपूर्ति समस्या ऊर्जा संकट के रूप में अनेक कारणवश विकराल रूप धारण करती जा रही है। इसके समाधान के लिए वैश्विक समझदारी, साझेदारी व ठोस कदम उठाने की आवश्यकता है। वर्तमान के साथ भविष्य की जरूरतों का भी ध्यान रखना भी हमारी जिम्मेदारी है।

– रीतिका आनंद, प्रधानाचार्य, सेंट मार्क्स सीनियर सेकेंडरी पब्लिक स्कूल, पश्चिम विहार

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पीएनजी या आरईसीडी किट लगवाने के बाद ही मिलेगी अनुमति

पहली अक्तूबर से दिल्ली-एनसीआर में नहीं चलेंगे डीजल जनरेटर

- अस्पतालों ने लगाई छूट की गुहार
- उद्योगों की 24 घंटे बिजली की मांग

प्रथम शर्मा/हप
झज्जर, 21 सितंबर

एक अक्तूबर, 2023 से डीजल जनरेटर दिल्ली एनसीआर में प्रतिबंधित हो जाएंगे। इस संबंध में वायु गुणवत्ता प्रबंधन आयोग ने सख्त हिदायतें जून माह में ही जारी कर दी थीं। इस बार ग्रेडिड रिस्पांस एक्शन प्लान यानी ग्रैप 1 अक्तूबर से शुरू हो रहा है। इस दौरान दिल्ली एनसीआर में किसी भी तरह का डीजल जनरेटर नहीं चल पाएगा। पिछले साल जहां केवल इंडस्ट्रियल जनरेटर पर ही प्रतिबंध लगा था, वहीं इस बार एमरजेंसी सर्विस जैसे- अस्पताल, रेलवे स्टेशन, मेट्रो, बैंक आदि कहीं भी डीजल जनरेटर से बिजली आपूर्ति नहीं की जा सकेगी।

प्रदूषण नियंत्रण विभाग के एसडीओ अमित दहिया ने बताया कि अगर जनरेटर चलाने की जरूरत ही आन पड़े तो उसे दोहरे ईंधन (ड्यूल फ्यूल) मोड में परिवर्तित करवाना होगा। इसके लिए रेट्रोफिट उत्सर्जन नियंत्रण उपकरण (आरईसीडी) किट लगवानी होगी और जनरेटर को 70 प्रतिशत गैस और 30 प्रतिशत डीजल में परिवर्तित करवा कर बिजली जाने के बाद 2 घंटे के लिये चलाया जा सकता है। जनरेटर चलाने पर पाबंदी की खबर के बाद कई इलाकों के अस्पताल संचालकों में खलबली मच गई है। इस मामले में यहां के डॉ. संजय सिंह का कहना है कि किसी के ऑपरेशन के दौरान अगर बिजली चली जाती है तो जनरेटर चलाना उनकी मजबूरी हो जाती है, क्योंकि एक जीवन बचाना ज्यादा महत्वपूर्ण होता है। इसलिए उन्होंने सरकार और आयोग से अस्पतालों को इस प्रतिबंधन से छूट देने की मांग की है।

वहीं उद्योगों के संगठनों ने सरकार से 24 घंटे बिजली आपूर्ति सुनिश्चित करने की मांग की है। उनकी ओर से कहा गया कि अगर सरकार बिजली नहीं दे पा रही है तो बिजली कट की अवधि में उन्हें जनरेटर चलाने की अनुमति मिलनी ही चाहिए। बताया गया कि जिले के बहादुरगढ़ क्षेत्र के सभी उद्योगों तक गैस पाइपलाइन नहीं पहुंची है और आरईसीडी किट भी काफी महंगी है। इसके चलते ड्यूल फ्यूल मोड में सभी जरनेटर नहीं बदल पाए हैं।

हफ्तेभर का बचा है समय यह प्रतिबंध दिल्ली एनसीआर की हवा को साफ करने के मकसद से लगाया जा रहा है। जिन इंडस्ट्री, कमर्शियल, रिहायशी, ऑफिस और शैक्षणिक संस्थानों को जनरेटर चलाना है तो उन्हें 30 सितंबर तक डीजल जनरेटर को ड्यूल फ्यूल मोड में परिवर्तित करवाना ही होगा। यानी उनके पास लगभग एक हफ्ते का समय है। जहां पीएनजी की सप्लाई लाइन नहीं है, वहां आरईसीडी किट को पोर्टेबल गैस सिलेंडर के साथ जोड़कर जनरेटर चलाने की अनुमति मिल सकती है।