



NATURAL GAS |

PUZZLE

TRANSMISSION REFORMS MAY
OF MORE THAN DOUBLING THE
BY MAKING THE COMMODITY
BY MANISH PANT

WELCOME RELIEF The new
mechanism will ensure a fair price
for both consumers and producers
as otherwise, consumers would have
started avoiding expensive natural gas



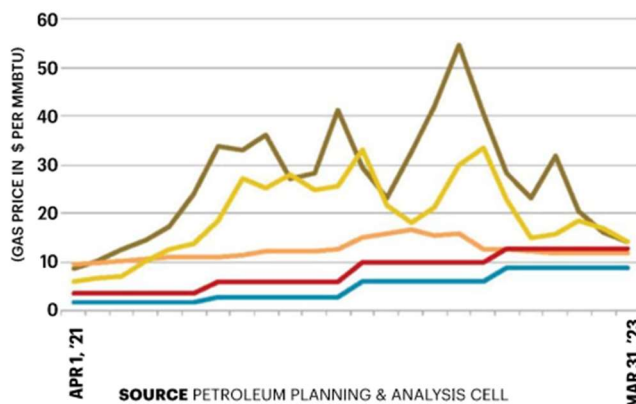


PRESSURE POINT

EVEN AS GAS PRICES HAVE MODERATED FROM THEIR RECENT HIGHS, THEY REMAIN ELEVATED

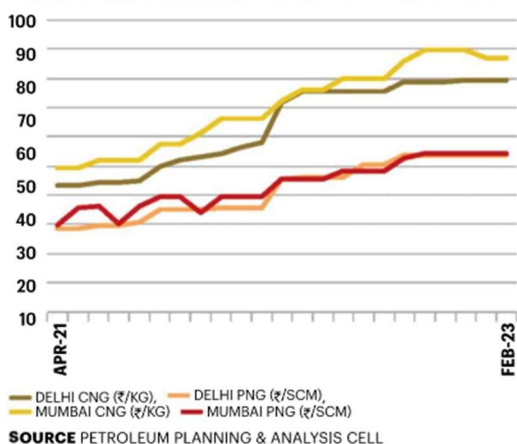
WIM WEST INDIA MARKER
GIXI INDEX OF INDIAN GAS EXCHANGE
HPHT HIGH PRESSURE, HIGH TEMPERATURE
APM ADMINISTERED PRICE MECHANISM

WIM & BRENT LINKED PRICES ARE ESTIMATED EX-TERMINAL PRICES



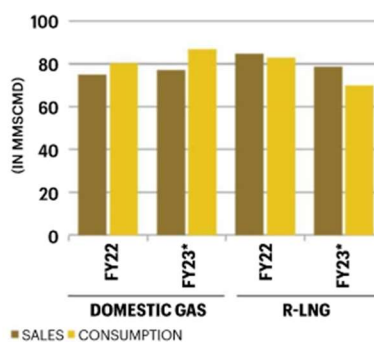
STEPPING ON THE GAS

CNG AND PNG PRICES HAVE INCREASED SIGNIFICANTLY



HEAT TRAP

CONSUMPTION OF DOMESTIC GAS HAS SPIKED IN THE PAST ONE YEAR



MMSCMD MILLION METRIC STANDARD CUBIC METRE PER DAY; R-LNG REGASIFIED LNG *APRIL 2022-FEBRUARY 2023
SOURCE PETROLEUM PLANNING & ANALYSIS CELL

started avoiding expensive natural gas," says Harshavardhan Dole, Energy Analyst at IIFL Securities. "The [new] formula is a win-win for all because it will help bring clarity to the natural gas price movement over a long period of time," he adds.

Rajesh Kumar Mediratta, MD & CEO of Indian Gas Exchange (IGX), the country's largest gas exchange, says it would have been best if gas pricing could have been market-driven. "But seeing that our CGD companies are constrained

to get gas at subsidised prices, the committee has tried balancing the demands of CGD companies, other industrial sectors and gas-producing companies." Parikh, however, defends the decision, saying this has been done to keep the ceiling price at a level that makes shifting to PNG and CNG a lucrative proposition for consumers. "The price had to be fixed to align with the average cost of the Indian basket for importing crude oil in the previous month. And why was it linked to crude oil?

That's because when you have gas prices related to crude oil prices, you can be sure the domestic consumer will find PNG and CNG to be cheaper than LPG and diesel." Calling the realignment in the pricing mechanism a much-needed relief for the transportation sector, Vinod Aggarwal, President of the industry body Society of Indian Automobile Manufacturers, and MD & CEO of commercial vehicles maker VECV, says, "This measure will also help in reigniting interest in CNG vehicles



| OIL PRICES |

A Surprise Uppercut

The unexpected cut in oil production prompted by global economic and geopolitical uncertainties reinforces the 23-member cartel's control over global oil pricing

BY MANISH PANT

► **IN A MOVE** that surprised many and threatened to prolong inflationary pressures on the global economy, oil prices spiked after 23 OPEC+ producers announced on April 2 that they would cut oil output by 1.66 million barrels per day (bpd). The move pushed oil prices up by 6.3 per cent, the highest rise in more than a year.

The OPEC+ cartel—of 13 member countries and 10 other nations—is looking to further constrict oil supplies from May to support prices that had fallen within days of the Silicon Valley Bank crash

1.66 mn BARRELS PER DAY

The quantum of cut in oil production announced by OPEC+ nations recently

in the US on March 10. “OPEC has a granular understanding of the demand-supply factors. They seem to have decided that the world economic situation is not hunky dory and that oil demand may collapse faster than what has been anticipated. To that extent, this is an attempt to bring stability to oil prices,” says Harshvardhan Dole, Energy Analyst at IIFL Securities, adding that the move may be a combination of fundamental demand-supply factors and geopolitics, where OPEC+ wants to assert its control over the global oil market.

"The OPEC+ cut in oil output was no surprise, but the way they negotiated and announced the cut and the timing of it was unexpected; a harbinger of more surprises to come," says Bhushan Bahree, Executive Director of Oil Markets, Downstream and Chemicals Team at S&P Global Commodity Insights.

The latest curtailment follows the cartel's October decision to cut output by 2 million bpd, thus taking the overall suppression quota to 3.66 million bpd. The cuts represent a total of 3.7 per cent of the global oil demand currently. "With the lion's share of the cuts having been absorbed by Saudi Arabia and Russia, supplies to eastern markets, including China and India—the second and third largest oil consumers, respectively—are likely to be affected. Such cuts will significantly build up other inflationary pressures on oil prices in the short- and medium term," says Deepto Roy, Partner at law firm Shardul Amarchand Mangaldas & Co. To put this in perspective, the cut represents almost 90 per cent of India's total oil imports in FY23.

Most analysts feel, the possibility of oil breaching the \$100-mark a barrel, is remote. "Our base case for this year had already assumed that OPEC+ would first cut production this May and then increase the output later in its quest for more than \$80 per barrel," says Bahree. The increase depends on the extent of oil demand growth this year, particularly in China, which is struggling to put its economy back on track after three years of lockdowns as part of its Zero Covid-19 policy. "Any further increase in oil prices will lead to demand destruction," says Dole.

Roy sees oil prices potentially climbing to the \$100-105 range in the short and medium term, "on the back of the easing of Covid-19 restrictions in China and then potentially correcting in the long run to the current levels of \$80-85, as a result of the easing of demand

after the onset of the expected harsh winter in Europe". However, if the ever-looming recession threat becomes a reality, it could end up being a significant headwind against oil prices.

But can the spike in prices be checked if major non-OPEC producers decide to release supplies in the market? Market observers think that's highly unlikely, as the cut has been announced by OPEC+ countries and not just the usual 13 member countries. "This means that there is a larger market force

the ability to increase production, companies there are unwilling to invest in fossil fuels due to environmental, social and governance (ESG)-related concerns. "More importantly, they have realised that they are swing producers. Now, if they start producing more, they will be bringing down oil prices. So, it's to their own benefit that they don't ramp up production," says Dole.

The OPEC+'s decision perhaps best embodies the increasingly uncertain times that we live in. "There is no reason to any longer assume

OIL ON THE BOIL

The possibility of oil breaching the \$100-mark a barrel is remote, say analysts



SOURCE: INVESTING.COM

at play than just the traditional or usual players. In any case, evidence has always been inconclusive about non-OPEC supplies being able to correct prices or even indirectly contributing to such corrections," says Roy. There are two key non-OPEC members, namely the US and Venezuela. And while Venezuela has its own set of problems related to political instability, it would need to make substantial investments for any meaningful increase in production. As for the US, it is in a peculiar situation, as although it has

that scheduled meetings of OPEC or OPEC+—in-person or virtual—are the only occasions for group decision-making. Another lesson is that a subset or subsets of OPEC or OPEC+ countries can come together to voluntarily adjust production within the overall framework of a formal agreement and output targets," says Bahree. For now, it appears that oil prices still have some ground to cover before they impact the global economy again. **BT**

@manishpant22

A New Threat Lexicon



Anil Padmanabhan

Earlier this month, the International Monetary Fund (IMF) released its Fiscal Monitor (bit.ly/3oAd6sM) that surveys and analyses the latest public finance developments. It made an interesting observation: 'Among the existential threats today's world faces, climate change stands out as one of the top threats.'

This was not a one-off warning from a global institution. A few weeks earlier, the Intergovernmental Panel on Climate Change (IPCC) made a similar argument in its sixth and final report. It warned that the world was running on borrowed time, bluntly adding that if countries collectively failed to halve their carbon footprint in the next seven years, the world would breach the temperature ceiling of 1.5°C, inviting a catastrophe.

Both IMF and IPCC have identified an actor-less threat. Tag to it the recent challenges — inflation, Covid-19 pandemic, food scarcities, volatile energy prices, extreme weather — and you have a new national security lexicon. None of these disruptions arose from a direct assault by countries (Russia-Ukraine), or through state-sponsored terrorism (9/11, 26/11).

Instead, like climate change, these are actor-less threats with immense damage potential. Not only do they not respect borders but they also spread rapidly across the world causing severe disruptions. Worse, they possess the knack to feed off each other.

The world just logged the third anniversary of the Covid-19 pandemic. This once-in-a-century pandemic led to the death of millions and caused economies to contract. The Indian economy, for instance, only recently reclaimed

pre-Covid levels, and large sections of the population are still struggling with the aftermath of the lockdown and devastation to the contact economy.

It also disrupted global supply chains, causing dislocation in supplies. This situation got exacerbated with the Russia-Ukraine conflict. The end outcome is that inflation, especially for energy and food products, accelerated and made a bad situation worse. Worse, it spared no country.

Especially, since the US, which has pump-primed its economy for decades, had to deal with inflationary pressures on a priority basis. As a result, the US Federal Reserve unleashed a series of rapid rate hikes. While it seems to be having some salutary impact on demand in the US, and thereby inflation levels in the country, it has wreaked havoc on the rest of the world.

A rapid rise in rates meant that the dollar has appreciated sharply against almost every major global currency, including the rupee. The macroeconomic fallout of this is that essentially the US exported its inflation — as a costlier dollar means imports become that much more expensive.

Similarly, climate change, which has been creeping up on the world, has begun to take its toll. The frequency of extreme weather events has spiked. The most recent example was the floods that devastated Pakistan last year. It impacted 15% of the population, and till January this year, 4.5 million people were stranded, living in contaminated and stagnant water. India, too, has not been spared. In the last century,

India experienced about four natural disasters every year. This average has surged to a staggering 17 a year in the last two decades.

The growing incidence of actor-less threats has led to countries reordering their national security strategy. The US formally acknowledged this by including climate change as a threat in its National Security Strategy released last year. It has also initiated a reordering of its foreign policy to address these new threats.

This recalibration is understandable, given that natural disasters have already stretched US military personnel, distracting them from their primary task of protecting the nation. Going forward, these pressures will only worsen.

In India, the army recently inked a contract with an arm of NTPC to set up a series of green hydrogen projects. Clearly, the Indian army is looking to derisk its energy supplies by exploring alternative sources to hydrocarbons. Mitigation against climate change is also being weaponised. An upside is that by elevating it to the level of national security, climate-change mitigation is finally getting the policy attention it so deserves.

For instance, India has embarked on the strategy of blending ethanol — derived from home-grown sugarcane — with petrol. It has already managed to achieve half of the target of 20% ethanol blending. This is resulting in an estimated annual savings of ₹30,000 crore in foreign exchange outgo. Similarly, the post-Covid era is forcing countries to wake up to the pressures of inflation.

It has been three decades since the world saw a spell of inflation so prolonged and elevated. Worse, it has spared no country and the cure — rapid rise in interest rates — is posing risks to financial stability. While contagion was prevented by early action in the meltdown involving the Silicon Valley Bank (SVB), the fault lines are becoming impossible to ignore.

It is clear, then, that the world, so divided, has to contend with a new global threat matrix.



The big churn

Auto LPG runs on fumes, sales down 82% since FY19

NITIN KUMAR
New Delhi, 24 April

The country's automotive sector is witnessing slow transition to greener alternatives like compressed natural gas (CNG) and electric vehicles (EV), thereby limiting the scope of automobile liquefied petroleum gas (LPG) — the world's most widely used transport fuel after petrol and diesel and forerunner of CNG vehicles in India.

The sales of LPG cars have seen a steep decline of 82 per cent in five years. In 2022-23 (FY23), only 23,618 units were registered, against 128,144 units registered in 2018-19, according to data on the VAHAN portal of the Ministry of Road Transport and Highways (MoRTH).

Of the total 22,224,702 vehicles sold in India in FY23, the share of LPG vehicles was at just 0.11 per cent versus other green alternatives like CNG and electric, which have a share of 3 per cent and 5 per cent, respectively.

The rise and fall

LPG is high-octane, abundant, releases fewer emissions, and once touted as an alternative fuel for

GREEN TRANSITION LIMITING SCOPE



According to industry experts, the peak witnessed during 2019 was due to an increase in demand for LPG from four-wheeled passenger vehicles. Now, a slow shift to greener alternatives is limiting scope for LPG's growth

automobiles in the country. The use of LPG in automobiles became legal in India in April 2000. The demand for LPG-fuelled vehicles peaked in 2019 when 128,144 LPG vehicles were registered in the country.

According to industry experts, the peak witnessed during 2019 was due to an increase in demand for LPG from four-wheeled passenger

vehicles (PVs). More than 80 per cent of the LPG vehicle demand comes from the three-wheeler segment. The share of four-wheelers in the LPG segment has declined to 14 per cent in FY23, from 18 per cent in 2018-19 (FY19). Only 3,495 LPG four-wheelers were registered in FY23, against 23,965 units registered in FY19. "It was the aftermarket

demand from the PV segment that gave the LPG industry a push from 2018 to 2020. However, imprudent MoRTH regulations, high cost of kit-type approvals — requiring recertification every three years — and non-availability of LPG models resulted in waning consumer interest," says Suyash Gupta, director general, Indian Auto LPG Coalition. Apart from the absence of LPG-powered options, the rise in the cost of LPG and a dearth of fuelling infrastructure also paused its penetration.

As of March 2023, there are only 1,177 LPG stations in the country, against more than 4,600 CNG pumps, 5,200 EV charging stations, and 80,000 petrol pumps. Moreover, the price of LPG has also increased by about 70 per cent in Delhi to ₹68 per litre in 2023, from ₹40 in 2019. It is even higher in other states. "The lack of government aid and carmakers' reluctance to come up with LPG-run vehicles is hampering the growth of LPG in the industry. Today, India's biggest car manufacturer — Maruti Suzuki India — has stopped manufacturing LPG models. People with interest in CNG and EV are killing the LPG

sector in the country," says an industry expert. The sales of CNG and EVs have seen a rise of 58 per cent and 400 per cent, respectively, during the same period.

"There is no level playing field in the automotive industry for LPG. The government has incentivised the EV and CNG segments. However, automobile LPG is still a non-subsidised fuel in the country, regardless of it being one of the cleanest," adds Gupta.

Although customers increasingly opted for greener and cleaner vehicles in the past five years, their share of petrol and diesel automobiles remains significantly higher. In 2023, the share of petrol and diesel vehicles was 78 per cent and 10 per cent, respectively, according to VAHAN data.

Automotive industry experts feel that CNG taking the lead has made LPG-driven vehicles a non-viable option in the country.

"With CNG and EV infrastructure ramping up in the country and the government focusing on alternative fuels like hydrogen, the future of LPG seems somewhat uncertain," says Puneet Gupta, director, S&P Global.

Big Oil's cash flow puts big deals back on map

Supermajors are consistently spending money every year on exploration

Bloomberg
feedback@livemint.com

Big Oil used last year's unexpected windfall from surging energy prices to shower investors with rewards and pay down debt. As the cash continues to flow in 2023, the question is whether they will find more adventurous uses for their money.

While lower oil and gas prices mean the record profits seen in 2022 are unlikely to be repeated when the majors begin announcing first-quarter earnings later this week, underlying cash flows are still far above historical norms.

Having used buybacks to trim the amount of outstanding shares by as much as 8% in aggregate and paying down debt by \$87 billion last year, this could be the moment for the oil majors to pursue growth through big deals. That's especially true if the rift between Russia and the West over the invasion of Ukraine has created a new normal where fossil fuel prices stay high in the long term.

"Consolidation will be a potential solution for companies to deliver volume growth in order to take advantage of the supercycle," said Christyan Malek, global head of energy strategy at JPMorgan Chase & Co.

Combined, the biggest western oil companies are forecast to have made adjusted net income of \$36.5 billion in the first quarter of 2023, according to data compiled by Bloomberg. While that's down more than 40% from the peak in the second quarter of 2022, it would still mark the seventh-highest level recorded since the mega-mergers of the 2000s created the companies in their current form. "They're still generating an extraordinary amount of free cash flow," said Lydia Rainforth, an analyst at Barclays Plc. It's evidence of a normalization of earnings at a higher level, she said.



Combined, the biggest western oil companies are forecast to have made adjusted net income of \$36.5 billion in the first quarter of 2023, according to Bloomberg data. AP

The total includes estimates for Exxon Mobil Corp, Chevron Corp, Shell Plc, BP Plc and TotalEnergies SE, which kicks off earnings season on 27 April. The two US oil giants report the following day, with BP and Shell announcing their results next week.

The supermajors are consistently spend-

to invest greater amounts in larger and more ambitious projects, but the industry has a patchy record of generating good returns from such ventures. Instead, Big Oil has prioritized giving cash back to shareholders.

Chevron increased its buyback 17% to \$17.5 billion already this year while Exxon hiked its repurchase rate multiple times last year to about the same level as its smaller US rival. Shell and BP both announced further dividend and buyback increases earlier this year when reporting fourth-quarter earnings.

But with so much cash on hand and relatively high stock valuations, this could be an opportune moment to buy smaller competitors. Acquisitions would add production and reserves at a time when the Organization of Petroleum Exporting Countries and its allies appear to be putting a floor under the oil price with their surprise production cut earlier this month.

WELL OILED

BIG Oil used last year's windfall from surging energy prices to shower investors with rewards

THIS could be the moment for the oil majors to pursue growth through big deals

WITH so much cash on hand, this could be an opportune moment to buy smaller competitors

ing tens of billions of dollars every year on exploration and development of new resources. That's significantly less than they were investing a decade ago and generally serves to sustain, or slow the decline of, their current production levels.

The surge in energy prices has created a surplus of cash that could allow companies

Crude oil prices steady on uncertain global outlook



London: Oil prices were steady on Monday as concern over rising interest rates, the global economy and the outlook for fuel demand were balanced by the prospect of tightening supplies. Brent crude slipped 22 cents, or 0.3 per cent, to \$81.44 a barrel by 0905 GMT. US West Texas Intermediate crude was down 10 cents, or 0.1 per cent, at \$77.77. REUTERS



'Firms at times face delay in paying for Russia oil over cap'

Indian companies "sometimes" face delays in paying for Russian oil priced above the \$60-per-barrel cap fixed by Western nations, Oil Secretary Pankaj Jain said on Monday. "Nobody stops us from buying Russian oil at above the price cap level provided. We are not using western service," Jain told reporters on the sidelines of an event. In case of Russian oil priced above the cap, the companies on their own manage to find alternative mechanisms to settle payments, he said.

REUTERS

From Russia, with problems

Russian oil now trades above the G7 price cap, leaving India searching for creative solutions to fill the breach

S DINAKAR
24 April

India's unabated tryst with Russian crude oil is slowly coming to an end. The time has come for Indian refiners to navigate, creatively, the choppy waters of the post-honeymoon period, and for Indian policymakers to take cognisance of the broader impact on India from the spillover of the Russian crisis — after Washington's warning to transgressors last week.

Shipments from Russia to India have averaged over 1.8 million barrels a day since February, according to data from Paris-based market analytics firm Kpler. But much of the crude shipped to India was non-sanctioned because it traded below a price cap set by the US led G7 nations in December. Shipping, insurance and payments were less of an issue.

The \$60 a barrel cap has now been breached for Urals, a medium, sour grade that accounts for a majority of Russian oil shipments, rendering India's entire supplies vulnerable. Given the 45-60 days' time period taken to contract and deliver Russian oil, the real impact from the breach will be visible from June.

New Delhi faces issues at both the micro and macro levels. The first relates to the physical part of transporting the oil; the second involves energy security, expanding the rupee's reach, and managing relations with Western powers.

The nitty-gritty of buying 2 million barrels of oil every day is posing increasing difficulties. Foreign Minister Subrahmanyam Jaishankar said in a speech last week at a Russian industry event that the bilateral oil trade presents issues over payments, logistics and certification.

The latest flashpoint is an increasing oversight of the G7 mandated price cap. In December, the US-led G7 had barred exports of Russian oil priced over \$60 a barrel at the loading point. But lax enforcement by the US and EU resulted in several trades taking place above the cap, industry officials said, with



Slippery ground

- The \$60 a barrel cap has now been breached for Urals, rendering India's entire supplies vulnerable
- New Delhi faces issues relating to the physical part of transporting the oil, and over energy security
- The latest flashpoint is an increasing oversight of the G7-mandated price cap
- Issues have also crept up over paying in dirhams, a popular payment mode for Indian refiners

- Local banks are equally concerned by Washington's warning even though Indian institutions are not sanctioned
- Mumbai-based Gatik Ship Management, a significant shipper of Russian oil to India since Moscow's invasion of Ukraine, has lost protection and indemnity insurance from the American Club
- By expanding its basket of discounted, sanctioned oil trades China is less dependent on Russian crudes compared to India

China and India enjoying the spillovers.

Now, the US Office of Foreign Assets Control (OFAC), for the first time, warned last week of a possible evasion of the price cap on crude oil originating from the Russian Federation.

OFAC said transporters and financial institutions must retain records and attestations by oil market players that Russian oil was bought below the cap to avoid penalties. It also called for itemisation of the oil cost because shipping, freight, and insurance costs are not included in the price caps — but a failure to itemise such costs can be used to hide purchases of Russian oil above the cap.

Issues have also crept up over paying in dirhams into Russian bank accounts in Dubai, a payment mode for Indian refiners this year. This newspaper said in an article last week that UAE officials have told Indian counterparts that their banks or currency cannot be used to pay for Russian oil priced over the cap. Washington and London have intensified pressure on the emirate, prompting officials to scrutinise operations of Russian com-

panies and banks based out of Dubai, and refuse licences in some cases.

Local banks are equally concerned by Washington's warning even though Indian institutions are not sanctioned. The breakup of Russian crude costs required in the invoices may need to be attested or certified to process payments though it's unclear which entity should certify these invoices, a banking official said. State Bank of India, Punjab National Bank and Bank of Baroda are among those fearing reprisals from Washington, banking officials said.

But what has queered the pitch for Indians is that caution applies to Urals grades also, which now trade above the cap. Such trades complicate logistics. Nearly 60 per cent of the Russian oil trade is still carried on Western tankers as Urals, Russia's biggest export grade, until last month, traded well below the cap. Non-availability of Western carriers poses serious problems for deliveries to India.

Mumbai-based Gatik Ship Management, a significant shipper of Russian oil to India since Moscow's invasion of Ukraine, has lost protection and indemn-

ity insurance from the American Club, which belongs to the International Group of P&I Clubs that insures most of the global tanker fleet, Energy Intelligence reported. Gatik deploys over 40 tankers, and its exit from the insurance body coincided with Urals trading above the cap. Transporters cannot afford to ship oil without insurance.

China and India lift 80-90 per cent of Russia's seaborne crude. But China has pulled off its purchases on the back of its heft as the world's biggest user of oil and a manufacturing powerhouse. That is coupled with its long experience in silently buying sanctioned oil. In March, China bought a combined 2 million barrels a day of oil from Iran and Venezuela via Malaysia and Oman, Energy Intelligence said in a separate report. India refrains from such stealth trades.

By expanding its basket of discounted, sanctioned oil trades China is less dependent on Russian crudes compared to India. Russian oil accounted for around 18 per cent of China's total imports and 13 per cent of its consumption this year. By contrast, Russian oil meets 44 per cent of our domestic fuel needs, a level of dependence that India has not placed earlier on any of its traditional Gulf suppliers, let alone on a nation whose future depends on the actions of US and the EU.

China has also leveraged Russia's sanctioned status to expand trade in yuan, enabling Chinese banks to process payments for Russian oil without fear of US sanctions, which India is unable to do. Successful internationalisation of a currency, even in a limited way, has to do with the value central banks place in holding a currency as reserve.

Last year, Chinese exports to Russia were around \$76 billion or 40 per cent of the \$190-billion bilateral trade. Indo-Russian trade totals around \$35 billion, with India's exports less than 10 per cent of the total trade. Such a yawning gap trade deficit has prompted Moscow to demand dollars or dirhams as payment for oil supplies instead of a rupee arrangement, industry officials said. Finance Minister Nirmala Sitharaman, in an interview to *Bloomberg* in Washington, has called for "constantly refiguring" strategies to continue buying discounted Russian oil as affordability of crude was key for India. But the question is in the process of creatively sourcing Russian crude, for how long can New Delhi keep Washington at bay and deal with increasing policing by Western powers.

The second of a three-part series on corporate social responsibility (CSR) looks at whether companies are meeting spending expectations

FY22 CSR spend near target, thanks to white knights

SACHIN P MAMPATTA
Mumbai, 24 April

Companies that pushed the envelope of charitable spending beyond legal requirements helped take the aggregate CSR (corporate social responsibility) expenditure by all listed companies closer to the cumulative mandatory amount in 2021-22.

Overall, CSR spending was ₹14,558 crore in FY22, just short of the cumulative mandated spending of ₹14,594 crore, according to figures collated by tracker primeinfobase.com. But many companies were found to be deficient in meeting their minimum CSR spending requirements.

The aggregate shortfall on account of companies that did not meet minimum charitable spending requirements was ₹1,513 crore in FY22. But excess spending of ₹1,477 crore by some companies that spent more than the required amount helped nearly bridge the gap.

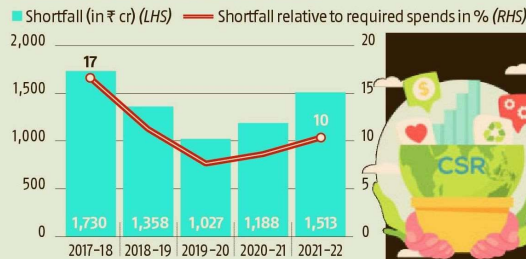
Firms, according to the Companies Act, are required to spend 2 per cent of profit on CSR projects. The national portal for CSR spends has the data only until FY21. The FY22 numbers mentioned above are collated from the annual reports of 1,278 companies. The

number of companies has varied between 1,000 and 1,300 depending on the year under consideration. This is because more companies have attained the size that makes CSR spending mandatory. The current aggregate shortfall on account of those not meeting CSR requirements was equivalent to 10.4 per cent of the mandated amount – most since FY19 when there was a shortfall of 11.3 per cent. Previous years, too, witnessed high shortfalls as companies put together operational mechanisms to execute CSR programmes after they became mandatory in FY15. The FY22 figure is still 0.4 per cent less than ₹14,615 crore spent on CSR activities in FY21 and ₹14,840 crore in FY20.

Also, the nature of spending has changed since the Covid-19 pandemic. Companies have increased the share of capital they allocate towards segments that may help alleviate the effects of Covid-19. These segments include spending on countering hunger and poverty,

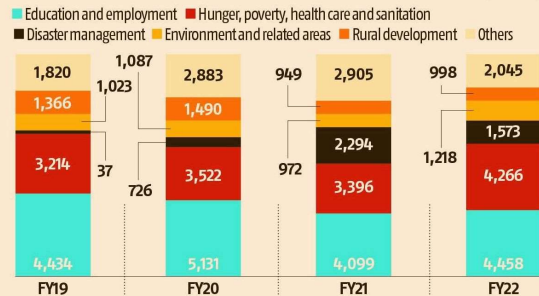
TRACKING CSR SPENDS

SHORTFALL BY FIRMS THAT MISSED THE TARGET



Note: Number of companies obligated to spend on corporate social responsibility (CSR) projects on the National Stock Exchange varied between 1,000 and 1,300 in the period under consideration

ALLOCATIONS FOR DISASTER MANAGEMENT JUMPED



Note: There could be an overlap between the different schedules for the same activity. Others include sections like government relief funds, projects covering gender, heritage, sports, incubators, veteran benefits, slum area development, community development, infrastructure, social and child welfare, administrative expenses, and 'other' spends

Source: PRIME Infobase

health care and sanitation, education and employment, disaster management, and government relief funds.

Pandemic-related segments saw their share in allocations rise from 65.7 per cent in FY19 to 76.4 per cent in FY22.

Other areas that were not considered directly affected by the pandemic saw a decline in their share of CSR allocations: Gender equality, rural development, sports, environment, arts and culture, benefits for veterans and their dependents, and other similar areas, witnessed their pie shrinking from 34.3 per cent to 23.6 per cent.

The following years are likely to see a shift in spending patterns, according to Shriram Subramanian, founder and man-

aging director of domestic proxy advisor InGovern Research Services. "In 2021-22, Covid-19 related spend was there... that wasn't there in FY23," he said.

CSR spending is being tracked now because of increased focus on a company's environmental, social and governance (ESG) scores, according to Amit Tandon, founder and managing director of proxy advisory firm Institutional Investor Advisory Services India (IIAS). Companies are also taking a longer-term view of how they choose their priorities, moving towards fulfilling larger goals like rural education, rather than focusing on specific tasks like building a school.

"It has moved from projects to programmes," he said.



EYE on CSR
PART-II

India reliance on imported crude oil at record high of 87.3% in FY23

SUKALP SHARMA
NEW DELHI, APRIL 24

RISING DEMAND for fuel and other petroleum products amid flagging domestic crude oil output has resulted in India's reliance on imported crude increasing to a record 87.3 per cent of domestic consumption in 2022-23, up from 85.5 per cent in 2021-22, according to data released by the oil ministry's Petroleum Planning & Analysis Cell (PPAC).

India's oil import dependency was 84.4 per cent in 2020-21, 85 per cent in 2019-20, and 83.8 per cent in 2018-19.

The computation of the extent of import reliance is based on the domestic consumption of petroleum products and excludes petroleum product exports as those volumes don't represent India's demand. With refining capacity of a little over 250 million tonnes per annum, India — the world's third-largest consumer of crude oil and also

CONTINUED ON PAGE 4

• India's reliance on imported crude

CRUDE CONSUMPTION (Based on domestic use)

Financial year	Share of imports (%)	Domestic oil share (%)
2018-19	83.8	16.2
2019-20	85	15
2020-21	84.4	15.6
2021-22	85.5	14.5
2022-23	87.3	12.7

Source: Petroleum Planning & Analysis Cell (PPAC), MoPNG

one of its top importers — is a net exporter of petroleum products.

India's domestic consumption of petroleum products in 2022-23 rose over 10 per cent year-on-year to a record 222.3 million tonnes, underscoring robust demand, particularly for transportation fuels (petrol and diesel). However, domestic crude oil production for the year declined 1.7 per cent to 29.2 million tonnes. Crude oil imports in 2022-23 rose 9.4 per cent year-on-year to 232.4 million tonnes. In value terms, crude oil imports for the fiscal were at \$158.3 billion, up from \$120.7 billion in 2021-22, as per PPAC data.

Total production of petroleum products from domestic crude oil was 28.2 million tonnes in 2022-23, which means that the extent of India's self-sufficiency in crude oil was just 12.7 per cent, down from 14.5 per cent in 2021-22. In 2021-22, consumption of petroleum products sourced from indigenous crude oil was 29.3 million tonnes, while total domestic consumption was 201.7 million tonnes.

While the government wants to reduce India's increasing reliance on imported crude oil, sluggish domestic oil output in the face of growing demand for petroleum products has been the biggest roadblock. Cutting costly oil imports is also a fundamental objective of the government's push for electric mobility, biofuels, and other alternative fuels for transportation as well as industries. Over the past few years, the government has intensified efforts to raise domestic crude oil output by making exploration and pro-

duction contracts more lucrative and opening vast acreages for oil and gas exploration.

High reliance on imported crude oil makes the Indian economy vulnerable to global oil price volatility, apart from having a bearing on the country's foreign trade deficit, foreign exchange reserves, rupee's exchange rate, and inflation.

The share of high-sulphur crudes, or sour crudes, in India's oil imports in 2022-23 rose to 77.5 per cent from 76.6 per cent a year ago. Indian refiners imported a total of 197.9 million tonnes of sour crudes during the fiscal, up from 185 million tonnes a year ago. Import volumes of low-sulphur crudes, or sweet crudes, rose marginally to 57.3 million tonnes in 2022-23 from 56.7 million tonnes in 2021-22.

Sour crudes have high sulphur content, which makes the refining process complex and relatively more cost-intensive than refining sweeter grades of oil. However, sour crudes are usually cheaper than sweet crudes and newer refineries are equipped to process them. In the Indian crude basket, which represents a derived basket of the two grades as per Indian refineries' processing of crude, the ratio of sour to sweet grades is 75.62 to 24.38.

According to senior industry officials, the rapid rise in India's import of discounted Russian oil could be one of the factors behind higher share of sour crudes in India's oil imports. This is because the medium-sour Urals is the predominant Russian oil grade that India has been importing for over a year now.

Lenders May Halt Funding Over 'Sin' Tag: ONGC Chief

'Will have to generate cash internally to fund projects'

Sanjeev.Choudhary
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New Delhi: Lenders may soon be reluctant to fund oil and gas projects as it is considered a 'sin industry' and ONGC will have to generate enough cash internally to fund its businesses, its chairman Arun Singh has said.

The rising concern about climate change has prompted some capital providers in the developed world, including banks as well as debt and equity funds, to avoid funding projects with high emissions. In India, fossil fuel projects or oil companies haven't yet faced much funding constraints, but the fear has been growing. "You should be mindful that now if you don't generate your own money, there is no bank money available to you after three years. Your industry is a sin industry," Singh is learnt to have warned ONGC employees in a town hall last week. "You have to generate enough money from the existing business to fund your own business. You don't have a choice to get outside funds."

ONGC Videsh, the state-run explorer's overseas arm that has 32 projects in 15 countries, is already facing increased green scrutiny. ONGC didn't respond to ET's request for comment.

To generate surplus cash that can be used



FUNDING PROJECTS

...if you don't generate your own money, there is no bank money available to you after 3 years. Your industry is a sin industry

ARUN SINGH

Chairman, ONGC

to fund its business, ONGC will need to contain costs, especially those that stick around very long since the oil business doesn't have that long a horizon, Singh is learnt to have said. "The future of the conventional area is not looking great. You cannot afford to expand in this space much. You have to grow, you have to generate enough profit, enough production to migrate into some other world," he is understood to have said.

Globally, oil companies have been under tremendous pressure from climate activists, governments and financiers to reduce their emissions. This means a shrinking window of time for oil companies to monetise their resources.

"Probably you have to extract subsurface resources faster than ever," Singh told employees.

Singh has the tough task of increasing the company's oil and gas output quickly while ensuring that investments are not stranded when the demand shifts away from fossil fuel in future.

Maha duo arrested for social media posts against refinery

Umesh K Parida | TNN

Navi Mumbai: Protests against a proposed refinery in Ratnagiri, Maharashtra, intensified on Monday after police arrested two activists — Satyajit Chavan and Mangesh Chavan. The duo was picked up for social media posts urging residents in the district to join protests against the proposed Ratnagiri Refinery and Petrochemicals Ltd (RRPL) complex in Rajapur taluka. They were remanded to three days magistrate custody by a local court on Sunday.

Earlier, Rajapur tehsildar Sheetal Jadhav had passed a prohibitory order effective April 22 to May 31 in a one km radius of Barsu and five adjoining villages to allow soil testing for the RRPL site. These restrictions on gatherings and movement under section 144 of the Criminal Procedure Code had raised concerns among locals.

Apart from the arrest of two activists, there were unconfirmed reports that several others were likely to be served notices and detained by police. This led to a day-



Curbs have been imposed from April 22 to May 31 in a 1km radius of Barsu and 5 nearby villages to allow soil testing for the refinery site

long protest on Monday with around 250 women sitting out in the open near the project site in Barsu. One of them was rushed to a hospital following a case of sunstroke. Rajapur subdivisional officer Vaishali Mane and tehsildar Sheetal Jadhav held a discussion with protestors to persuade them to call off their agitation.

But the talks proved unsuccessful. To add to the tension, a police team despatched to Barsu met with an accident. At least 17 personnel were injured when their vehicle overturned near Kasheli

village in Rajapur on Monday morning. They were reported to be out of danger.

Around 1,800 police personnel comprising two additional superintendents of police, five deputy superintendents, 23 police inspectors, 97 assistant and sub inspectors, 300 state reserve personnel and 4 platoons of riot control police were deployed in the villages of Barsu, Panhle, Dhopeswar, Goval, Varchiwadi Goval and Khalchiwadi Goval due to the protests. Drilling activities for soil testing are to start in these villages.

● HUNT ON FOR NATIONS WILLING TO SELL OIL AT DISCOUNTS

Not stopped from buying Russian oil above \$60: Govt

Some banks hesitant in settling oil purchase from Russia

MANISH GUPTA
New Delhi, April 24

NO ONE STOPS India from buying Russian oil at above the \$60 per barrel cap, imposed by G7 nations, as Indian firms do not use western services for such transactions, a senior official said on Monday, scotching rumours that the West's conditions are hampering Delhi's efforts to step up oil purchases from the sanction-hit country.

However, the Indian companies "sometimes" face delays in paying for Russian oil bought above the \$60 a barrel cap, Pankaj Jain, secretary, ministry of petroleum and natural gas, said on the sidelines of the inaugural function of oil and gas conservation campaign – Saksham.

While most of the Russian crude oil import to India is at below the cap, those who buy above the \$60 per barrel level take recourse to alternative methods for settling the payments, some of which get delayed at times



PANKAJ JAIN
PETROLEUM AND NATURAL GAS SECRETARY

Russian oil import shot up after the outbreak of conflict in Ukraine in February 2022. From less than 1% in India's import basket, Russia's share rose to 34% in March 2023. It has replaced Iraq as the top crude oil supplier to India. Jain said that while most of the Russian crude oil import to India is at below the cap, those

who buy above the \$60 per barrel level take recourse to alternative methods for settling the payments, some of which get delayed at times. Sources in Indian oil refineries said that they take help of traders in Dubai for most of their oil purchase from Russia with payment in United Arab Emirates dirhams. However,

some banks are hesitant in settling such trades.

The cap of \$60 per barrel, fixed by the Group of Seven nations and Australia last December, prevents countries from using western shipping and insurance services unless the Russian oil is sold below the cap. Besides, the petroleum secretary said, that India is trying to find other countries who are willing to sell oil at discounts. Indian refiners got discounts in the range of 11-16% for their oil imports from Russia last financial year. Russia might have taken control over one-third of India's lucrative oil market on heavy discounts beating top suppliers Iraq and Saudi Arabia. Oil analysts doubt if any oil producer in the Middle East will extend any sizeable discount.

With limited oil supplies to Europe from Russia, the Middle East oil producers have a big market to sell their oil and there is no reason for them to give any discount to any country, including India, oil analysts said.



Opec's share of Indian market at 22-yr low, courtesy Russia

Opec's share of India's oil imports fell at the fastest pace in 2022-23 to the lowest in at least 22 years, as intake of cheaper Russian oil surged, data obtained from industry sources show, and the major producers' share could shrink further this year. Members of the Organization of the Petroleum Exporting Countries (OPEC), mainly from West Asia and Africa, saw their share of India's oil market slide to 59 per cent in the fiscal year to March 2023, from about 72 per cent in FY22.

REUTERS

OPEC's share of Indian market falls to 22-year low



New Delhi: OPEC's share of India's oil imports fell at the fastest pace in 2022-23 to the lowest in at least 22 years, as intake of cheaper Russian oil surged, data obtained from industry sources show. Members of OPEC, mainly from the Middle East and Africa, saw their share of India's oil market slide to 59 per cent in the fiscal year to March 2023, from 72 per cent in 2021-22, a Reuters analysis of the data that dates back to 2001-02 showed. REUTERS

OPEC'S SHARE OF INDIA'S OIL IMPORTS FALLS

New Delhi, April 24: Opec's share of India's oil imports fell at the fastest pace in 2022-23 to the lowest in at least 22 years, as intake of cheaper Russian oil surged, data obtained from industry sources show, and the major producers' share could shrink further this year.

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Russian oil cuts OPEC's share of Indian market to 22-year low

Reuters

NEW DELHI

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Members of the Organization of the Petroleum Exporting Countries (OPEC), mainly from the Middle East and Africa, saw their share of India's oil market slide to 59% in the year to March 2023, from about 72% in 2021/22.

Russia overtook Iraq to emerge as top oil supplier.

Russia on track for 2023 oil output of 9.6 mn barrels per day in line with cuts: Source

MOSCOW: Russia's oil output this year is on course to top 480 million tonnes, or about 9.6 million barrels per day (bpd), a Russian government source familiar with the data told Reuters.

The figure, which excludes gas condensate, is in line with Russia's pledge to cut production by 500,000 bpd to 9.5 million bpd from March until year-end, according to Reuters calculations and the source.

"If you extrapolate for the whole year, production will be 480 million tonnes," the source told Reuters on condition of anonymity due to the sensitivity of such data. Russia's energy ministry did not reply to a request for comment.

In 2022, Russia's combined oil and gas condensate production rose to 535 million tonnes



(10.7 million bpd). Condensate is excluded from the production quotas used by the OPEC+ producers group for Russia.

Such production may reach around 520 million tonnes (10.4 million bpd) this year, according to the source, taking some 40 million tonnes of gas condensate into account.

That is significantly higher than official forecasts which put Russia's expected 2023 oil and gas condensate production at between 490 million and 500

In 2022, Russia's combined oil and gas condensate production rose to 535 million tonnes (10.7 million bpd)

million tonnes (9.8 million to 10 million bpd). "Russia's oil demand has largely stabilised after the initial shock at the start of the war," J.P. Morgan analysts said in a research note this month. "We believe demand is almost back to pre-war levels."

They estimated Russia's aggregate production (crude and condensate) at 10.8 million bpd in March, down 250,000 bpd from February.

Russia's oil production fell in April 2022 after the West

imposed sanctions over what the Kremlin calls its military operation in Ukraine. However, since then Russia has been successful at selling its oil to China and India.

Yet in order to prop up the price of oil, the lifeblood of the Russian economy, Moscow has decided to cut its crude oil output by 500,000 bpd until the end of the year.

The world's second largest oil exporter after Saudi Arabia, Russia has halted or delayed publishing some of its key energy data, including production and export information.

"The lack of transparent official data from one of the world's top oil producers makes it more and more challenging to monitor global supply and analyse markets," J.P. Morgan analysts said in the research note. AGENCIES

ईंधन संरक्षण पर पेट्रोलियम मंत्रालय का विशेष अभियान 'सक्षम 2023' आरंभ

नई दिल्ली। पेट्रोलियम और प्राकृतिक गैस मंत्रालय (एमओपीएनजी) के तत्वावधान में राज्य स्तरीय समन्वयक दिल्ली, हिंदुस्तान पेट्रोलियम कॉर्पोरेशन लिमिटेड, पेट्रोलियम संरक्षण अनुसंधान संघ (पीसीआरए), इंडियन ऑयल कॉर्पोरेशन लि. और अन्य सार्वजनिक तेल और गैस उपक्रमों (पीएसयू) ने 24 अप्रैल 2023 से 8 मई 2023 की अवधि के लिए सक्षम नामक एक प्रगतिशील अभियान शुरू किया है। 'ऊर्जा संरक्षण - नेट जीरो की ओर' थीम पर केंद्रित इस अभियान का मकसद भावी पीढ़ियों के लिए तेल और गैस के संरक्षण के साथ-साथ लोगों के स्वास्थ्य और पर्यावरण की सुरक्षा के दोहरे उद्देश्य से पेट्रोलियम उत्पादों के संरक्षण और सावधानीपूर्वक उपयोग पर जोर देना है। सक्षम 2023 (संरक्षण क्षमता महोत्सव) के दौरान देश के विभिन्न हिस्सों में कई गतिविधियां और जन अभियान होंगे। अभियान की शुरुआत आज 24 अप्रैल को पेट्रोलियम और प्राकृतिक गैस राज्य मंत्री रामेश्वर तेली ने इंडिया हैबिटेट सेंटर, नई दिल्ली में इसके उद्घाटन के साथ की। इस अवसर पर मंत्री ने ऊर्जा संरक्षण और साथ ही, स्वच्छ और नवीकरणीय ऊर्जा अपनाने की दिशा में तेजी के लिए सरकार के प्रयासों को अहम बताया।

समाचार विश्लेषण : ग्लोबल वॉर्मिंग रोकने की राह में बाधक हैं तेल कंपनियां

रिपोर्ट में बताया जाता है कि अगर नीतियां एक जैसी रहती हैं, तो दुनिया भर में ऊर्जा आपूर्ति और मांग बढ़लेगी। 2021 में रिपोर्ट में एक नया परिदृश्य जोड़ा गया है। जलवायु परिवर्तन को लेकर सरकारों और निवेशकों की गंभीरता को देखते हुए आईईए ने एक रोडमैप जारी किया है।

ज्यादातर अमीर देशों के ऊर्जा मंत्रियों के नेतृत्व वाली पेरिस स्थित अंतर्राष्ट्रीय ऊर्जा एजेंसी (आईईए) के प्रमुख ने चेतावनी दी है कि जीवाश्म ईंधन का उत्पादन बढ़ाने वाली कंपनियां धरती के तापमान को रोकने के लक्ष्यों को हासिल करने में बाधक बन रही हैं। आईईए के कार्यकारी निदेशक फातिह बिरोल ने बताया, अगर वे अपनी रणनीतियों के तहत तेल, गैस या कोयले के उत्पादन में बेतहाशा वृद्धि जारी रखती हैं और दूसरी तरफ यह भी कहती हैं कि कंपनी की रणनीति 1.5 डिग्री सेल्सियस के लक्ष्य के मुताबिक है, तो यह एक समस्या है।

आईईए एक वैश्विक प्राधिकरण है जो ऊर्जा से जुड़ा डेटा इकट्ठा करता है और उसका विश्लेषण करता है। यह इस मसले पर पूरी दुनिया की सरकारों और कंपनियों की बातें सुनता है और उनका निष्कर्ष निकालता है। औद्योगिक देशों के ओईसीडी समूह ने 1973 में तेल संकट के बाद सुरक्षित ऊर्जा आपूर्ति में मदद के लिए इस एजेंसी की स्थापना की थी।

हालांकि, हाल के वर्षों में इस एजेंसी के

काम का दायरा बढ़ गया है। वह एजेंसी सदस्य देशों को जलवायु परिवर्तन रोकने में मदद करने के लिए भी काम करती है। विश्व के नेताओं ने सदी के अंत तक ग्लोबल वॉर्मिंग को पूर्व-औद्योगिक स्तर से 1.5 डिग्री सेल्सियस तक रखने का लक्ष्य निर्धारित किया है, लेकिन मौजूदा नीतियों से यह लक्ष्य हासिल होता नहीं दिख रहा है। कुछ जीवाश्म ईंधन कंपनियां अपने उत्पादन को बढ़ाने की योजना बना रही हैं। इसे देखते हुए ऐसा लगता है कि ग्लोबल वॉर्मिंग तब सीमा से दोगुनी बढ़ सकती है।

बिरोल ने कहा, हमें तेल, गैस और कोयले की खपत कम करनी है। अगर हमारा लक्ष्य ऐसा करने का है और अगर हम ऐसा कर सकते हैं, तो मौजूदा तेल व गैस क्षेत्र और कोयला खदानें हमारी मांग को पूरा करने के लिए पर्याप्त से भी ज्यादा हैं।

आईईए की फ्लैगशिप वर्ल्ड एनर्जी आउटलुक रिपोर्ट 1998 से हर साल प्रकाशित होती आ रही है। इस रिपोर्ट में बताया जाता है कि अगर नीतियां एक जैसी रहती हैं, तो दुनिया भर में ऊर्जा आपूर्ति और मांग कैसे

बढ़लेगी। 2021 में रिपोर्ट में एक नया परिदृश्य जोड़ा गया है। जलवायु परिवर्तन को लेकर सरकारों और निवेशकों की गंभीरता को देखते हुए आईईए ने एक रोडमैप जारी किया कि किस तरह वैश्विक अर्थव्यवस्था 2050 तक नेट-जीरो कार्बन उत्सर्जन के लक्ष्य को हासिल कर सकती है।

इस मॉडल में सुझाव दिया गया है कि इस लक्ष्य को हासिल करने पर सदी के अंत तक धरती के तापमान में वृद्धि पूर्व-औद्योगिक स्तर से 1.5 डिग्री सेल्सियस तक सिमट जाएगी। बिरोल ने कहा कि यह मॉडल अब 'ऊर्जा की दुनिया, आर्थिक दुनिया और कई सरकारों के लिए बाइबिल' के तौर पर इस्तेमाल किया जाता है।

इसके तहत, अब नई जगहों पर जमीन से ईंधन निकालने, ड्रिल करने या खोदने के लिए निवेश को बंद करना होगा। 1.5 डिग्री सेल्सियस के लक्ष्य को हासिल करने के लिए, कोई नया गैस और तेल क्षेत्र की अनुमति नहीं देनी होगी। इसके अलावा, नई कोयला खदान या मौजूदा कोयला खदान के विस्तार की अनुमति नहीं देनी होगी।