FINANCIAL EXPRESS, Delhi, 26.1.2023
Page No. 2, Size:(6.06)cms X (17.11)cms.

# Oil & gas industry seeks tax relief

**RAJAT MISHRA**
New Delhi, January 25

**THE DOMESTIC OIL** and gas industry is anticipating some relief from the Union Budget 2023-24 as the disruption induced by the Russia-Ukraine war led to losses or reduced profitability across the hydrocarbon value chain.

"Currently, domestic producers are subject to steep tax expectations amounting to ~70% of their income. This burden has been further accentuated by the Special Additional Excise Duty (SAED) (on auto fuels). Now, as we approach Union Budget 2023-24, there are definite expectations from the government to relook at this curtailing tax structure," a Cairn Energy spokesperson said.

According to him, the government must consider capping taxes at 35-40%, as is the norm across the globe. This would help the sector attract much-needed investments to boost production from existing fields and also conduct fresh exploration activities for both conventional and non-conventional fuels.

Prashant Vashisht, VP and co-group head, ICRA, also believes that the taxes like SAED have pared the profitability of upstream companies and refiners. "With the softening of crude prices and reduction in gross refining margins, the industry has been demanding that the SAED be discontinued," Vashisht said.

The prices of the products have declined significantly from the highs in June 2022 thus this is seen as the right for the removal of these taxes. "The imposition of taxes is making exports unfavourable thus impacting the overall profitability of refiners. Complete removal of these taxes would be an expectation," Hetal Gandhi, Director-Research, CRISIL Market Intelligence and Analytics said.

During FY2023, the oil marketing companies (OMCs) incurred huge losses on the sale of auto fuels and LPG owing to elevated crude oil prices. While the Government of India (GoI) in October 2022, approved a one-time grant of ₹22,000 crore to PSU OMCs for losses incurred on sale of LPG, the same only partially compensates for the losses incurred. "Accordingly, the industry's expectation is for an adequate budgetary provision to compensate for losses incurred on the sale of auto fuels and LPG. Additionally, given the high price of LPG cylinders, the GoI is expected to continue providing subsidies for the Ujjwala scheme beneficiaries," Vashist said.

Another long-standing demand from the industry is to include Natural Gas, crude oil and other petroleum products under the GST regime to enable free flow of input tax credit and to avoid stranded tax.

"While the decision on the GST side is finalized by the GST council, announcement of inclusion of petroleum products and natural gas would be a big positive to boost consumption," Hetal Gandhi of Crisil Market Intelligence said. In order to boost the use of natural gas, industry is expecting nil custom duty on LNG Imports.

"LNG imports attract a customs duty of 2.5%. Exempting LNG imports from customs duty like crude, which attracts nil duty, would promote the use of natural gas as a fuel," Pankaj Kalra, CEO of Essar Oil and Gas Exploratio, said.

According to Kalra, currently the GST on regasification of LNG remains high, at 18%, thereby increasing the landed cost and accordingly there is a request from industry to the Government to reduce the GST rates given the high prevailing price of LNG.

RUN-UP TO THE **BUDGET**

## WISH LIST

- Industry wants the govt to consider capping taxes at 35-40%, as is the norm across the globe
- There is a demand to include natural gas, crude oil and other petroleum products under the GST regime to enable free flow of input tax credit and to avoid stranded tax

BUSINESS LINE, Delhi, 26.1.2023
Page No. 9, Size:(15.95)cms X (8.52)cms.

# Rising domestic diesel demand may hit private refiners' exports

**Rishi Ranjan Kala**
New Delhi

India's growing consumption of diesel—the mainstay of transport and industry sectors—is expected to adversely impact export of the fuel to Europe by private refiners, Reliance Industries and Nayara Energy.

"So far, we have not seen a massive increase in gasoil (diesel) exports to Europe from the two refiners, save for the increase seen over the past months. Europe will certainly need more gasoil imports and India's private sector refiners seem well positioned to capitalise on this going forward. So we won't be surprised to see more Indian gasoil heading to Europe, especially if the West-to-East export economics continue to keep gasoil exports close to the Atlantic Basin," Kpler's Lead Analyst (Dirty Products and Refining) Andon Pavlov told *businessline*.

## Diesel exports by RIL and Nayara Energy

(Barrels Per Day -- BPD)

| Month/ Year | Europe | Africa | Americas | Asia |
|---|---|---|---|---|
| January '23 | 1,58,518 | 1,18,705 | 53,008 | 34,643 |
| December '22 | 1,55,201 | 1,01,687 | 89,462 | 1,02,522 |
| November '22 | 2,09,680 | 3,16,076 | 64,088 | 1,04,198 |
| October '22 | 1,95,996 | 1,08,882 | 66,493 | 59,645 |
| September '22 | 1,69,136 | 2,37,857 | 24,444 | 95,665 |
| August '22 | 1,50,342 | 1,00,855 | 1,10,100 | 1,23,848 |
| July '22 | 1,34,928 | 92,468 | 91,212 | 1,09,192 |
| June '22 | 6,30,201 | 1,85,468 | 11,544 | 1,59,575 |

Source: Kpler

"But the problem with this is that Indian domestic demand has had a fantastic year so far and looking ahead, we have little reason for pessimism, so the upside to exports is likely to remain capped, further weighed on by additional export levies, that, as we've seen this year, can come at short notice, if necessary." On refiners importing cheap Russian crude and exporting diesel, Pavlov said "Again, this would make sense from a commercial point of view, but a lot will depend on the situation in India's domestic market and what the government decides about export levies this year. Bottom line: it will probably happen, the upside, however, will likely remain limited, given the optimistic outlook on the domestic market."

## Crude oil imports by RIL and Nayara Energy

(Barrels Per Day -- BPD)

| Month/ Year | Quantity |
|---|---|
| Jan-23 | 4,21,068 |
| Dec-22 | 6,06,200 |
| Nov-22 | 6,03,722 |
| Oct-22 | 5,36,904 |
| Sep-22 | 5,01,170 |
| Aug-23 | 3,80,520 |
| Jul-23 | 5,11,413 |
| Jun-23 | 3,79,324 |

A senior government official said windfall tax, or special additional excise duty (SAED), will be there till there are "unusually high profits" on diesel exports. "Besides, there is a fortnightly review and if profits decline, so does the levy," he added.

In an interview with *businessline* in September 2022, the then Revenue Secretary Tarun Bajaj said, "Talking about products, till the time, products are giving abnormal profit to these companies, we have levied these taxes and they should continue till that time."

### RISING CONSUMPTION

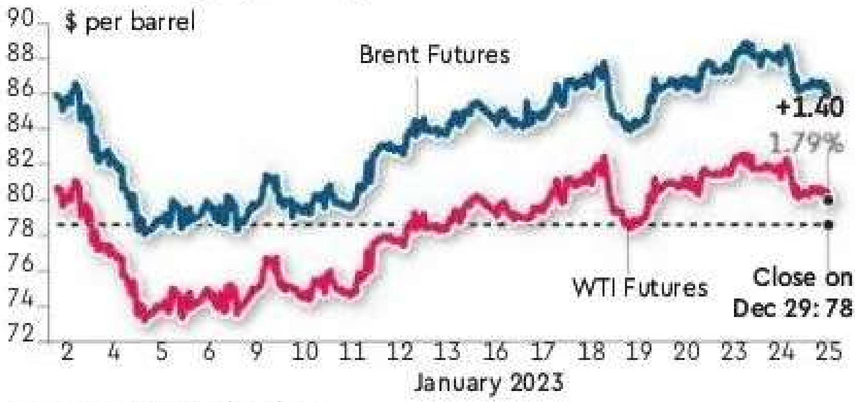
A senior executive with an oil marketing company (OMC) said diesel consumption is likely to be healthy, aided by increasing activity in industrial and mining sectors. For instance, the consumption stood at 7.8 million tonnes (mt) in December 2022, the highest in FY23 so far.

In November 2022, it was at around 7.8 mt, or roughly 1.97 million barrels per day, which is the highest for the month in last four years. In April-December FY23, diesel consumption rose 14 per cent y-o-y at 63.9 mt.

# Oil steady as China demand signals counter recession fears

Prices of crude oil have not see much volatility so far this month after a weak start to the year, with recession fears running through the market. The outlook for China and a weaker dollar, which makes commodities priced in the currency more attractive, have helped oil claw back some ground, reports **Bloomberg**. But, uncertainty lies ahead with sanctions and price caps on Russian petroleum products set to kick in next month. Immediate triggers include US GDP data on Thursday and the Energy Information Administration's report on oil stockpiles later on Wednesday.

**Oil holds largely steady**




Source: ICE, Nymex, Bloomberg

# 'India, UAE to connect power grids'

Dilasha Seth
dilasha.seth@livemint.com
ABU DHABI

India and the United Arab Emirates plan to launch a feasibility study within the next couple of weeks to lay undersea cables between the two countries to connect their power grids as part of Prime Minister Narendra Modi's the One Sun, One World, One Grid initiative, India's ambassador to the UAE Sunjay Sudhir said.

He pointed out that with the interconnection of electricity supplies, all the six member states of the Gulf Cooperation Council grouping will get connected to India, promoting interdependence. Sudhir also said that post the India-UAE free trade agreement, bilateral trade has grown by nearly 30% in the April-November period, and that buyer-seller meets were being organized for sectors including engineering, food, gold jewellery, electronics, etc to encourage growth of non-oil trade. *Edited excerpts:*

INTERVIEW

**Eight months after the comprehensive economic partnership agreement (CEPA), how do you assess its impact on bilateral trade between India and the UAE?**

As far as bilateral trade is concerned, we were always doing well. So, even before CEPA, the UAE was our third largest trading partner and second largest export destination. We were their second largest trade partner and also, we are already there on the top.

What has happened after CEPA is that this trade has got a further push. CEPA entered into force on the first of May. After the benefits start, then also it takes a month or two for business communities on both sides to start taking advantage of that. It takes a little time. So, in the last six to eight months, there's been a real push for several sectors. Our bilateral trade has shot up by nearly 30% already. And as the awareness grows and people become more used to Certificates of Origin and other little paperwork associated with using benefits under CEPA, trade will further increase. Exports to the UAE have grown by nearly 19% in the last eight months. These are very impressive figures.

**Data for April-November period show that the trade deficit has also widened to $16.1 billion compared to $10.3 billion in the corresponding period last year. Even the non-oil trade deficit seems to have marginally widened. Is that concerning?**

I will go into the reasons. The trade deficit has widened largely because of higher oil prices. Last year, prices were much lower. But after the Ukraine war, prices spiked and one of our major imports is oil. So that's the reason. However, we can see that the crude LPG that we are importing from the UAE, we are re-exporting half of that in terms of finished products to the UAE.

It's contrary to intuition that oil and gas trade flows only one way. I think our imports have been about $10 billion, but our exports have been worth $5 billion.

**Our non-oil exports haven't grown as fast as the overall trade. Non-oil exports in the April-November period have grown by around 5%, and imports by 10%. What can be the way forward?**

In non-oil, engineering exports have gone up, gold has gone up, pharma too has shown a high double-digit growth. So, things are happening gradually. We are doing a lot of buyer-seller meets on focused sectors. We started with gold jewellery, then we moved to engineering goods, electronics, and now we will be focussing on food. In the next six-seven months, we will have covered all the important HSN codes. We will be participating in the Gulfood F&B exhibition in a major way. We are basically trying to have a multi-pronged approach to buyer-seller meets, but at the same time, take full advantage of all the exhibitions that happen here.

This country is a big hub for exhibitions and shows. So, we are trying to mount as big a delegation as possible. We are also trying to give a major presence to millets because this is the year of the millets and for India, millets are important. We will also introduce millet cuisine in several restaurants and do a special roadshow.

**What has been the progress on the power grid transmission line between India and the UAE? India's power minister said the countries are close to a major agreement. When will that come up and can you share details of the proposed project?**

There was a discussion on that when our minister of power R.K. Singh was here a few days ago. He had a very good meeting with the UAE energy minister Suhail al-Mazrouei. The idea we're working on is to have a sub-sea cable connecting the UAE and India.

So, if that were to happen, then actually the whole of GCC gets connected to India. India is a huge market. GCC already has its grid and this grid is working; so, the moment we just connect this grid, we're actually connecting to all these countries. So, that is the plan and for that, we are planning to launch a feasibility study, which we will announce in the next 15 days. It's not been done so far but we're not very far from it. Prime Minister Narendra Modi had given this mission of One World, One Sun, One Grid (OSOWOG). So, there the idea was that, let's all make clean power, and share it as the sun moves. And if we connect our grids East and West of India, then we are doing that kind of trade. In India also, we are developing that capacity of having grids operated at much higher voltages. So, we have already gone up to 800 KV. We are now experimenting with 1200 KV so as to reduce the losses.

> Our bilateral trade has shot up by nearly 30% already...The trade deficit has widened largely because of higher oil prices
>
> **Sunjay Sudhir**
> India's ambassador to the UAE

**A consortium of Indian oil companies led by ONGC Videsh Ltd (OVL) is in talks to buy a stake in a hydrocarbon carbon assets of Abu Dhabi National Oil Co and the discussions are being facilitated through G2G talks. By when is that deal expected to be completed and what may be the size of the deal?**

ONGC Videsh as part of a consortium with IOCL and BPRL already has a 10% stake in Lower Zakum and this deal was signed in 2018. Our companies are always very open to picking up more stake as and when the opportunity comes through. Two of our companies IOCL and BPRL are also doing exploration work in Area 1 of Abu Dhabi.

**How far have talks progressed on the rupee-dirham trade settlement? When do we expect an agreement on that?**

India had shared a concept paper with the UAE in November. Now, the discussions have gone far beyond the concept paper. The RBI is in active consultation with the UAE central bank and they are discussing that matter.

Technical discussions are happening. We feel that an INR-AED mechanism will help trade, bring down transaction cost and de-risk a lot of transactions. What we have in mind is to do it as soon as possible. It has to be a robust mechanism. It will be done in a graduated way, where we open up a few banks on both sides and then expand.

Our central banks are discussing and I will leave it at that.

PIONEER ( HINDI), Delhi, 26.1.2023
Page No. 5, Size:(21.88)cms X (13.43)cms.

# रविदास घाट पर बनेगा दूसरा सीएनजी टर्मिनल

**● केंद्रीय पेट्रोलियम मंत्री हरदीप पुरी ने कहा, राज्य से जमीन मिलते ही कार्य होगा शुरू ●हरित ऊर्जा के प्रति जागरूकता फैलाने के उद्देश्य वाराणसी में आयोजित हुआ सीएनजी बोट रैली**


**पायनियर समाचार सेवा।** वाराणसी

**पेट्रोलियम** एवं प्राकृतिक गैस मंत्रालय, भारत सरकार के द्वारा काशी के नमो घाट पर आयोजित सीएनजी वोट रैली में हिस्सा लेने आए केंद्रीय पेट्रोलियम मंत्री हरदीप पुरी ने कहा कि वाराणसी में गंगा किनारे दूसरा सीएनजी टर्मिनल वाराणसी के रविदास घाट पर बनेगा। इसके लिए उत्तर प्रदेश सरकार से जमीन सहित अन्य औपचारिकताएं पूरी होते ही पेट्रोलियम मंत्रालय की ओर से कार्य शुरू कर दिया जाएगा।

केंद्रीय पेट्रोलियम मंत्री ने कहा कि इंडिया एनर्जी वीक 2023 का आयोजन भारत के जी-20 की अध्यक्षता के दौरान बेंगलुरु में 6.8 फरवरी 2023 तक ग्रोथ, कोलैबोरेशन, ट्रांजिशन विषय के अंतर्गत किया जा रहा है। इसी के तहत लोगों को ऊर्जा और सीएनजी के प्रति जागरूक करने के उद्देश्य से वाराणसी में सीएनजी बोट रैली का आयोजन किया गया है। हाल के वर्षों में वाराणसी ने प्रधानमंत्री नरेंद्र मोदी के दृष्टिकोण के तहत अपने स्वर्ण युग का पुनरुत्थान देखा है। काशी विश्वनाथ मंदिर कॉरिडोर और वाराणसी के विश्व प्रसिद्ध ऐतिहासिक घाटों के जीर्णोद्धार और विकास जैसे अभूतपूर्व प्रयासों ने हमारी विरासत और संस्कृति के संबंध और सम्मान के साथ आधुनिक जीवन और पर्यटन के विकास को भी जोड़ा है।

वाराणसी के परिवर्तन और ऊर्जा परिवर्तन और ऊर्जा सुरक्षा के लिए भारत की रणनीति के बीच एक समानांतर रेखा खींचने के लिए आभारी हूं। केंद्रीय पेट्रोलियम मंत्री ने कहा कि प्रधानमंत्री की चाह थी की वाराणसी के नाव डीजल की जगह सीएनजी से चले। आज बताते हुई खुशी हो रही है कि वाराणसी में 580 नावें सीएनजी में तब्दील हो गई हैं। डीजल की तुलना में सीएनजी अधिक कुशल ईंधन होने के कारण नाविकों के लिए महत्वपूर्ण बचत होती है। सीएनजी डीजल की तुलना में 18 फीसदी ज्यादा माइलेज देती है। नाविक समुदाय ने इसका उपयोग कर अधिक रुपये की बचत की है। वाराणसी में नाव अभी सीएनजी से चल रहे हैं। वो समय जल्द आएगा जब यहां की नाव ग्रीन हाइड्रोजन से चलती दिखेगी।

केंद्रीय मंत्री ने कहा कि भारत दुनिया की सबसे तेजी से बढ़ती बड़ी अर्थव्यवस्था के रूप में विश्वगुरु बनने की दहलीज पर खड़ा है और प्रधानमंत्री मोदी के आत्मनिर्भर भारत विजन की बदौलत आजादी के 100 वें वर्ष में इसके 26 ट्रिलियन डॉलर की अर्थव्यवस्था बनने की संभावना है। भारत ऊर्जा के क्षेत्र में आत्मनिर्भरता के लिए और 2070 तक शुद्ध कार्बन शून्य प्राप्त करने के लिए चार आयामी रणनीति के माध्यम से कार्य कर रहा है। इसमें ऊर्जा आपूर्ति का विविधीकरण, वैकल्पिक ऊर्जा स्रोतों को बढ़ाने के लिए जैव ईंधन, इथेनॉल, सीबीजी और सूर्य नूतन सोलर कुकटॉप पर कार्य करनाए भारत के एक्सप्लोरेशन और उत्पादन फूटप्रिंट को बढ़ाना और हरित हाइड्रोजन पर काम करना है। केंद्रीय पेट्रोलियम मंत्री ने कहा कि सीएनजी से चलने वाली नावें न केवल वाराणसी आने वाले निवासियोंए नाविकों और पर्यटकों के लिए स्वस्थ हवा देती हैं बल्कि यह हमारी पवित्र गंगा नदी और इसके पारिस्थितिकी तंत्र और समुद्री जीवन को डीजल के रिसाव के जोखिम से भी बचाती हैं।

HINDUSTAN, Gonda, 26.1.2023
Page No. 5, Size:(2.75)cms X (5.73)cms.

# पीएनजी कनेक्शन देने का काम शुरू

झंझरी। निजी कंपनी की ओर से आवास विकास कॉलोनी में लोगों को पीएनजी गैस पाइप लाइन से कनेक्शन देने की शुरुआत की गई। कंपनी के प्रतिनिधि दिलीप मिश्रा ने पूजा-अर्चना इसकी शुरुआत की।

उन्होंने बताया कि आगामी कुछ दिनों में कनेक्शन का कार्य पूरा कर लिया जाएगा। इसके बाद लोगों के घरों में पीएनजी की आपूर्ति शुरू कर दी जाएगी। प्रोजेक्ट मैनेजर राकेश सिंह ने बताया कि पीएनजी से पर्यावरण का संरक्षण होता है। इस दौरान मयंक शुक्ला, सोनू गुप्ता, मनीष सिंह, राम पूजन तिवारी आदि रहे।