BUSINESS STANDARD, Delhi, 30.10.2023
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Dhamra LNG terminal to save ₹5K cr for users

DEV CHATTERJEE
Mumbai, 29 October

Dhamra LNG terminal, a joint venture of Adani Ports & SEZ and Total Energies of France, will save over ₹5,000 crores annually for its users and act as a main source of gas to more than 35 percent of India's population.

The LNG terminal, located within in Dhamra port, will service more than eight energy starved eastern states by substituting expensive fuels like Naphtha and high speed diesel (HSD), said a source.

There has been no amount upfront or during the project either as cash or bank guarantees which has been given by Indian Oil Corporation or Gas Authority of India to the project, the official said reacting to allegations about the project cost bourne by the PSUs.

Adani Ports & SEZ and TotalEnergies have jointly invested ₹1,900 crore in the terminal project so far.

The Adani firm started investing in the project from 2016 onwards and the project was commissioned in May this year. All risks related to the completion and performance of Dhamra LNG was borne by the Adani-Total Energies joint venture, the source said.

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INDIAN EXPRESS, Delhi, 30.10.2023
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Amid refinery maintenance season, petroleum product exports dip to 6-month low

SUKALP SHARMA
NEW DELHI, OCTOBER 29

INDIA'S PETROLEUM product exports in October fell to a six-month low as a consequence of maintenance-related dip in production as some of the country's major refineries, particularly Reliance Industries Ltd's (RIL's) Jamnagar refinery complex, as per an analysis of provisional export data from commodity market analytics and intelligence firm Kpler. The recovery in domestic fuel and petroleum product demand following the monsoon-related slump is also likely to have impacted exports.

As of October 29, India's petroleum product exports in October stood at 1.15 million barrels per day (million bpd), the lowest since April's 1.04 million bpd, as per Kpler data. October petroleum product exports were down nearly 4 per cent from September levels and around 20 per cent from August volumes.

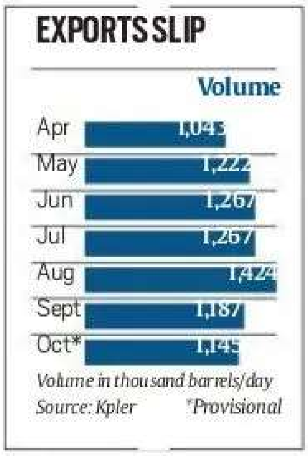
It is worth noting that October saw partial maintenance shutdowns at RIL's Jamanagar complex, the world's largest single-location refinery complex with a cumulative crude oil processing capacity of around 1.4 million bpd, and Bharat Petroleum Corporation Ltd's (BPCL's) Mumbai refinery. Indian Oil Corporation Ltd's (IOC's) Paradip refinery had a complete shutdown for around 10 days this month.

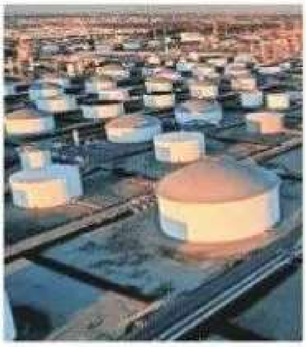
Private sector giant RIL accounts for a major chunk of India's fuel and petroleum product exports, while public sector players like IOC and BPCL are only marginal exporters with most of their production being consumed within India. India is the world's third-largest consumer of crude oil and depends on oil imports to meet over 85 per cent of its domestic demand. However, with its refining capacity of around 254 million tonnes per annum (mtpa), or around 5 million bpd, being lower than its domestic demand, the country is a net exporter of petroleum products.

According to Kpler's estimates, RIL's petroleum product exports in October were less than 800,000 bpd, the lowest in 12 months. Over the past year, RIL's share in India's petroleum product exports has averaged at close to 72 per cent, as per the data. In October, the company's share in the country's petroleum product exports is estimated at around 69 per cent. It is worth noting that an export-oriented refinery accounts for a little more than half of the refining capacity at RIL's Jamnagar complex.

The export volumes of public sector refiners declined to the lowest in four months as domestic demand for fuels and other petroleum products recovered from the annual monsoon-related dip. Over the three to four months that preceded October, exports by domestic market-oriented public sector refiners had seen an uptick as domestic demand was dampened by the southwest monsoon rains. Diverting some of the domestic volumes to the export market allowed Indian refiners to maintain high refinery runs.

With the refinery maintenance season now at its fag end, India's petroleum product exports are seen rebounding in November, according Kpler's lead crude analyst Viktor Katona. However, high domestic demand during the festival season could cap exports, particularly for public sector refiners and fuel retailers IOC, BPCL, and Hindustan Petroleum Corporation Ltd (HPCL). As per Katona's estimates, the two RIL refineries and IOC's Paradip refinery should be operating at their full capacity in November. BPCL's Mumbai refinery is expected to come to full capacity in first week of November.




Petroleum product exports are seen rebounding in Nov

HINDU, Delhi, 30.10.2023
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Ban BS-III, BS-IV buses in NCR areas, Rai urges Centre

The Hindu Bureau
NEW DELHI

Environment Minister Gopal Rai on Sunday urged the Centre to enforce a complete ban on buses running on lower quality diesel engines in NCR areas of neighbouring States.

According to the Centre's Commission for Air Quality Management (CAQM), only electric, CNG and BS-VI-compliant diesel buses will be allowed to operate from November 1 between Delhi and the areas in Haryana, Uttar Pradesh and Rajasthan that fall within the National Capital Region (NCR).

Bharat Stage, or BS, emission standards are instituted by the government across the country to regulate the output of air pollutants from diesel engines in vehicles.

Mr. Rai during an inspection at the Kashmere Gate ISBT said it was found that all buses that had come there from U.P. and Haryana were BS-III and BS-IV compliant.

"At present, pollution generated from vehicles is increasing. All buses in Delhi are running on CNG. More than 800 electric buses are running in Delhi. However, due to BS-III and BS-IV diesel buses running in U.P., Haryana, Rajasthan, pollution is increasing in Delhi," Mr. Rai said.

The Minister added that from November 1, checking will be conducted by the Transport Department at all entry points.


Gopal Rai during an inspection of diesel buses on Sunday. PTI

MINT, Delhi, 30.10.2023
Page No. 1, Size:(12.24)cms X (17.21)cms.

Govt may ask PSUs to pay higher dividends

Rhik Kundu &
Subhash Narayan

NEW DELHI

The government may demand higher dividend payouts from state-run companies should it miss revenue targets because of sluggish tax collections or lower-than-expected asset sale proceeds, two people familiar with the matter said.

It may also seek special dividends from state-run oil companies, which have reported bumper profits because of soaring crude prices, one of the two people said. However, the plans will depend on the movement of crude oil prices in the coming months and the profitability of these firms.

Also, share buybacks may be sought from select public sector undertakings (PSUs) with substantial cash reserves and significant government shareholdings depending on market conditions.

The government will decide how much it wants from these companies after reviewing the September and December quarter earnings of

MINT

The Centre may seek special dividends from PSU oil firms.

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Govt may seek higher dividends

FROM PAGE 1

PSUs, the person said, adding that the companies might be asked for higher dividends in the March quarter.

"The performance of PSUs, including banks, has been very strong in the first and second quarters. There are expectations of strong financial performance from public sector enterprises even during the ongoing quarter, which falls during the festive season. The decision to seek higher dividends will depend on the market conditions," the second person said, also on the condition of anonymity.

"The movement of crude oil prices will also be a factor in considering special dividends from government-run oil companies. If oil breaches the $95-100 barrel mark, it will put more cost pressure on the oil marketing companies, especially if the prices (it offers to consumers) remain unchanged. Then the oil companies may be unable to make higher dividend payouts," the person added.

MINT

The Centre's share of dividends from PSUs is projected to be steady at ₹43,000 cr for FY24.

A query sent to the finance ministry on Sunday morning remained unanswered.

The BSE PSU Index, comprising 55 state-run entities, including 12 banks, has risen 27.6% over the past year, driven by robust earnings.

The government's share of dividends from public sector companies is projected to remain steady at ₹43,000 crore for 2023-24, according to the Union budget. Additionally, dividend and surplus payouts from the Reserve Bank of India, state-run banks and financial institutions are expected to be ₹48,000 crore for 2023-24, compared with ₹40,953 crore in the revised estimates for the previous fiscal.

"There is definitely a case for the government to ask for more non-tax revenue linked to dividends in companies where it is the majority shareholder, as the government finances may be running short from its failure to meet the divestment target," said a senior economist with a leading public sector bank.

Mint had on 20 August reported that the proposed sale of the government's stake in IDBI Bank is unlikely to happen this fiscal posing a challenge to the Centre's ability to meet the ₹51,000 crore disinvestment target for the year.

Apart from this, the Centre also planned to sell its stake in Shipping Corp. of India Ltd, BEML Ltd and Container Corp. of India Ltd during the year, though it has had limited success so far.

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BUSINESS LINE, Delhi, 30.10.2023
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India mulls smart billing to keep Russian oil buys below West's $60/bbl cap

ON THE RISE. India's crude oil imports from Russia in FY23 increased 14 times to $31.02 billion REUTERS

Amiti Sen
New Delhi

India is experimenting with smart ways of billing for Russian oil imports, by excluding freight, insurance and other logistics costs, to stay within the West's price cap of $60 per barrel and avoid economic sanctions in the face of rising price of Russian Urals, sources said.

"The price of Russia's Urals grade of oil, which was offered at a steep discount to India till some time ago, has moved above $60 per barrel. To avoid sanctions, India is now looking at getting the billing done in a manner that it still buys the main oil below $60 while the logistics, insurance and freight costs are separately billed," a source tracking the matter told *businessline*.

SEPARATE BILLING

As freight charges from Russia to India could be as high as $19 per barrel and the insurance cost, too, could be substantial, by billing them separately, the price of just the oil component can be maintained below $60/barrel, the source added. India's crude oil imports from Russia in FY23 increased 14 times to $31.02 billion from $2.2 billion in the previous fiscal. In April-August 2023, Russia accounted for more than a third of India's oil imports, at $19.36 billion.

"Russia is already saddled with over $8 billion in Indian rupees that it has accepted mostly for exporting defence equipment to India. It does not want to accept rupee for oil as the rupee balance in its vostro accounts is already high and its imports from India, using the accumulated rupee, is low. It is looking for avenues of investing some of the balance, but has had limited success yet," the source said.

Early last year, the West imposed banking and economic sanctions on Russia post its war on Ukraine, which still continues. The Western nations, including the US and the EU, allowed trading in oil but came up with the price cap of $60 per barrel above which sanctions would kick in. Below the cap, countries can also use US dollars to make payments if banks are agreeable.

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Time to 'phase up' on oil production

With war and tensions mounting in West Asia, oil prices, and possibly even supplies, will be subject to even greater uncertainty than they were last year. Betting on oil prices has long been a sure way to lose money, but it does now seem that they are likely to remain elevated in the near term. This is bad news for India, which, in 2022-23, depended on imports for almost 88 per cent of its needs, or about 4.5 million barrels per day. Despite much discounted oil sourced from Russia, the bill was close to $160 billion.

Given India's dire need for affordable energy, at the Intergovernmental Panel on Climate Change (IPCC) Conferences of Parties, India has successfully negotiated that coal production and use will be "phased down" rather than "phased out". However, coal production increased over the last two years, now touching 890 million tonnes, with the billion tonne target not far away.

RANJAN MATHAI

For other fossil fuels, the IPCC prescription is only to phase out inefficient subsidies; but the unending decline in domestic production might make a cynical observer conclude that India has decided to phase down — if not phase out — oil! Negative growth — in evidence since 2012-13 — continued in 2022-23, with domestic oil production falling again, to 29.2 million tonnes (mt), down about 25 per cent from the 38 mt achieved in 2011-12. As the demand for petroleum products drives on relentlessly, imports surged to 230 mt, leaving us vulnerable to vagaries of global uncertainties. The possibility of the war in Gaza spilling over into the Gulf region is just one of them.

China's Global Times recently reported, with evident satisfaction, that India's "discomfort" with using the yuan to pay for Russian oil had held up payments for seven cargoes of Russian crude oil because Russia has refused more payments in rupees. The yuan is now "the third most used currency for trade financing", and as the rupee doesn't circulate much internationally, many countries won't use it for "transactions". Also the rupee "exchange rate is volatile", causing a sharp shrinkage in profits for the Russians. The paper did not need to spell out that that huge oil import pushing up India's current account deficit was one of the causes of the volatility.

Our oil problems have mounted despite the Ministry of Petroleum and Natural Gas (MoPNG) having driven very substantial reforms since the Hydrocarbon Exploration and Production Policy (HELP) was adopted in 2016. As cited in a recent publication on the nine-year achievements of the ministry, reforms have accelerated in the last few years. The auction of "discovered small fields" was pushed through and five have reportedly started production. Almost 1 million square km of offshore areas have been opened up for exploration and production (E&P) with the removal of 99 per cent of the so-called "No Go" areas, where E& P was blocked by various ministries and agencies. An area of 200,000 square km, in 134 separate blocks, has been awarded for E&P — all impressive achievements by any measure.

Yet the "$3 billion investment commitments", mentioned in the MoPNG's achievements, are small considering that the global oil industry invests $500 billion in E&P annually; and commitments are relevant only when converted into investment. Smaller countries like Guyana, Namibia, and Mozambique, all of which once had geological prospects as (allegedly) poor as India's, have received multiples of our figures in investment, and are on the way to becoming major players in the global hydrocarbon industry.

The real problem in India is that the domestic oil sector remains probably the most overtaxed, over-regulated, and over-litigated part of the industrial economy. Former leaders of India's oil sector privately confirm that foreign and Indian companies which invested both money and hope in India after the HELP, etc came into force are still ground down by high taxes and endless litigation. The conclusion is that the Government of India, led by the Ministry of Finance, views the oil producers purely from the lens of revenue maximisation; and oil-industry regulators operate on the basis of suspicion rather than facilitation of these vital players in the national economy. Considerations of national energy security, or kick-starting a sizable new investment cycle, or large-scale employment possibilities do not figure in the calculations. Hence oil-industry investment flows to more pragmatic countries, transforming their economies. Guyana's GDP growth last year was over 50 per cent!

According to the International Energy Agency, by 2027 India will replace China as the fastest-growing importer of additional oil. Obviously the world's major oil exporters are happy to keep us going this way. While it can be said that market power adds to our diplomatic leverage, the issue is really that increased oil production at home, and being a valued customer for foreign suppliers, are not mutually exclusive, given the sheer size of our needs.

India is emerging as a world leader in alternative and green sources of energy. But in almost any scenario of energy transition, even in 2040 we will still be consuming more oil and gas than we do today. Whether we should leave our potential underground, or extract value from it for reducing energy poverty and boosting the national economy, is the decision for our policymakers. The US, which claims to be a green champion, is now the world's largest oil producer, and oil and gas are its top export item! The UK too has changed tack and is planning to license new oil exploration. China is drilling 10 km underground in Xinjiang to tap ultra-deep oil reserves. There are lessons to be learnt from the experience of the real world even as we invest in energy transition.

The writer is a former foreign secretary

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धामरा एलएनजी करेगी 5,000 करोड़ रु. की बचत

देव चटर्जी
मुंबई, 29 अक्टूबर

अदाणी पोर्ट्स ऐंड एसईजेड और टोटाल एनर्जीज ऑफ फ्रांस का संयुक्त उद्यम धामरा एलएनजी टर्मिनल अपने यूजर्स के लिए सालाना 5,000 करोड़ रुपये से ज्यादा की बचत करेगा और भारत की 35 फीसदी से ज्यादा आबादी के लिए गैस के मुख्य स्रोत के तौर पर काम करेगा।

धामरा पोर्ट में अवस्थित एलएनजी टर्मिनल ऊर्जा संकट झेल रहे आठ पूर्वी राज्यों को सेवाएं देगा और इसके तहत महंगे ईंधन नेफ्था व हाई स्पीड डीजल का विकल्प देगा। सूत्रों ने यह जानकारी दी।

परियोजना के दौरान इंडियन ऑयल कॉरपोरेशन या गैस अथॉरिटी ऑफ इंडिया ने न तो अग्रिम नकद या बैंक गारंटी के तौर पर दी है। सूत्रों ने ये बातें इस आरोप पर प्रतिक्रिया जताते हुए दी कि परियोजना की लागत पीएसयू वहन कर रहा है।

अदाणी पोर्ट्स ऐंड एसईजेड और टोटाल एनर्जीज ने संयुक्त रूप से इस टर्मिनल प्रोजेक्ट में अभी तक 1,900 करोड़ रुपये निवेश किए हैं और अदाणी फर्म ने 2016 से इसमें निवेश शुरू किया था और परियोजना इस साल मई में चालू हुई। सूत्र ने कहा, धामरा एलएनजी टर्मिनल को पूरा करने व प्रदर्शन से जुड़े सभी जोखिम अदाणी-टोटाल एनर्जीज संयुक्त उद्यम ने उठाए हैं।

सूत्र ने कहा कि धामरा एलएनजी की टैरिफ व वाणिज्यिक शर्तें (पोर्ट चार्जेज समेत) प्रतिस्पर्धी बेंचमार्किंग के बाद तय हुई। पीएसयू पेट्रोनेट एलएनजी दहेज में भारत के सबसे बड़े एलएनजी टर्मिनल का परिचालन करती है और धामरा परियोजना की टैरिफ व वाणिज्यिक शर्तों के लिए इसका इस्तेमाल बेंचमार्किंग के तौर पर किया गया।

सूत्र ने कहा, 'धामरा का टैरिफ वास्तव में एलएनजी टर्मिनल के शुल्क के मुकाबले 1.5 फीसदी कम है और इसकी वाणिज्यिक शर्तें बेहतर हैं।'