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LPG subsidies: Give it to the poor and needy

UTTAM **GUPTA**

As state-owned oil companies grapple with massive losses from selling LPG below cost, the Govt is set to allocate Rs 35,000 crore in subsidies to mitigate the financial burden

During the current financial year (FY) 2024-25, the state-owned Indian Oil Corporation Ltd (IOC), Bharat Petroleum Corporation Ltd (BPCL), and Hindustan Petroleum Corporation Ltd (HPCL) are expected to incur an under-recovery of Rs 19,550 crore, Rs 10,400 crore and Rs 10,570 crore respectively on sales of LPG to household consumers. To make up for this loss totalling Rs 40,500 crore, the Union Government is likely to provide a subsidy of Rs 35,000 crore. In the Budget for 2025-26, to be presented on February 1, 2025, Finance Minister Nirmala Sitharaman will make a provision of Rs 10,000 crore in the revised estimate (RE) for the current FY and the remaining Rs 25,000 crore in the budget estimate (BE) for 2025-26.

The under-recovery arose because these corporations sold LPG for Rs 803 per 14.2-kg cylinder against the cost of supplying at the retail point being higher. The cost is calculated as the refinery-gate price or RGP (taken as import parity price or IPP and export parity price or EPP in the ratio of 80:20) plus freight, marketing costs, marketing margin, dealers' commission, and taxes and duties. During the current FY, the cost is Rs 1043 per cylinder, and the loss is Rs 240 per cylinder which on total sales of 169 crore cylinders would be Rs 40,500 crore. Modi - government had stopped giving subsidies on LPG during FY 2021-22. Then, how come, it continues to make huge payments from the budget? LPG is an environment and human-friendly fuel that meets the needs of millions of households (HHs).

Subsidy on LPG ought to be given only to those HHs who are poor. The government also needs to track the income status of the beneficiaries and withdraw support from those who become better off and can pay cost-based prices. Ignoring these cardinal principles, the subsidy was given to anyone who had an LPG connection. It went to all and sundry including the rich. The poor who alone should have got it sat at the bottom. According to the Economic Survey (2015-16), only 0.07 per cent of LPG subsidies in rural areas went to a fifth of the poorest households. In urban areas, the poorest fifth got only 8.2 per cent.

LPG IS AN ENVIRONMENT AND HUMAN-FRIENDLY FUEL THAT MEETS THE NEEDS OF MILLIONS OF HOUSEHOLDS (HHS). SUBSIDY ON LPG OUGHT TO BE GIVEN ONLY TO THOSE HHS WHO ARE POOR. THE GOVERNMENT ALSO NEEDS TO TRACK THE INCOME STATUS OF THE BENEFICIARIES AND WITHDRAW SUPPORT FROM THOSE WHO BECOME BETTER OFF AND CAN PAY

A lot of subsidies went to fake beneficiaries or the diversion of stocks (albeit subsidised) of LPG cylinders to hotels, restaurants, and other commercial users. Despite lacking sound justification, sheer populism drove politicians to give subsidies to all and sundry. They found ways to give it without taking the burden on the Centre's balance sheet. Initially, the subsidy on LPG (besides petrol and diesel) was cross-funded/subsidised by charging more on the sale of other products such as fuel oil, naphtha, ATF, etc. hence, no burden on the budget. In 2002-03, the Vajpayee-led NDA government ended the above system and decided to give subsidies on these products directly from the budget with the intent to eventually disband them. But, that was not to be.

The UPA government which took charge in 2004, even while continuing with subsidised sales, used disingenuous methods such as the issue of oil bonds to IOCL/BPCL/HPCL (instead of losses incurred by them due to selling these products at below-cost prices), and sale of domestic crude oil by stated owned upstream oil and gas companies viz. Oil and Natural Gas Corporation (ONGC) and Oil India Limited (OIL), etc. at a discounted price to these fuel refiners-cum-retailers.

In June 2010, petrol was decontrolled followed by diesel in November 2014. As for LPG, the Kelkar Committee recommended the removal of 25 per cent of the subsidy in 2012-13 and 75 per cent in the following two years. Modi Government which took charge in May 2014, started acting on it but in a calibrated manner. On January 1, 2015, it launched a direct benefit transfer (DBT) of subsidy. Under DBT, oil PSUs deliver the cylinder to the beneficiaries at a full cost-based price and follow it up by depositing a subsidy in the beneficiary's account.

In turn, they claim reimbursement of the subsidy amount from the Centre. This helped in eliminating fake beneficiaries and curbing misuse that was inherent in the erstwhile system wherein subsidy was embedded in the price. But, the government couldn't muster the courage to trim the number of beneficiary HHs sans Modi requesting the rich to give up on their own.

The FY 2020-21 was a boon, viewed from a subsidy angle. In that year, there was a steep decline in international prices (due to the COVID-19 pandemic) leading to a fall in the cost of supplying an LPG cylinder to a low of Rs 600; hence, it could be given to all HHs at Rs 600 requiring no subsidy support. The BE of Rs 36,000 crore for that year was used largely to clear past dues of oil PSUs and provide free gas connections under the Pradhan Mantri Ujjwala Yojana (PMUY).During 2021-22 when the international price rose due to waning COVID and demand revival, the cost of LPG zoomed to over Rs 900 per cylinder.

This prompted the government to give subsidies but only to the PMUY beneficiaries. They were 9.6 crore out of a total of 33 crore HHs. It spent Rs 14,000 crore during that year. During 2022-23, it spent Rs 9,170 crore. But, this doesn't tell the full story. From June 2020 to June 2022, the government had asked the three fuel retailers namely IOCL/BPCL/HPCL to sell LPG at a price below cost and gave them a one-time grant of Rs 22,000 crore to compensate for the losses incurred in 2021-22 and 2022-23 (against under-recovery of Rs 28,250 crore).

This was nothing but subsidy (albeit 'hidden') given to all and sundry, and not just PMUY beneficiaries. In the Budget for 2023-24, it kept the BE for LPG subsidy at Rs 2,257 crore. As in the previous two years, that allocation was meant to cover subsidy to PMUY beneficiary HHs @ Rs 200 per cylinder for up to 12 refills per year. However, to benefit all the 33 crore HHs, on August 29, 2023, the Union Cabinet approved a reduction in the price by Rs 200 per cylinder effective from August 30, 2023, thereby enabling the PSU retailers to sell it at Rs 903 per cylinder (Delhi). Taking 4 fills per HH, @Rs 200 per cylinder, the annual burden comes to Rs 26,400 crore (200x4x33).

Since the decision was effective from August 30, 2023, for the remaining seven months of FY 2023-24, the outgo would be around Rs 15,300 crore. On March 9, 2024, the fuel retailers namely IOCL/BPCL/HPCL were asked to cut the price by another Rs 100 per cylinder (courtesy, of general elections) to Rs 803.

During the current FY 2024-25, the price has remained unchanged despite the cost remaining at an elevated level. The under-recovery for 2023-24 and 2024-25 thus comes to over Rs 40,000 crore of which the Centre now wants to reimburse Rs 35,000 crore. This and the earlier payment of Rs 22,000 crore for loss incurred by IOCL/BPCL/HPCL during 2021-22 and 2022-23 could have been avoided if only it had stuck to its earlier stance of restricting LPG subsidy only to the poor HHs and keeping it transparent. But, this is unthinkable in the current political climate wherein all decisions based on sound economic logic are hamstrung by populism.

(The writer is a policy analyst; views are personal)

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ONGC

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India's fraying Gulf oil ties get a fillip on US' sanctions on Russia

State-run refiners plan to renew or enhance optional volumes under existing contracts, struck on a fiscal basis, despite higher sourcing costs

S DINAKAR
Amritsar, 19 January

Even as Indian refiners were completing a series of meetings this month with West Asian suppliers of crude oil to discuss term-contract renewals for 2025-26 — amid growing uncertainties over the fate of Russian supplies — one thing stood out: As an industry veteran remarked, "You can buy cake, you can buy sweets, you can buy anything, but Saudi Arabia is the bread and butter of crude oil."

That pretty much explains why state-run refiners, which were planning earlier to trim term contracts with Saudi Arabia because of higher prices, especially after getting discounted Russian oil in their facilities, have reversed their stance and will retain the existing contracts and perhaps seek a bit more when Saudi Aramco comes calling on January 22, industry sources said.

Indian state-run refiners now plan to renew or enhance optional volumes under existing contracts, struck on a fiscal basis, despite higher sourcing costs of $4-5 per barrel, because of the reliability of West Asian oil producers, industry sources said. There were meetings on contract extension with Kuwait on January 10 and the United Arab Emirates (UAE) on January 17.

Term contracts typically comprise a firm volume and optional purchases.

"Unless Donald Trump (as United States President) reverses the latest sanctions against Russia, Indian refiners have little choice but to buy more West Asian crude oil and bear higher costs, at least for the time being," said Vandana Hari, a Singapore-based energy expert. "But they may not necessarily increase term volumes in West Asian contracts."

Iraq, which contracts on a calendar year basis, has already announced its allocations, retaining last year's volumes, industry sources said. Indian Oil, the country's biggest refiner, has retained its annual crude oil import deal with Iraq at 20 million tonnes for 2025.

Bharat Petroleum has secured 3.8 million tons and Hindustan Petroleum around 5 million tons, two refining sources said.

Other producers are yet to make term allocations for 2025-26. State refiners source around 25 million tonnes a year in term supplies from Saudi Arabia. Kuwait supplies around 4 million tons a year and the UAE more than 13 million tonnes, refining sources said. Optional volumes mean Indian refiners have a choice to buy them if prices are competitive or seek alternative, cheaper grades from the spot market.

State-run refiners may increase purchases of optional volumes, a component of term contracts, and spot volumes from West Asia this year after American sanctions on Russian oil flows last week crippled transportation, refining sources said. A top state-run refiner sourced around 2 million barrels of the UAE's Murban grade at a $4 premium to benchmark Dubai — with over 5 million barrels of Gulf volumes in stages of contracting to meet India's shortfall in February and March, a senior trader said. More tenders are expected.

In 2018, 61 per cent of India's barrels of crude oil came from the Gulf, according to the data from market intelligence agency Kpler. That shrunk to as low as 41 per cent last year but is expected to increase this year. The reduction in West Asian volumes, especially from Kuwait and Saudi Arabia, was significant after Russia flooded India's oil market since it invaded Ukraine in February 2022, offering discounts initially of over $15 per barrel. These discounts have shrunk to less than $3 per barrel now.

Moreover, Saudi Arabia and the UAE are important for India because they remain the only investors ready to take stakes in refining projects in exchange for a commitment to buy crude oil from them, refining officials said. Indian state-run refiners lack the financial heft or an appetite for risk for spending billions of dollars on greenfield refineries, which come with a short shelf life as the world transitions to clean fuels. Adding these limitations to state oil-marketing companies, stripped of their power to price fuels, makes them even more dependent on Gulf oil producers for investment.

Saudi Arabia and India are in talks on taking a substantial stake in Bharat Petroleum's proposed greenfield refinery-cum-petrochemicals project in Andhra Pradesh.

Recounting an incident that happened when Indian refiners were in talks with Saudi Aramco over a stake in the now shelved Ratnagiri refinery project (60 million tons a year), an informed source quoted a top Aramco official saying that "Saudi Arabia is the one who will be standing by India, because we have the volumes. And we are close (geographic proximity) to you. The US or Venezuela may have more resources, statistically, but you lose on freight. Second is the range we offer — offering from super light all the way to Arab heavy. Others will give you some crude oil but not all grades."

OIL REPORT

India crude import volumes/prices in 2024

	CY 2024 Vol. (mt)	% share	Jan-Nov '24 ($/bbl)
Russia	89.8	37.8	78.5
Iraq	49.4	20.8	80
Saudi Arabia	31.6	13.3	86.2
US	9.7	4.0	65.8
Kuwait	3.6	1.5	81
UAE	18.7	7.9	88.6

Sources: Kpler, Indian Customs Data

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RIL focuses on cost control in O2C segment

Fuel discounts, ditching low-margin products underway, says company

AMRITHA PILLAY
Mumbai, 19 January

Oil-to-telecom conglomerate Reliance Industries Ltd (RIL) has surprised the street with a better than expected performance in its oil-to-chemicals (O2C) division in October-December 2024 (Q3FY25).

RIL executives attributed it to favourable feedstock sourcing and higher volumes. However, they also listed cost optimisation and other measures.

Domestic product placement, fuel discounts, and ditching low-margin aromatics for gasoline production are some of the measures under way, said company executives in a post-earnings call last week.

"We continue to focus on some of the things we do ... for example, in the case of prioritising transportation fuel versus aromatics. And given the environment (subdued margins) for aromatics, it made sense for us to prioritise production of transportation fuel," said Chief Financial Officer V Srikanth in the call.

The conglomerate's O2C business posted a 6 per cent rise in revenue Y-o-Y at ₹1.49 trillion, and earnings before interest, tax, depreciation and amortisation (Ebitda) rose 2.4 per cent to ₹14,402 crore, scripting a recovery from the weakness seen in the last couple of quarters.

Analysts with Goldman Sachs in a January 17 dated note observed: "The Energy segment reported above our expectations due to stronger O2C earnings. Sequential EBITDA growth in refining was potentially higher than expected driven by better capture rates."

FIRM'S O2C MOVE

- Higher domestic product placement
- Use of larger Suezmax vessels for product delivery to lower freight cost

Source: RIL's investor presentation.

RIL's O2C comprises refining, fuel-retailing, and petrochemicals.

In terms of fuel retailing, Srikanth added the company had focused more on domestic fuel sales, given the demand.

"RIL's fuel retail volumes were up 44 per cent year-on-year supported by some specific schemes, like the 'Happy Hour' petrol scheme," the executive said.

According to RIL's investor presentation, the company's gasoline retail sales were up 44 per cent and those for diesel were higher 23 per cent from a year ago.

Meanwhile, exports from the O2C division continued to reflect a decline, lower by 9.3 per cent to ₹67,672 crore.

RIL Chairman and Managing Director Mukesh Ambani in the press statement said the O2C business showcased its innate resilience, registering growth even in this prolonged period of volatility in the global energy markets.

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5 new bio-CNG plants are yet to be unveiled

T. SUDHEESH I DC
CHENNAI, JAN. 19

Even two years after the Greater Chennai Corporation (GCC) initiated steps to set up five new bio-CNG plants in order to cut carbon footprints in the city, none of the plants has been opened so far.

The GCC had set an August 2023 deadline to open two bio-CNG plants with a capacity of 100 Metric Ton (MT) each in Sholinganallur and Madhavaram. Three more plants (100 MT each), two in Koyambedu and one in Manali, are also under construction that were planned to be commissioned by December 2024 or January this year.

GCC Commissioner J. Kumaragurubaran said that construction of digesters was in full swing at the second bio-CNG Plant at Madhavaram. It is expected to be opened by next month. Plant-I is already in operation, he said.

The civic body launched the work of bio-CNG plants as part of its plan to convert about 2,500MT of wet wastes to bio-CNG every day. To achieve this goal, the GCC has already set up 175 micro-collecting centres to decentralise waste composting and avoid artificial mountains outside the cities. Of the 6,000 MT of garbage generated in the city every day, around 50 per cent is wet waste.

The GCC already manages two bio-CNG plants with a capacity of 100 MT each in Madhavaram and Chetpet. The Chetpet plant has produced more than 665.14 MT bio-CNG from 36,726 MT wet waste.

Private companies are entrusted to maintain the plants, production of bio-CNG, marketing and sale. Bio-CNG is sold to private vendors and hotels. It can also be used for cooking and running automobiles. The production of bio-CNG will lessen garbage in the landfills.

A GCC official said that works of the Bio CNG plants were underway. "Almost 90 percent of work for the new plants in Sholinganallur and Koyambedu has been completed, and it will be commissioned soon," said the official.

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Petroleum products exports rise 2% in April-December

ARUNIMA BHARADWAJ
New Delhi, January 19

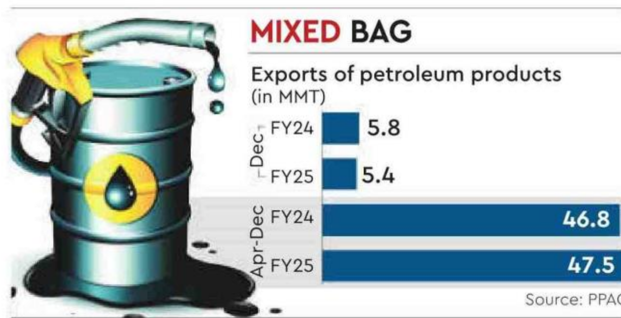
INDIA'S EXPORTS OF petroleum products grew marginally by 1.5% to 47.5 million tonne during April–December, compared to 46.8 million tonne in the same period last fiscal, according to data from the Petroleum Planning and Analysis Cell.

The rise in exports was primarily driven by increased shipments of motor spirit, petcoke/CBFS and fuel oil.

In December 2024, however, petroleum product exports declined to 5.4 million tonne from 5.8 million tonne in December 2023.

Imports of refined oil products increased by 7% to 38.5 million tonne during April–December 2024, compared to 36 million tonne in the same period last fiscal. The import bill for these products also rose to $18.2 billion, up from $17.1 billion in the same period of previous fiscal.

India's consumption of petroleum products during the first nine months of the ongoing fiscal rose to 178.5 million tonne, up from 172.6 million tonnes in the same period last fiscal. This growth was attributed to higher demand for diesel, motor spirit, liquefied petroleum gas (LPG) and aviation turbine fuel (ATF).



While the demand for ATF increased by 9.8%, that of LPG and motor spirit grew by 6.7% and 8.0% respectively. Diesel consumption recorded a growth of 2.2% during April-December from last year.

Looking ahead, India projects domestic petroleum product demand to reach a record 252.9 million tonne in FY26. India's petroleum product exports in December increased by 3.1% to 1.37 million barrels per day (bpd), compared to 1.33 million bpd in December 2023, according to energy cargo tracking firm Vortexa. This also marked a 4.5% rise from November 2024, when exports stood at 1.31 million bpd.

Africa emerged as the top destination for India's petroleum exports in December, while shipments to traditional importers in Asia and Europe witnessed significant decline.

Even though analysts fear a supply glut in the oil market 2025 onwards, rising uncertain geopolitical tensions and weak demand outlook from the world's top consumers could negatively impact India's exports going forward.

Union minister for petroleum and natural gas Hardeep Singh Puri has repeatedly emphasised that there is no shortage of oil in the market. However, he acknowledged that geopolitical tensions could lead to increased freight costs for shippers.

India primarily supplies petroleum products to Europe and Asia. The EU implemented a price cap and embargo on Russian crude oil imports in December 2022, aiming to limit Russia's revenues during its conflict with Ukraine. However, refined petroleum products derived from Russian crude were excluded from the restrictions.

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MRF: Crude prices, Re slide driving surge in tyre prices

NITIN KUMAR
New Delhi, January 19

RISING CRUDE OIL prices and a depreciating rupee are driving up tyre costs, according to Arun Mammen, vice chairman and managing director of MRF.

Speaking to FE at the Bharat Mobility Global Expo, Mammen highlighted how global crude oil rates and the dollar-rupee exchange rate significantly impact tyre prices, with crude oil derivatives accounting for nearly 70% of manufacturing costs.

"Crude oil at $82/bbl is inflating tyre prices. Additionally, a weaker rupee raises raw material costs," Mammen said.

Tyre manufacturing relies on diverse raw materials, including natural and synthetic rubber, carbon black, steel, textile fibres and chemicals. While India produces natural rubber, steel and textiles domestically, it depends on imports for synthetic rubber, carbon black and specialised chemicals from China, US and Japan.

READY FOR EVs

- MRF is investing in innovative technologies like foam-filled and puncture-resistant tyres to meet evolving consumer demands

- According to MD Arun Mammen, EVs will account for 30% of the market in the next 10-15 years

Despite these cost pressures, MRF expects to see growth going ahead. The company reported a 9% growth in FY24 and 11% in the first half of FY25. Mammen is optimistic about maintaining this momentum, driven by rising demand in the commercial and passenger vehicle segments.

According to Mammen, EVs will account for 30% of the market in the next 10-15 years. To address this shift, MRF has developed EV-specific tyres and expanded its portfolio to include tyres for aircraft.

Additionally, MRF is investing in innovative technologies like foam-filled and puncture-resistant tyres to meet evolving consumer demands.

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Put Climate at the Centre, For Growth

Uncertainty on climate action and paucity of financial flows should inform Budget 2025. India must resist prioritising growth that disregards environmental, and thereby human, well-being. Instead of greening the economy within limits, this year's budget must turbo-charge efforts to decarbonise while making the economy resilient.

Allure of any 'grow now and think later' strategy is tempting, but an invitation to disaster. Greening the economy is the only way to safeguard <growth>. 2024 was the warmest year on record globally as well as in India. Already dealing with extreme weather events—heatwaves, droughts, floods, depleting groundwater—RBI estimated climate change could shave off GDP by 3% by 2030. Cost of inaction is too high for a country with considerable developmental deficits despite a decently growing economy.

India can't afford to not put climate action at the centre of its budgetary exercise. It must invest in creating sturdy assets, maintaining dependable infra, halting further degradation of land, air and water. The budget should provide clarity on finalising climate finance taxonomy that was announced last year, provide support for increasing resilience and adaptability to climate change. Tackling air pollution through increased investment in public transport and clean energy must be prioritised. Rather than business as usual climate action, India should seize the opportunity to invest in R&D for innovation and R&D for affordable low carbon solutions that other developing countries can also buy into. A plan for an aggressive transition to low-carbon growth will attract investments for industries of the future and create jobs its young population needs for a high-quality life that meets their aspirations.

Online

Headline	RBM Infracon ने ONGC के नंदेज ऑयल फील्ड में तेल एवं गैस उत्पाद संवर्धन परियोजना का कार्यभार संभाला		
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https://www.businessremedies.com/rbm-infracon/

जयपुर। आरबीएम इंफ्राकॉन लिमिटेड (आरबीएम), एक अग्रणी एकीकृत औद्योगिक सेवा प्रदाता जो ईपीसी अनुबंधों, यांत्रिक और रोटरी उपकरण और तेल और गैस

निष्कर्षण में विशेषज्ञता रखती है। कंपनी ने शेयर बाजारों को सूचित किया है कि कंपनी ने 17 जनवरी 2025 से प्रभावी तेल और प्राकृतिक गैस निगम (ओएनजीसी) नंदेज ऑयल फील्ड अनुबंध के अधिग्रहण की घोषणा की है। यह 25 नवंबर 2024 को ओएनजीसी द्वारा सितंबर 2024 में दिए गए तेल और गैस उत्पादन वृद्धि अनुबंध के सफल निष्पादन का अनुसरण करता है, जैसा कि कंपनी की पिछली प्रेस विज्ञप्ति में बताया गया था।

आरबीएम ने अनुबंधित समयसीमा से काफी पहले यह उपलब्धि हासिल की है। इस तिथि से प्रभावी, आरबीएम नंदेज ऑयल फील्ड में सभी परिचालनों का पूर्ण प्रबंधन संभालेगा। कंपनी प्रबंधन के अनुसार कंपनी को ओएनजीसी द्वारा निर्धारित समय सीमा से पहले इस महत्वपूर्ण उपलब्धि को हासिल करने पर बहुत गर्व है।

जैसे-जैसे परिचालन आगे बढ़ेगा, समझौते की शर्तों के अनुरूप, इस परियोजना से होने वाला राजस्व धीरे-धीरे आरबीएम की वित्तीय स्थिति में दिखाई देगा।

आरबीएम इंफ्राकॉन लिमिटेड के अध्यक्ष और प्रबंध निदेशक जय बजरंग मणि ने कहा कि "ओएनजीसी के साथ यह ऐतिहासिक परियोजना एक अनुबंधात्मक मील के पत्थर से आगे निकल गई है। यह भारत के ऊर्जा परिवर्तन का नेतृत्व करने के हमारे दृष्टिकोण का प्रतीक है। पारंपरिक तेल और गैस दोनों में हमारी विशेषज्ञता का उपयोग करके और उभरती हरित ऊर्जा प्रौद्योगिकियों के साथ, हम सिर्फ एक परियोजना को क्रियान्वित नहीं कर रहे हैं, हम देश की ऊर्जा सुरक्षा और तकनीकी उन्नति में सार्थक योगदान दे रहे हैं। हम उद्योग की सीमाओं को फिर से परिभाषित कर रहे हैं। खुद को एक सक्षम समग्र ऊर्जा समाधान प्रदाता के रूप में स्थापित कर रहे हैं। स्थायी ऊर्जा के भविष्य के साथ पारंपरिक हाइड्रोकार्बन निष्कर्षण को निर्बाध रूप से एकीकृत करना हमारा प्रमुख लक्ष्य है।"

आरबीएम इंफ्राकोन लि. इंजीनियरिंग, निष्पादन, परीक्षण, कमीशनिंग संचालन और रखरखाव के व्यवसाय में विशेष रूप से तेल और गैस रिफाइनरियों, गैस क्रैकर संयंत्रों, कोयला/गैस/ डब्ल्यूएचआर आधारित बिजली संयंत्र, पेट्रोकेमिकल, रसायन, सीमेंट, उर्वरक के लिए मैकेनिकल और रोट्री इक्विपमेंट के क्षेत्र में कारोबारी कर रही है। कंपनी क्लास-फस्र्ट प्रमाणित बॉयलर रिपेयरर / इरेक्टर और भारतीय बॉयलर विनियम-1950 के तहत सिस्टम/फीड लाइन फैब्रिकेटर/ इरेक्टर सेवा प्रदाता है। कंपनी ने नायरा एनर्जी में एआरसी (वार्षिक दर अनुबंध) मैकेनिकल जॉब (स्टेटिक + रोट्री) विभिन्न संयंत्रों में जैसे कच्चा तेल (सीडीयू-वीडीयू), डीएचडीएस, एफसीसीयू, एनएचटी-सीसीआर, एचएमयू-फस्र्ट और सेकेण्ड, वीजीओ-डीएचडीटी-आईएसओएम, सीपीपी (बॉयलर, पाइपिंग एचटी जॉब आईबीआर के साथ कॉर्डिनेशन) , डीसीयू (कोकर) यूटिलिटी, ऑफ साइट, आरटीएफ (पिट क्षेत्र) प्रेषण, रेल और जेट्टी लगभग 650 मैनपॉवर के साथ और रिलायंस -जामनगर और यारा-बबराला में एआरसी रखरखाव की जॉब जैसे कार्य मुहैया करवाये हैं। कंपनी ने लगभग 14 टर्नअराउंड शटडाउन जैसे रिलायंस इंडस्ट्रीज लिमिटेड, नायरा एनर्जी लिमिटेड (पूर्व में एस्सार ऑयल के रूप में जाना जाता है) यारा फर्टिलाइजर्स इंडिया लिमिटेड और एचएमईएल-बठिंडा में मेगा / मिनी शटडाउंस संचालित किए हैं। कंपनी ने प्रबंधन को भी मजबूत करना शुरू किया है।

Headline	8th ONGC-MRPL International Kite Festival brings global flair to Mangaluru		
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8th ONGC-MRPL International Kite Festival brings global flair to Mangaluru

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The 8th ONGC- MRPL International Kite Festival took place on January 18 and 19 at Thannirbhavi Beach, Mangaluru, with district in-charge minister Dinesh Gundurao inaugurating the event. Organized by Team Mangalore, a passionate group of kite flying enthusiasts, this festival is an integral part of Karavali Utsava, a celebration of the vibrant Dakshina Kannada culture. It seamlessly blends tradition, creativity, and global connections, embodying the spirit of Tulunadu.

This years festival featured 22 international kite flyers from 10 countries, including the UK, Greece, Germany, The Netherlands, Slovenia, Estonia, Italy, Sweden, Portugal, and Indonesia. Alongside them, 30 Indian kite enthusiasts from Odisha, Maharashtra, Gujarat, Telangana, Karnataka, and Kerala showcased their skills. The festival highlighted various types of kites, from traditional to aerofoil and inflatable designs, with a special emphasis on quad-line sports kites. A stunning addition was the Greek stunt kite performances, which added excitement to the event.

Team Mangalore also displayed regional cultural representations such as Kathakali, Yaksha Garuda, Pushpaka Vimana, and Vibhishana, celebrating the local heritage. Visitors like Pavan and his wife, who traveled from Bengaluru after discovering the event on social media, were captivated by the sight of colorful kites filling the sky.

Subhash Chander, an avid kite lover from Odisha, brought a remarkable 100-meter-long dragon kite to the festival. This unique creation, which took three years to complete, is being flown in Mangaluru for the first time. Subhash, along with his team, has traveled across India spreading the joy of kite flying.

Headline	LPG subsidies: Give it to the poor and needy		
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LPG subsidies: Give it to the poor and needy

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As state-owned oil companies grapple with massive losses from selling LPG below cost, the Govt is set to allocate Rs 35,000 crore in subsidies to mitigate the financial burden

During the current financial year (FY) 2024-25, the state-owned Indian Oil Corporation Ltd (IOC), Bharat Petroleum Corporation Ltd (BPCL), and Hindustan Petroleum Corporation Ltd (HPCL) are expected to incur an under-recovery of Rs 19,550 crore, Rs 10,400 crore and Rs 10,570 crore respectively on sales of LPG to household consumers. To make up for this loss totalling Rs 40,500 crore, the Union Government is likely to provide a subsidy of Rs 35,000 crore. In the Budget for 2025-26, to be presented on February 1, 2025, Finance Minister Nirmala Sitharaman will make a provision of Rs 10,000 crore in the revised estimate (RE) for the current FY and the remaining Rs 25,000 crore in the budget estimate (BE) for 2025-26.

The under-recovery arose because these corporations sold LPG for Rs 803 per 14.2-kg cylinder against the cost of supplying at the retail point being higher. The cost is calculated as the refinery-gate price or RGP (taken as import parity price or IPP and export parity price or EPP in the ratio of 80:20) plus freight, marketing costs, marketing margin, dealers' commission, and taxes and duties. During the current FY, the cost is Rs 1043 per cylinder, and the loss is Rs 240 per cylinder which on total sales of 169 crore cylinders would be Rs 40,500 crore. Modi - government had stopped giving subsidies on LPG during FY 2021-22. Then, how come, it continues to make huge payments from the budget? LPG is an environment and human-friendly fuel that meets the needs of millions of households (HHs).

Subsidy on LPG ought to be given only to those HHs who are poor. The government also needs to track the income status of the beneficiaries and withdraw support from those who become better off and can pay cost-based prices. Ignoring these cardinal principles, the subsidy was given to anyone who had an LPG connection. It went to all and sundry including the rich. The poor who alone should have got it sat at the bottom. According to the Economic Survey (2015-16), only 0.07 per cent of LPG subsidies in rural areas went to a fifth of the poorest households. In urban areas, the poorest fifth got only 8.2 per cent.

A lot of subsidies went to fake beneficiaries or the diversion of stocks (albeit subsidised) of LPG cylinders to hotels, restaurants, and other commercial users. Despite lacking sound justification, sheer populism drove politicians to give subsidies to all and sundry. They found ways to give it without taking the burden on the Centre's balance sheet. Initially, the subsidy on LPG (besides petrol and diesel) was cross-funded/subsidised by charging more on the sale of other products such as fuel oil, naphtha, ATF, etc. hence, no burden on the budget. In 2002-03, the Vajpayee-led NDA government ended the above system and decided to give subsidies on these products directly from the budget with the intent to eventually disband them. But, that was not to be.

The UPA government which took charge in 2004, even while continuing with subsidised sales, used disingenuous methods such as the issue of oil bonds to IOCL/BPCL/HPCL (instead of losses incurred by them due to selling these products at below-cost prices), and sale of domestic crude oil by stated owned upstream oil and gas companies viz. Oil and Natural Gas Corporation (ONGC) and Oil India Limited (OIL), etc. at a discounted price to these fuel refiners-cum-retailers.

In June 2010, petrol was decontrolled followed by diesel in November 2014. As for LPG, the Kelkar Committee recommended the removal of 25 per cent of the subsidy in 2012-13 and 75 per cent in the following two years. Modi Government which took charge in May 2014, started acting on it but in a calibrated manner. On January 1, 2015, it launched a direct benefit transfer (DBT) of subsidy. Under DBT, oil PSUs deliver the cylinder to the beneficiaries at a full cost-based price and follow it up by depositing a subsidy in the beneficiary's account.

In turn, they claim reimbursement of the subsidy amount from the Centre. This helped in eliminating fake beneficiaries and curbing misuse that was inherent in the erstwhile system wherein subsidy was embedded in the price. But, the government couldn't muster the courage to trim the number of beneficiary HHs sans Modi requesting the rich to give up on their own.

The FY 2020-21 was a boon, viewed from a subsidy angle. In that year, there was a steep decline in international prices (due to the COVID-19 pandemic) leading to a fall in the cost of supplying an LPG cylinder to a low of Rs 600; hence, it could be given to all HHs at Rs 600 requiring no subsidy support. The BE of Rs 36,000 crore for that year was used largely to clear past dues of oil PSUs and provide free gas connections under the Pradhan Mantri Ujjwala Yojana (PMUY).During 2021-22 when the international price rose due to waning COVID and demand revival, the cost of LPG zoomed to over Rs 900 per cylinder.

This prompted the government to give subsidies but only to the PMUY beneficiaries. They were 9.6 crore out of a total of 33 crore HHs. It spent Rs 14,000 crore during that year. During 2022-23, it spent Rs 9,170 crore. But, this doesn't tell the full story. From June 2020 to June 2022, the government had asked the three fuel retailers namely IOCL/BPCL/HPCL to sell LPG at a price below cost and gave them a one-time grant of Rs 22,000 crore to compensate for the losses incurred in 2021-22 and 2022-23 (against under-recovery of Rs 28,250 crore).

This was nothing but subsidy (albeit hidden') given to all and sundry, and not just PMUY beneficiaries. In the Budget for 2023-24, it kept the BE for LPG subsidy at Rs 2,257 crore. As in the previous two years, that allocation was meant to cover subsidy to PMUY beneficiary HHs @ Rs 200 per cylinder for up to 12 refills per year. However, to benefit all the 33 crore HHs, on August 29, 2023, the Union Cabinet approved a reduction in the price by Rs 200 per cylinder effective from August 30, 2023, thereby enabling the PSU retailers to sell it at Rs 903 per cylinder (Delhi). Taking 4 fills per HH, @Rs 200 per cylinder, the annual burden comes to Rs 26,400 crore (200x4x33).

Since the decision was effective from August 30, 2023, for the remaining seven months of FY 2023-24, the outgo would be around Rs 15,300 crore. On March 9, 2024, the fuel retailers namely IOCL/BPCL/HPCL were asked to cut the price by another Rs 100 per cylinder (courtesy, of general elections) to Rs 803.

During the current FY 2024-25, the price has remained unchanged despite the cost remaining at an elevated level. The under-recovery for 2023-24 and 2024-25 thus comes to over Rs 40,000 crore of which the Centre now wants to reimburse Rs 35,000 crore. This and the earlier payment of Rs 22,000 crore for loss incurred by IOCL/BPCL/HPCL during 2021-22 and 2022-23 could have been avoided if only it had stuck to its earlier stance of restricting LPG subsidy only to the poor HHs and keeping it transparent. But, this is unthinkable in the current political climate wherein all decisions based on sound economic logic are hamstrung by populism.