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Historic oil glut amassed during covid pandemic is almost gone

The unprecedented oil inventory glut that amassed during the coronavirus pandemic is almost gone, underpinning a price recovery that's rescuing producers but vexing consumers. Barely a fifth of the surplus that flooded into the storage tanks of developed economies when oil demand crashed last year remained as of February, according to the International Energy Agency. Since then, the lingering remnants have been whittled away as supplies hoarded at sea plunge and a key depot in South Africa is depleted.

BLOOMBERG

Saudi Crown Prince's latest economic plan comes with big risks

BLOOMBERG
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Saudi Arabia's latest economic plan comes with a big risk: while it might help boost investment, it could also hit the government's finances.

Crown Prince Mohammed bin Salman wants the kingdom's biggest companies — including oil giant Saudi Aramco and chemical maker Sabic — to reduce their dividends, most of which are paid to the state, and spend the money locally.

The idea is that their expenditure on new infrastructure and technology will be big enough to accelerate the country's growth and cause a jobs boom.

The de facto leader's strategy amounts to a "sacrificing of current profits for future investments," Karen Young, resident scholar at the American Enterprise Institute in Washington, said in an opinion piece. "There is a generational shift: a moment to build and create a post-oil era, but in the short-term, the government will be exhausting its resources."

Here's a look at the likely impact on the budget and the economy, which was hit hard last year by the coronavirus pandemic and crash in oil prices.

Oil Money

Aramco, the world's largest oil company, transferred \$110 billion to the government in 2020 through shareholder payouts, royalties and income tax, a 30 per cent drop from

the previous year.

Lower dividends from the firm, 98 per cent state-owned, would "weigh on the government's revenues," according to James Swanston of Capital Economics.

He's unconvinced the extra investment in the economy would lead to a substantial boost in the government's tax take from other industries, at least in the short term.

Still, Aramco has said it can sustain its dividend, which was the world's biggest last year at \$75 billion. It's been helped by Brent crude's rise of almost 30% since December to \$67 a barrel as more nations emerge from lockdowns. And last week the firm announced a deal that will see a US-led consortium invest \$12.4 billion in its pipelines.

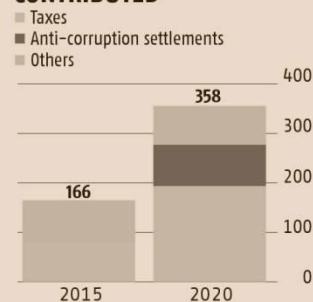
A stronger balance sheet and higher cash flow may enable it both to keep the dividend and invest more locally.

Wages and Settlements

Wages and pensions for state workers are expected to reach 491 billion riyals (\$131 billion) this year, accounting for almost half of total spending of 990 billion riyals. Yet if oil prices stay above \$60, Saudi Arabia might be able to cover salaries from crude sales alone, according to Ziad Daoud, chief emerging markets economist for Bloomberg Economics.

Whether that happens is a crucial part of the 35-year-old Prince Mohammed's initiative. The country

SAUDI NON-OIL REVENUE DOUBLED, SETTLEMENTS CONTRIBUTED



Source: Bloomberg Economics

The lasting impact of Covid on Saudi businesses means the kingdom's finances are still precarious

managed to raise non-oil revenue from 166 billion riyals in 2015 to 358 billion riyals in 2020.

But there's a catch. Much of the improvement was down to settlements with some of the kingdom's richest people that began in 2017 with what were known as the Ritz-Carlton arrests, part of the prince's anti-corruption drive.



"Growth in Saudi Arabia's non-oil revenue is only partially organic," said Daoud. The agreements "account for a fifth of non-oil revenue. These settlements will conclude at some point. When they do, not only will non-oil revenue cease to rise, it'll actually fall. To achieve sustainable growth, the kingdom must raise productivity and increase non-oil

exports."

Sovereign Fund:

If the budget deficit of which reached 12 per cent of gross domestic product last year is stretched due to lower payouts from Saudi companies, the \$400 billion sovereign wealth fund may be able to pick up the slack.

The Public Investment Fund is

already positioning itself to drive the local economy. Prince Mohammed has pledged it will spend at least \$40 billion a year at home through 2025, creating new cities, resorts and 1.8 million jobs.

"The budget is increasingly focused on managing the government's day-to-day expenses rather than being an engine of economic growth," said Mohamed Abu Basha, head of macroeconomic research at Cairo-based investment bank EFG-Hermes Holding. Capital expenditure "is predominantly shifting to PIF and sister state institutions."

Lasting Impact

In December, the government projected revenue of 849 billion riyals for 2021 and a fiscal deficit of 4.9 per cent of GDP.

Back then, oil was trading at barely \$50 a barrel. It's now risen to a point at which Saudi Arabia can balance its budget, the International Monetary Fund estimates.

Yet the lasting impact of the pandemic on Saudi businesses and global energy demand mean the kingdom's finances are still precarious, according to Abu Basha.

"The boost to future non-oil revenues will depend going forward on the dividends from all these state-owned investments," said Abu Basha. "This further increases fiscal vulnerability."

Flyer reports 'fuel leak', turns out to be rainwater on wing flap

New Delhi: A fuel leak reported by a passenger on an IndiGo aircraft taxiing to operate from Chennai to Coimbatore on Friday forced the Airbus A320 to return to the bay.

Subsequent checks on the aircraft showed it was not fuel leak but water which had accumulated in the wing flap area following heavy rain in Chennai. The false alarm happened on an Airbus A320 (VT-IKC) when it was proceeding to operate at 6E-238.

"A ground turn back to the bay was carried out for inspections. The aircraft was checked and everything — fuel and hydraulic quantity and levels

— were found to be okay," sources said.

The passenger had actually sighted water gushing down the wing flap area, as the plane began to taxi for take off. The water had collected there due to heavy rain in Chennai, sources said.

An IndiGo spokesperson said: "Airbus operating 6E-238 from Chennai to Coimbatore returned back to the bay after taxi out. During taxi, there was a fluid leak noted from the right wing. The pilot returned to the parking bay for inspections. Accumulated rain water was observed dripping from the wing surface. The aircraft was released for flight after inspections." **TNN**

Second wave may impact govt's privatisation drive

Rising Covid Cases Could Delay High-Profile Stake Sales

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New Delhi: The sharp surge in Covid cases in the country has cast fresh shadows of uncertainty over the government's privatisation drive and it is likely that some high-profile stake sales may get delayed.

The Centre has made privatisation of state-run firms a key policy priority and it is seen as a major source of much-needed funds for the government, which is battling a tough situation with the spiralling of Covid cases. Experts reckon that localised lockdowns are also expected to hurt the economic recovery that is underway.

Several key stake sales are in an advanced stage — Air India, BPCL, Shipping Corporation and BEML sales are scheduled to be completed in the current financial year. But experts say the se-

UNCERTAIN TIMES

> Privatisation of state-run firms is a key policy priority and is being seen as a major source of funds for the government

> Air India, BPCL, Shipping Corporation and BEML sales are scheduled to be completed in the current financial year. But experts say the second surge may hamper the process

> Apart from asset sales, there is also a long list of privatisation decisions that are expected to be taken in the weeks and months ahead

> NITI Aayog has approved the names for privatisation of two banks, one insurance company and about seven-to-eight other state-run companies



cond wave of the pandemic is likely to hamper the process as various stakeholders may prefer to wait till there are some signs of cooling down in the infection numbers.

Last year, the coronavirus outbreak had hurt roadshows for the strategic sale in Shipping Corporation and

the department of investment and public asset management (Dipam) had held virtual meetings with investors in Hong Kong and Singapore. But the pandemic-induced lockdowns, along with choppy markets, had an impact on the entire asset sales drive. Shipping Corporation

has moved to the second stage with multiple bids already received for the sale.

The government has expressed confidence that several of the key transactions are likely to be completed. But with the government's attention focussed on combating the fresh surge and investor mood likely to be swayed by jump in cases, experts say, it would be tough road ahead for privatisation.

Apart from the pending asset sales, there is also a long line of privatisation decisions that are likely to be approved. Government think tank NITI Aayog has approved the names for privatisation of two banks, one insurance company and 7-8 other state-run companies. The proposed IPO of the country's largest insurer LIC is also making progress. Moves are also afoot to cut the decision-making time to fast-track asset sales.

Petrol prices unchanged across metros

IANAS ■ NEW DELHI

Oil marketing companies (OMC) kept petrol and diesel prices unchanged for the third straight day across four metro cities.

In the national capital, petrol was sold for ₹90.40 per litre on Sunday.

Similarly, price of the fuel in Mumbai, Chennai and Kolkata also was unchanged at ₹96.83, ₹92.43 and ₹90.62 per litre, respectively.

In line with petrol, prices of diesel also were same for the third straight day.

Price of the fuel in Delhi, Mumbai, Chennai and Kolkata was ₹80.73, ₹87.81, ₹85.75 and Rs 83.61 per litre, respectively.

Fuel prices have been unchanged after declining on April 15.

Fuel prices in the country have been unchanged as OMCs decided to go on a pause mode and analyse the global developments on oil prices before effecting a revision.

इलेक्ट्रिक वाहन में अखल होगा देश : गडकरी

छह महीने में 100 फीसद लिथियम आयन बैट्री का निर्माण देश में होगा

नई दिल्ली, प्रेड: अगले छह महीने में लिथियम आयन बैट्री निर्माण पूरी तरह से देश में ही होने लगेगा। इसके दम पर आने वाले दिनों में भारत इलेक्ट्रिक वाहनों के निर्माण में दुनियाभर में अखल होगा। ई-कॉमर्स फर्म अमेजन के संभव सम्मेलन को वर्युअल प्लेटफार्म के जरिये संबोधित करते हुए केंद्रीय मंत्री नितिन गडकरी ने रविवार को यह बात कही।

सड़क परिवहन एवं रजमार्ग मंत्रालय गडकरी ने कहा, 'इलेक्ट्रिक वाहन के निर्माण में भारत आगे बढ़ रहा है। कुछ समय में हम नंबर एक निर्माता होंगे। सभी प्रतिष्ठित ब्रांड आज भारत में मौजूद हैं। सूक्ष्म, लघु एवं मध्यम उद्यम (एमएसएमई) मंत्रालय की जिम्मेदारी भी निभा रहे गडकरी ने स्वदेशी बैट्री टेक्नोलॉजी इलेक्ट्रिक वाहनों को परिवहन का सर्वाधिक प्रभावी माध्यम बनाएगी। उन्होंने कहा, 'हरित ऊर्जा के क्षेत्र में भारत ने तेजी से क्षमता बढ़ाई है। मुझे विश्वास है कि छह महीने के भीतर हम 100 फीसद लिथियम आयन



नितिन गडकरी • फाइल फोटो

बढ़ते कदम

- स्वदेशी बैट्री टेक्नोलॉजी इलेक्ट्रिक वाहनों को परिवहन का सर्वश्रेष्ठ माध्यम बनाएगी
- अगले दो साल में कम होंगी इलेक्ट्रिक वाहनों की कीमतें, पेट्रोल-डीजल के स्तर पर आएंगी

कृषि क्षेत्र को ऊर्जा की ओर लाने की जरूरत

केंद्रीय मंत्री गडकरी ने कहा कि कृषि क्षेत्र का रुख ऊर्जा और बिजली सेक्टर की ओर करने की जरूरत है। उन्होंने कहा, 'हमारे पर चीनी का सरप्लस है, गेहूँ का सरप्लस है, चावल सरप्लस है और एक परेशानी यह भी है कि हमारे यहां न्यूनतम समर्थन मूल्य अंतरराष्ट्रीय बाजार की कीमतों और बाजार मूल्य से ज्यादा है।' उन्होंने इस सरप्लस से ऊर्जा निर्माण की दिशा में काम करने की बकालत की। अभी ऑटोमोबाइल सेक्टर 7.5 लाख करोड़ रुपये का है, जिसमें से निर्यात की हिससेवारी 3.5 लाख करोड़ रुपये है।

बैट्री भारत में बनाने में सक्षम होंगे। लिथियम की कोई कमी नहीं है।

गडकरी ने बताया कि सरकार हाइड्रोजन फ्यूल सेल (एचसीएफ) टेक्नोलॉजी लांच करने की दिशा में

भी काम कर रही है। इसमें हवा में उपस्थित हाइड्रोजन और ऑक्सीजन के बीच रासायनिक क्रिया के इलेक्ट्रिकल एनर्जी पैदा की जाती है। इससे पेट्रोल-डीजल जैसे जीवाश्म

ईंधन की जरूरत नहीं रह जाएगी। केंद्रीय मंत्री ने कहा कि भारत सालाना आठ लाख करोड़ रुपये का ब्रूड आयात करता है। अगले चार-पांच साल में यह दोगुना होने जा रहा है। इससे अर्थव्यवस्था पर बहुत प्रभाव पड़ेगा। ऐसे में ऊर्जा के बेहतर और वैकल्पिक स्रोत की जरूरत है। ई-वाहन प्रदूषण मुक्त परिवहन को विकसित करने की दिशा में अहम भूमिका निभा सकते हैं।

गडकरी ने कहा कि अगले दो साल में इलेक्ट्रिक वाहनों की कीमत कम होगी और ऐसी गाड़ियां भी पेट्रोल और डीजल वाहनों के स्तर पर आ जाएंगी। उन्होंने जोर देकर कहा कि भारत में अंतरराष्ट्रीय मानक वाले इलेक्ट्रिक वाहन बनाने होंगे। उन्होंने कहा कि वह भारतीय ऑटोमोबाइल सेक्टर को दुनिया में नंबर एक पर लाना चाहते हैं। इसके लिए एथनॉल, मेथनॉल, बायो सीएनजी, इलेक्ट्रिक और हाइड्रोजन फ्यूल सेल जैसी टेक्नोलॉजी को प्रोत्साहित किया जा रहा है।

ई-कॉमर्स सेक्टर में कुशल लोगों की जरूरत : महेंद्र नाथ पांडेय

संभव सम्मेलन में केंद्रीय कौशल विकास एवं उद्यमिता मंत्री महेंद्र नाथ पांडेय ने कहा कि तेजी से बढ़ते ई-कॉमर्स सेक्टर में कुशल लोगों की जरूरत है। इस सेक्टर में छोटे एवं मझोले उद्यमों के लिए अपार संभावनाएं हैं। आज की तारीख में ग्राहक वस्तुओं और सेवाओं की खरीद के लिए ई-कॉमर्स प्लेटफॉर्म पर भरोसा करने लगे हैं। उन्होंने कहा, 'हमारा मंत्रालय कौशल विकास की दिशा में काम कर रहा है, ताकि कुशल लोगों की मांग को पूरा किया जा सके।' केंद्रीय मंत्री ने कहा कि आर्टिफिशियल इंटेलिजेंस, क्लाउड कंप्यूटिंग और मशीन लर्निंग जैसे क्षेत्रों में कौशल की मांग बढ़ी है। उन्होंने प्रधानमंत्री कौशल विकास योजना के तीसरे चरण की शुरुआत की जानकारी भी दी।