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Fuel demand rises highest in March since Dec 2019	Millennium Post	2	Bureau	Neutral
Aramco agrees \$12.4 bn deal to sell pipeline's stake	Millennium Post	2	PTI	Neutral

Fuel demand rises highest in March since Dec 2019

NEW DELHI: India's fuel consumption rose in March for the first time in three months, to its highest since December 2019, as economic activity gradually picked up after a coronavirus-induced slowdown.

Consumption of fuel, a proxy for oil demand, rose 17.9 per cent to 18.8 million tonnes year-on-year in March, data from the Petroleum Planning and Analysis Cell (PPAC) of the Ministry of Petroleum & Natural Gas showed on Friday.

On a monthly basis, demand rose by 8.7 per cent from February, when it fell to a five-month low, Reuters reported.

"Car sales are rising and people are travelling more," while oil refiners are also upbeat about demand, said Refinitiv analyst Ehsan Ul Haq.

Preliminary industry data earlier this month pointed to an increase in Indian state retailers' gasoline and gas-oil sales in March from the low base of last year when a nationwide lockdown hit consumption.

"We must not forget the comparison with March 2020, which was a difficult month for Indian demand, with April 2020 even worse. Hence, year-



On a monthly basis, demand rose by 8.7 per cent from February, when it fell to a five-month low

on-year recovery is expected to continue in the future as well," Ul Haq added.

The International Monetary Fund on Tuesday projected India's economy would grow by 12.5 per cent in 2021.

But clouding the outlook, several Indian states have struggled to contain a second surge in COVID-19 infections.

Diesel consumption, a key parameter linked to economic growth and which accounts for about 40 per cent of overall refined fuel sales in India, rose 10 per cent in March from February to 7.22 million tonnes,

and also rose 27.6 per cent year-on-year.

Gasoline, or petrol, sales rose 11.4 per cent to 2.74 million tonnes in March and by about 27 per cent from a year earlier. Sales of cooking gas, or liquefied petroleum gas, were 1.3 per cent lower than a year earlier at 2.26 million tonnes, while naphtha rose by 3.8 per cent to 1.36 million tonnes.

Sales of bitumen, used for making roads, were about 45.2 per cent higher than a year earlier, while fuel oil rose by over 12.8 per cent last month.

AGENCIES

Aramco agrees \$12.4 bn deal to sell pipelines' stake

DUBAI: Saudi oil producer Aramco has agreed a \$12.4 billion deal to sell a 49 per cent stake in its pipelines to a consortium led by U.S.-based EIG Global Energy Partners.

Announced late on Friday, it is the company's largest deal since its record \$29.4 billion initial public offering in late 2019.

The lease and leaseback agreement includes a 49 per cent stake of newly formed Aramco Oil Pipelines Co and rights to 25 years of tariff payments for oil carried on Aramco's pipelines, it said in a statement.

Aramco will retain a 51 per cent stake in the new company.

EIG, which has invested more than \$34 billion in energy and energy infrastructure, was the deal's underwriter and will work with Aramco in the com-



ing days to decide on other parties for the consortium, a source familiar with the deal said. Abu Dhabi state investor Mubadala is in discussions on being part of it, a spokesman said.

Aramco will retain operational control of the pipeline network and assume all operating and capital expense risk, the companies said. The deal will have no impact on Aramco's oil production.

Aramco will also offer so-called "staple financing" which the buyers can use to back their

purchase, sources have told Reuters.

"We will continue to explore opportunities that underpin our strategy of long-term value creation," CEO Amin Nasser said.

Other bidders in the deal process included Apollo Global Management and New York-based Global Infrastructure Partners (GIP).

U.S. asset manager BlackRock and Canada's Brookfield Asset Management Inc stepped away from bidding, Reuters reported on April 6, citing sources familiar with the deal.

Abu Dhabi's National Oil Co (ADNOC) has signed similar deals over the last two years, raising billions of dollars through sale-and-leaseback agreements tied to its oil and gas pipelines.

AGENCIES

■ Petrol, Diesel Prices Remain Unchanged



NEW DELHI Fuel prices in remained unchanged on Saturday with oil marketing companies continu-

ing on the pause mode and keeping petrol and diesel prices static for 11th consecutive day. Pump price of petrol and diesel remained at previous days level of ₹90.56 and ₹80.87 a litre, respectively, in the capital. In Mumbai, petrol continues to be priced at ₹96.98 a litre and diesel at ₹87.96 a litre.

LPG subsidy payouts of oil marketing firms lighter in FY21

‘Govt, essentially, has not been providing subsidy; instead, it should focus on better targeting’

KUWAR SINGH
New Delhi, April 10

Oil marketing companies (OMCs) such as Indian Oil and Bharat Petroleum disbursed lower amounts towards LPG subsidy during the just concluded financial year. This is evident from the information provided by the Petroleum and Natural Gas Ministry in response to a Right to Information (RTI) Act query raised by this correspondent.

In the first 10 months of the financial year 2020-21, Indian Oil Corporation released ₹3,008.44 crore as subsidy to its customers of domestic LPG cylinders. In contrast, the firm had disbursed ₹13,048.41 crore and ₹18,662.81 crore as subsidy in the financial years 2019-20 and 2018-19, respectively.

“The government contin-

ues to modulate the effective price to consumer for subsidised domestic LPG,” Minister for Petroleum and Natural Gas Dharmendra Pradhan told Parliament in a written reply in March. The government calculates the subsidy on domestic LPG differently for different regions.

Covid impact

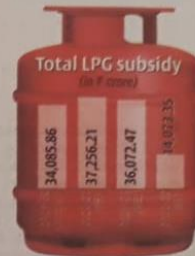
These subsidy transfers have plunged since the Covid-19 outbreak. In the first 11 months of the financial year 2020-21, Bharat Petroleum Corporation disbursed ₹3,629.6 crore as the LPG subsidy. In contrast, the firm’s annual subsidy payments for the financial years 2019-20 and 2018-19 stood at ₹6,338.7 crore and ₹9,327.4 crore, respectively.

“The government has essentially not been providing subsidy for a few months

now,” said Abhishek Jain, Senior Programme Lead at the Council on Energy, Environment and Water. “It began with Covid-19 in March. International crude oil prices fell so much that no subsidy was required. The subsidy did not come back when oil prices began rising again.”

“The government wants to completely do away with the subsidy. But they should focus on better targeting of the subsidy instead,” said Vibhuti Garg, Energy Economist and Lead India at the Institute for Energy Economics & Financial Analysis.

The halt on subsidy payments, as a result, has coincided with a spike in LPG prices. A 14.2kg domestic cylinder in Delhi is now priced at ₹809, ₹215 higher than in November last year. However, at 25.34 million tonnes in the first 11 months of the finan-



BE - Budget Estimate RE - Revised Estimate

cial year 2020-21, LPG consumption has crossed pre-Covid levels.

Rising LPG consumers

The number of LPG consumers in India has also been rising steadily over the past five years. In March 2016, Indian Oil had 8.1 crore domestic LPG customers. In February 2021, its LPG consumer

base reached 13.53 crore. The additions are the beneficiaries of the Pradhan Mantri Ujjwala Yojana.

However, the non-Ujjwala consumer base has continued to rise even as their subsidy has fallen. In the first 11 months of the financial year 2020-21, Hindustan Petroleum Corporation disbursed ₹1,153 crore in LPG subsidy to its non-Ujjwala consumers, who numbered 5.76 crore at the end of February. In contrast, the firm had disbursed ₹5,386 crore and ₹8,319 crore as LPG subsidy for non-Ujjwala customers during the financial years 2019-20 and 2018-19, respectively, even though this consumer base had been smaller back then.

The government has already lowered the allocation for LPG subsidy in the budget. Expectation is that it will go down further.

Aramco agrees \$12.4-bn deal to sell 49% stake in pipelines	Indian Express	15	Reuters	Neutral
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REUTERS
DUBAI, APRIL 10

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Ras Tanura oil refinery and oil terminal in Saudi Arabia.

Reuters file

Aramco's pipelines, it said in a statement.

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EIG, which has invested more than \$34 billion in energy and energy infrastructure, was the deal's underwriter and will work with Aramco in the coming days to decide on other parties for the consortium, a source familiar with the deal said. Abu Dhabi state investor Mubadala is in discussions on being part of it, a spokesman said.

Aramco will retain operational control of the pipeline network and assume all operating and capital expense risk, the companies said. The deal will have no impact on Aramco's oil production.

First time in over two decades: Why fuel consumption shrank last fiscal?

KARUNJIT SINGH
NEW DELHI, APRIL 10

THE COUNTRY'S fuel consumption fell by 9.1 per cent in FY21, in the first instance of a contraction in government records, which provide data since fiscal 1996-97. A nationwide lockdown imposed in March 2020 to curb the spread of Covid and its subsequent economic fallout are the key reasons behind the fall in fuel consumption, according to experts. While petrol consumption has recovered to pre-pandemic levels, diesel has still not. LPG was the only key fuel that saw growth in consumption during the fiscal.

Which fuels have fallen in consumption and why?

Diesel consumption in FY21 stood at 72,720 thousand metric tonnes (tmt), down 12 per cent from consumption of 82,602 tmt in FY20. Lower economic activity and a sharp fall in diesel use by the public transportation sector is a key reason behind the fall in demand.

Diesel demand has still not recovered to pre-pandemic levels, with consumption in March 2021 still lagging behind consumption in March 2019, even though it surpassed consumption in March 2020 due to low base effect.

Experts have noted that a complete recovery of diesel consumption would only come when economic activity completely recovered to pre-pandemic levels. India witnessed sharp GDP contractions in the first two quarters of the fiscal, which witnessed the most stringent restrictions on movement. Lower consumption by the Indian Railways due to lower passenger traffic during the fiscal may also have contributed to the fall in diesel consumption.

Petrol consumption, how-



A petrol pump in New Delhi, Express file

EXPLAINED

ever, recovered to pre-pandemic levels in September and has continued to post growth in consumption as individuals are increasingly preferring personal transportation to protect themselves from Covid. However, total consumption for petrol during the fiscal was still down 6.8 per cent for the fiscal at 27,951 tmt, compared to 29,975 tmt last fiscal.

The consumption of Aviation Turbine Fuel (ATF) fell by 53.6 per cent to 3,705 tmt from 7,999 tmt in the previous fiscal, as airlines continued to operate far below full capacity.

Why has LPG consumption grown?

LPG consumption in FY21 grew 4.8 per cent to 27,591 tmt from 26,330 tmt in FY20. Experts noted that the consumption of the cooking fuel was largely unaffected by Covid-19 restriction as deliveries of LPG cylinders continued largely uninterrupted during the lockdowns. The government also announced a scheme to provide 3 free LPG cylinders to poor families as part of its Covid relief package. LPG consumption did, however, post a slight decline in March. Experts said some consumers may have cut consumption or switched to alternative fuels due to a consistent rise in the price of LPG.

Full report on www.indianexpress.com