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Business Standard
Ban on BS III petrol, BS IV diesel vehicles to continue till Nov 13
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Ban on BS III petrol, BS IV diesel vehicles to continue till Nov 13

Movement of BS III petrol and BS IV diesel vehicles in New Delhi will remain banned till November 13, while trucks will be allowed to enter the national capital, according to officials. As the city's air quality improved, the Delhi government on Monday also decided to reopen primary classes from November 9 and revoke the order that asked 50 per cent of its staff to work from home. PTI

BPCL Registers ₹338-cr Loss for Sept Quarter

Our Bureau

Mumbai: Bharat Petroleum Corporation (BPCL) reported a consolidated net loss of ₹338.5 crore for the second quarter ended September, as it held prices of petrol, diesel and LPG despite rising costs. A year ago, the company had posted a net profit of ₹3,149.3 crore.

Net loss, however, narrowed sharply from ₹6,147.9 crore recorded in the previous quarter.

Co took a hit as it held fuel prices despite rising costs, but loss has narrowed sharply from ₹6,147.9 cr in previous qtr

Consolidated revenue from operations stood at ₹1,28,355.7 crore, up from ₹1,01,938.7 crore a year ago. Revenue, however, was lower than ₹1,38,424.5 crore recorded in the first quarter.

BPCL's market sales in the first half (H1) of the fiscal amounted to 23.20 MMT, higher than 19.54 MMT in the year-ago period. Average gross refining margin (GRM) for H1 stood at $22.30 per barrel, compared to $5.23 per barrel a year ago.

BPCL said this was before factoring in the impact of special additional excise duty and road and infrastructure cess, levied with effect from July 1. However, the suppressed marketing margins of certain petroleum products offset the benefit of higher GRM.

Oil at over 2 mth high on China potentially easing curbs

Nov 8, 2022 | Mumbai | Pg No.: 5 | | Sq Cm:101 | AVE: 1314446 | PR Value: 6572231

Oil at over 2 mth High on China Potentially Easing Curbs

Reuters

New York: Oil prices rose on Monday to an over two-month high on news that China, the world's top crude importer, could move toward reopening after years of strict COVID-19 restrictions.

Brent crude futures were up 57 cents to $99.14 a barrel . It rose to a session high of $99.56 a barrel, highest since Aug. 31.

US West Texas Intermediate crude rose by 74 cents to $93.35. It earlier rose 74 cents to a session high of $93.74 a barrel, highest since Aug. 30.

Brent crude futures were up 57 cents to $99.14 a barrel and rose to a session high of $99.56 a barrel, highest since Aug 31

Chinese leaders are considering reopening after nearly three years of tough pandemic restrictions but are proceeding slowly and have set no timeline, the Wall Street Journal reported, citing sources.

"The market seems to be thinking that if China opens the economy, that would tighten supply significantly and put further upward pressure on prices," said Phil Flynn, an analyst at Price Futures Group.

There have been mixed signals about China's reopening. Both crude contracts dropped by more than $1 a barrel earlier in the session after Chinese health officials at the weekend reiterated their commitment to strict COVID containment measures.

Meanwhile, China's imports and exports contracted unexpectedly in October, its crude oil imports rebounded to the highest level since May.

Adding price support, the U.S. dollar sank against the euro on Monday and sterling was supported by risk-on sentiment and a rally in European stock markets.

Windfall levy fails to recoup lost revenue

Govt gets just ₹2,500-3,000 crore a month, far below what's needed

Dilasha Seth &
Gireesh Chandra Prasad

NEW DELHI

Nearly four months after introducing a windfall tax on refiners and local crude oil producers, the government has managed to garner only ₹2,500-3,000 crore a month from the levy, far less than it needs to fully make up for the losses in revenue due to excise cuts, government officials said.

The tax, introduced in July when global crude prices were at over $100 per barrel, is aimed at garnering additional revenues after the government cut excise duty on fuels to provide relief to people.

With refineries and production facilities in the special economic zones exempt from the levy, government data shows that the additional tax is not offsetting the cut in excise duty on petrol and diesel in May.

Controller General of Accounts data shows that excise duty collections in September declined by nearly 25% to ₹25,911 crore from a year earlier and is down 18% in the first half of the current fiscal.

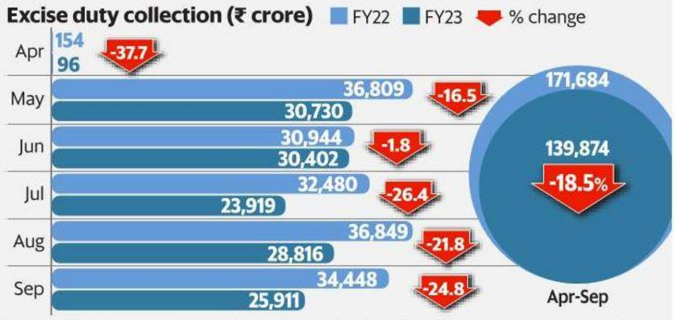
"The Centre would need to continue with the windfall tax on crude production with global economic uncertainty still lingering... crude oil production companies are making huge windfall gains. The revenue collections from the windfall tax are not more than ₹2,500-3,000 crore per month. We are trying to extrapolate this," said one of the government officials.

The windfall tax levied as special additional excise duty is aimed at absorbing some of the super-profits earned by domestic crude oil producers and is revised every fortnight.

The Centre expects excise duty mop-up to be 18-19% lower than the budget target for the fiscal, with overall indirect taxes to grow 8-10% over the budgeted goal for the fiscal. This means duty collections will be close to ₹63,000

DOWN TIME

Data shows excise duty collections in September fell by about 25% from a year ago and is down 18% in the first half of the current fiscal.



Note: Excise duty on goods that leave a factory is paid in the subsequent month, except in March when it has to be paid by the end of the month. So, collections in April are low.

Source: Controller General of Accounts

FALLING SHORT

THE Centre aims to garner revenues from windfall tax after it cut duty to offer people relief

DATA shows the tax is not offsetting the cut in duty on petrol and diesel

THE govt expects excise duty mop-up to be 18-19% lower than the budget target

PARAS JAIN/MINT

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Govt mops-up just ₹3,000 cr a month from windfall tax

FROM PAGE 1

crore lower at ₹2.71 trillion from the budget estimate. "While we are looking at an 18-19% loss in excise duty, better-than-expected goods and services tax collections will help offset it. So, overall, there will be an 8-10% growth in indirect tax mop-up," he added.

The Centre has reduced the windfall tax on crude oil to ₹9,500 a tonne from ₹11,000 last week. The cut came as global oil prices have largely remained at around $95 per barrel.

"Windfall gain tax was proposed to minimize revenue loss from the reduction in excise duty on petrol and diesel. The proposed collection is unlikely to compensate for the majority of excise loss due to reduction in excise duty on petrol and diesel," said Devendra Kumar Pant, chief economist at India Ratings.

The Centre has reduced the windfall tax on crude oil to ₹9,500 a tonne from ₹11,000 last week

The lower duty receipts this fiscal are despite an increase in consumption of petrol, diesel and jet fuel in line with the economic recovery. Petrol consumption rose by 18% to 17.4 million tonnes in the six months to September. Diesel consumption in April-September jumped by 16% to 41.4 mt. In addition, the recovery in aviation led to a 72% jump in jet fuel consumption to 3.5 mt from a year ago, data from the Petroleum Planning and Analysis Cell, an arm of the oil ministry, showed.

Aditi Nayar, chief economist at ICRA Ltd, said while excise duty is likely to fall short of budget estimates, robust direct taxes and CGST inflows will more than offset this shortfall.

"Given the volatility in global energy prices and the dynamic nature of taxes on crude oil and finished products attracting excise duty, it is natural for projections on tax receipts from the sector to have some uncertainty," said Abhishek Jain, partner indirect tax, KPMG in India.

An email sent to the spokesperson for the finance ministry on Monday remained unanswered at the time of publishing.

Crude oil and refined products are sold in India at trade parity prices, which allows local producers to realize global prices from the local market. However, the Centre calibrates the taxes to mobilize revenues. The Centre earlier removed subsidies on petrol and diesel. However, state-run oil marketing firms, at times, manage prices in such a way that consumers are protected in times of sudden, sharp price volatility.

"The oil economy has three players... government, consumers and oil marketing companies. The cost has to be shared between the three. This year, the Centre is taking the onus as all states have not cut value-added tax. OMCs are being compensated for a part of the cost, and the consumer is facing a high though stable price. Hence, there will be a hit here," said Madan Sabanvis, chief economist at Bank of Baroda.

Hindustan Times
Windfall tax far short of need at Rs 3,000 crore per month
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Windfall tax far short of need at ₹3,000 crore per month

The tax is aimed at garnering revenue to make up for the loss in excise duty

Dilasha Seth & Gireesh Chandra Prasad
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NEW DELHI: Nearly four months after introducing a windfall tax on refiners and local crude oil producers, the government has managed to garner only ₹2,500-3,000 crore a month from the levy, far less than it needs to fully make up for the losses in revenue because of excise cuts, government officials said.

The tax, introduced in July when global crude prices were at over $100 per barrel, is aimed at garnering additional revenues after the government cut excise duty on fuels to provide relief to people.

With refineries and production facilities in the special economic zones exempt from the levy, government data shows that the additional tax is not offsetting the cut in excise duty on petrol and diesel in May.

Controller general of accounts data shows that excise duty collections in September declined by nearly 25% to ₹25,911 crore from a year earlier and is down 18% in the first half of the current fiscal.

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"The Centre would need to continue with the windfall tax on crude production with global economic uncertainty still lingering... crude oil production companies are making huge windfall gains. The revenue collections from the windfall tax are not more than ₹2,500-3,000 crore per month. We are trying to extrapolate this," said one of the government officials.

The windfall tax levied as special additional excise duty is aimed at absorbing some of the super-profits earned by domestic crude oil producers and is revised every fortnight.

The Centre expects excise duty mop-up to be 18-19% lower than the budget target for the fiscal, with overall indirect taxes to grow by 8-10% over the budgeted target for the fiscal.

This means excise duty collections will be close to ₹63,000 crore lower at ₹2.71 trillion from the budget estimate.

"While we are looking at an 18-19% loss in excise duty, better-than-expected goods and services tax (GST) collections will help offset it. So, overall, there will be an 8-10% growth in indirect tax mop-up," the official said.

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Crude oil and refined products are sold in India at trade parity prices, which allows local producers to realize global prices from the local market. However, the Centre calibrates the taxes on crude and refined products to mobilize revenues to the exchequer.

The government earlier removed subsidies on petrol and diesel. However, state-run oil marketing firms, at times, manage prices in such a way that consumers are protected in times of sudden, sharp price volatility.

India's fuel demand rose 3.4% y-o-y in October: data

Reuters

India's fuel consumption, a proxy for oil demand, rose 3.4% year-on-year in October to 18.37 million tonnes, data from the Petroleum Planning and Analysis Cell (PPAC) of the Oil Ministry showed.

Sales of gasoline, or petrol, were 8.8% at 2.99 million tonnes. Cooking gas or liquefied petroleum gas (LPG) sales decreased 3.3% to 2.40 million tonnes, while naphtha sales fell 24% to 0.96 million tonnes.