ONGC News as on 06 December 2023 (Print)

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Date :6 December 2023	Page : 1, 2

CPSEs MEET 58% OF ANNUAL CAPEX TARGET TILL OCT

CPSES AND LARGE government agencies present in the infrastructure sector like the NHAI and the Railways have invested ₹4.28 trillion or 58.4% of their combined annual capital expenditure target in April-October of FY24, reports **Prasanta Sahu.** ■ PAGE 2

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SUPPORTING PUBLIC EXPENDITURE-LED GROWTH REVIVAL

CPSEs meet 58% of annual capex target in April-Oct

Railways, NHAI, state-run firms invest ₹4.28 trillion

PRASANTA SAHU
New Delhi, December 5

THE CENTRAL PUBLIC sector enterprises (CPSEs) and large government agencies present in the infrastructure sector like the NHAI and the Railways have invested ₹4.28 trillion or 58.4% of their combined annual capital expenditure target in April-October of the current financial year, supporting the public capex-led economic growth revival.

On an annual basis, these entities' capex grew by 22% on-year in the first seven months of the current financial year compared with ₹3.51 trillion in the year-ago period.

Investment demand grew by 11% in the September quarter compared with 8% growth in the first quarter of FY24. The investment rate (GFCF as % of GDP) also inched higher to 35.3% compared with 34.2% a year ago.

This was supported by higher capital expenditure at both the Centre and state government levels as well as state-run entities/agencies. As against the target of ₹10 trillion, the Centre's capex has reached 54.7% in April-October of FY24.

Capital expenditure by state governments surged by 56% on-year in the first half of the current financial year compared with just a 2% rise in the year-ago period, supported by capex loans from the Centre.

The capex target for the CPSEs and other agencies was set at ₹7.33 trillion for FY24.

Railways and NHAI, with substantial budgetary support as well as petroleum CPSEs, are the largest public-sector investors that play a key catalytic role in crowding capex from other entities.

In April-October 2023, budgetary investment in Railway projects rose 54% on-year to ₹1.57 trillion.

Fuel retailer-cum-refiner Indian Oil Corporation (IOC) achieved capex of ₹20,180 crore or 66% of its annual target of ₹30,395 crore in April-October of FY24 compared with 58% of the annual target achieved in the corresponding period of last fiscal. IOC is expanding its refining capacity and investing in hydrogen plants at several locations in the country.

ONGC, the top CPSE player in oil and gas exploration, has achieved a capex of ₹17,714 crore in the first seven months of the current financial year or 60% of the annual target.

ON TRACK

Capex by CPSEs and other central agencies **(April-October)**

	FY23 (₹ trillion)*	% of annual target)	FY24 (₹ trillion)*	% of annual target)
Total	3.51	53	4.28	53
Railways (budget support)	1.02	75	1.57	75
Indian Oil	0.17	58	0.2	58
ONGC	0.14	47	0.18	47

*State-run entities with minimum annual capex of ₹100 crore

Publication : The Hindu Business Line	Editions : Mumbai
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Day trading guide

20953 » Nifty 50 Futures

S1	S2	R1	R2	COMMENT
20880	20800	21000	21100	Buy now and on a dip to 20900; place stop-loss at 20800.

₹1623 » HDFC Bank

S1	S2	R1	R2	COMMENT
1610	1600	1635	1650	Buy now and on a dip to 1610; stop-loss at 1590.

₹1453 » Infosys

S1	S2	R1	R2	COMMENT
1450	1435	1470	1500	Go long if the stock breaks out of 1470; stop-loss at 1450.

₹451 » ITC

S1	S2	R1	R2	COMMENT
450	445	457	465	Initiate fresh longs at the current level; stop-loss at 445.

₹201 » ONGC

S1	S2	R1	R2	COMMENT
200	198	206	210	Go long at the current level and place stop-loss at 198.

₹2437 » Reliance Ind.

S1	S2	R1	R2	COMMENT
2420	2400	2450	2480	Consider going long now and at 2420; stop-loss at 2390.

₹608 » SBI

S1	S2	R1	R2	COMMENT
600	590	610	620	Buy if the stock surpasses the hurdle at 610; stop-loss at 605.

₹3529 » TCS

S1	S2	R1	R2	COMMENT
3500	3475	3550	3600	Go long if the stock moves above 3550; stop-loss at 3500.

S1, S2: Support 1 & 2; R1, R2: Resistance 1 & 2.

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Publication : The Pioneer	Editions : New Delhi
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Cut out red tapism in public sector share sale

UTTAM **GUPTA**

The lengthy and cumbersome process of approval and bureaucratic red tape undermines the chances of the Government selling CPSU shares to willing investors

In the Budget for 2023-24, Finance Minister Nirmala Sitharaman had set a target of Rs 51,000 crore for proceeds of the sale of Union government shareholding in central public sector undertakings (CPSUs). As per available indications, the government may fall short of this target by Rs 30,000 crore.

An overwhelming share of the shortfall is due to delays in the disinvestment plans of IDBI Bank (the government plans to sell 30.48 per cent of its stake as well as 30.24 per cent shareholding of LIC aggregating to a total stake sale of 60.72 per cent) and state-owned NMDC Steel. Whereas, in the case of IDBI Bank, this is due to delays in the vetting process for potential buyers by the Reserve Bank of India (RBI), The sale of NMDC Steel is hamstrung due to elections in Chhattisgarh where the company's main plant is located.

The shortfall in proceeds during the current fiscal year is in sync with the trend seen since 2015-16 when the Modi - government started disinvestment with a particular focus on 'strategic' sale (a sophisticated nomenclature for a share sale that reduces its holding in the CPSU to below 50 per cent or privatization). Barring two years viz. 2017-18 and 2018-19 when the actual proceeds exceeded the target, in the remaining six years, the achievement was far short.

Even during 2017-18 and 2018-19, the government could achieve the target primarily because of the two big-ticket sales of its shares in one CPSU to another viz. (i) sale of its 51.11 per cent shareholding in Hindustan Petroleum Corporation Limited (HPCL) to the Oil and Natural Gas Corporation (ONGC) during 2017-18 that yielded Rs 37,000 crore; (ii) sale of its 52.63 per cent stake in Rural Electrification Corporation (REC) to the Power Finance Corporation (PFC) during 2018-19 yielding Rs 13,000 crore. These sales can't be termed as strategic as the purchaser being another CPSU namely ONGC/PFC, the Government continues to have effective ownership over the divested entity viz. HPCL/REC.

It makes no sense to fix a target for proceeds from share sales. This is because unlike tax revenue, which can be projected with a degree of certainty, the same cannot be said about proceeds from disinvestment. In this case, a lot depends on the market scenario and, in particular, the perception of investors about the company in which share-sale is contemplated. In cases where the strategic sale is mooted, the Government faces a bigger challenge as apart from a favourable market, it needs bidders with deep pockets. The lengthy and cumbersome process of approval and bureaucratic red tape further undermines the chances of the Government kicking the ball rolling just around the time when the strategic investors are ready to put in their bets.

The Niti Aayog identifies companies for disinvestment which are then considered by the Core Group of Secretaries on Divestment (CGD), a long-drawn process by itself, which takes it to the Alternative Mechanism (AM) - a group of ministers, including finance, road transport & highways, administrative reforms, etc., - for approval. After AM's approval, the Department of Investment and Public Asset Management (DIPAM) moved a proposal for in-principal approval of the Cabinet Committee on Economic Affairs (CCEA). Taking all these approvals is a time-consuming process and by the time these are in place, the market scenario could become adverse.

THE GOVERNMENT WANTS TO REMAIN IN THE DRIVER'S SEAT EVEN AFTER STRATEGIC SALE. THIS IS AMPLY REFLECTED IN A STATEMENT IN SITHARAMAN'S BUDGET SPEECH FOR FY 2019-20

At a fundamental level, disinvestment of the government's shareholding in a PSU is tantamount to the sale of assets. Therefore, receipts arising therefrom can only be treated as 'capital receipts' (CRs). While preparing the budget, it won't be advisable to plan for receipts from this source in the same manner as it is done for revenue receipts (RRs) which are receipts generated from the day-to-day business activities e.g. dividends on shares held by the government.

The government should only provide for proceeds from share sales in CPSU on an 'actual' basis after it has happened instead of making provision at the time of presenting the budget. Having delinked from the budgetary process, it should take up disinvestment in CPSUs as an independent exercise guided by the broad principle of where it shouldn't be in.

In an approach outlined in the Budget for 2021-22, the government divided CPSUs into two broad categories i.e. strategic and non-strategic. The strategic group covers atomic energy, space and defense; transport and telecommunications; power, petroleum, coal and other minerals; and banking, insurance and financial services. The non-strategic category includes all other sectors such as industrial and consumer goods, hotel and tourist services, trading, and marketing.

While, the government wants to sell CPSUs in the strategic sector with the caveat that at least one (and a maximum of four) will be retained in the public sector, it will privatise 'all' undertakings in non-strategic sectors. All loss-making undertakings in the latter category will be closed. Based on this template, it is working on a detailed action plan which is fine. But the process is hamstrung because of a host of legacy issues.

For instance, despite the Department of Public Enterprises (DPE) and Niti Aayog recommending the privatisation of all nine CPSUs in the fertiliser sector (it falls in the non-strategic category) coming under the administrative control of the Ministry of Chemicals and Fertilisers, the latter has opposed it. The ministry feels that with control over fertilizer PSUs gone, the government won't be able to ensure adequate availability of this politically sensitive agri-input in every nook and corner of the country.

The strategic sale of Bharat Petroleum Corporation Limited (BPCL) hasn't happened nearly four years after it was initially mooted in 2019-20. A prime reason is the government's intent to regulate the prices of petrol and diesel (despite the price of these fuels having been deregulated way back in 2010/2014) which it can do by asking the three oil marketing CPSUs including BPCL to do its bidding. Its ability to influence prices will be hampered if BPCL is privatised.

The government wants to remain in the driver's seat even after strategic sales. This is amply reflected in a statement in Sitharaman's budget speech for FY 2019-20. She had stated the intent was to change the existing policy from "directly" holding 51 per cent or above in a CPSU, to one whereby its total holding, "direct" plus "indirect", is maintained at 51 per cent.

In yet another glaring instance, even though an order of the Ministry of Finance (MoF) issued last year prohibits participation of CPSUs in the strategic sale of other PSUs, a caveat "...unless otherwise specifically approved by the Central Government in public interest" enables the powers that be to bypass this prohibition if they so wish.

Above all, the majority ownership and control by the Government for several decades has ingrained in the bureaucrat a feeling of exercising command (albeit remote) over the management of the PSU. The latter readily acquiescing has added to the sense of bureaucratic power. Although things have improved under the Modi - dispensation (courtesy of its focus on a 'policy-driven state', and increase in 'transparency'), the basic ingredients remain intact.

Modi needs to play some hardballs to kill the existing mindset of the bureaucracy. The process of share sale should be de-bureaucratised by setting up a holding company (HC) where all government shares in CPSUs are placed. To be manned by eminent professionals, the HC should be fully empowered to make all decisions.

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

ओएनजीसी ONGC

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IOCL & SUN Mobility introduces Battery Swapping in Kolkata

EOI CORRESPONDENT

KOLKATA, DEC 5/--/IndianOil is announce launch of Kolkata's first battery swap station in its retail outlet in Kolkata, in collaboration with SUN Mobility. The swap station is located in IndianOil Retail Outlet at Newtown, Kolkata. This marks a significant step forward in promoting sustainable and accessible electric mobility solutions across the city. Battery swapping technology for 2 and 3- wheeler EVs has proven to be a game-changer across India.

The inauguration ceremony witnessed the presence of esteemed guests, including V Satish Kumar, Director (Marketing), IOCL; K V Ramanamurthy, Executive Director(Regional Services), Eastern Region,IOCL; Lalit Kumar Chauhan, Executive Director, West Bengal State, IOCL; SoumitraChakroborty, Chief General Manager(Marketing Strategy), IOCL and AnantBadjatya, CEO - SUN Mobility. The event showcased the strong partnership between IndianOil and SUN Mobility in advancing adoption of electric vehicles and creating a cleaner, greener future for India.

During the launch, Mr V Satish Kumar said, "The battery swapping technology presents a significant opportunity for promoting sustainable electric mobility solutions. This facility is expected to play a pivotal role in adoption of Electric Vehicles and spearhead energy transition in Eastern India." In the coming months, IndianOil in association with Sun Mobility will install more battery swapping facility at IndianOil Retail Outlets, allowing drivers to access its convenient and efficient solution to quickly swap depleted batteries for fully charged ones. This enables faster turnaround times, making EVs more convenient for users.

Mr Badjatya elaborated that, the state of the art technology would propel mobility to the future and play an important role in removing bottlenecks for EV users through an approach of separating battery from vehicle and offering it on a "Pay as you go" model, making EVs financially viable.

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Bioenergy, exports to drive Praj Industries' revenue growth

Dipti Sharma
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Praj Industries Ltd's investors find themselves in a sweet spot with its shares rising by almost 67% in the past six months. The company aims to triple its revenue by FY30, it said in an analysts meet.

The management said it has a two-pronged strategy focussing on bio-mobility (decarbonizing transportation with advanced, next-gen, and conventional biofuels) and bio-prism (technologies to produce green chemicals and material). Praj Industries' bioenergy segment, which provides technologies and equipment to ethanol plants and technologies to produce compressed biogas (CBG) and future fuels like sustainable aviation fuel (SAF) will be driving growth. This vertical contributed 79% to its revenues in H1FY24.

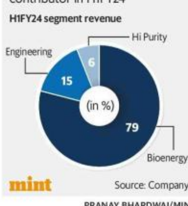
The Centre's order mandating blending CBG with CNG for transportation and PNG for domestic use for city gas distribution firms is expected to be a big catalyst for growth. Its management is confident the directive will accelerate order awards in the CBG business. Along with CBG, the SAF business is likely to be a key driver in achieving its FY30 revenue target.

The company aims to triple its revenue by FY30.

Large share

Praj Industries' bioenergy segment was the biggest revenue contributor in H1FY24

H1FY24 segment revenue



mint

Source: Company

PRANAY BHARDWAJ/MINT

The firm's strategic partnerships with Indian Oil Corp. Ltd, Gevo, and Axens is expected to enhance opportunity in the SAF space. Besides, as India joins the Carbon Offsetting and Reduction Scheme for International Aviation, the requirement for SAF blending from 2027 could open up opportunities.

"The firm has multiple high-growth opportunities across its segments in the near to medium term, CBG and Ethanol Gen 1 export has started seeing traction and engineering has shown strong traction in FY24," said Prathamesh Sawant, an analyst at Axis Securities.

In bioenergy and engineering, exports will enjoy a higher margin profile compared to domestic business, he added. Engineering business revenue in H1 was at 15%.

It is seeking a 50:50 split in its order book from domestic and international (exports) orders. In FY23, 82% of its revenue was from domestic orders, with the rest coming from exports.

After a sharp rally, the stock trades at 33 times its estimated earnings for FY25, according to *Bloomberg* data.

As such, any further re-rating may be capped. Revenue prospects appear bright at the least.

Amit Anwani, analyst at Prabhudas Lilladher, said monitoring government tenders for CBG will be crucial, as a slow pace of expected export ordering may derail growth momentum. Investors should also track the order inflows from the US markets as the current focus in international market remains in the US and Europe, he added.

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AIPMA set to hold its 12th edition of Plastivision 2023

AIPMA is committed to making India a sought-after global destination for sourcing plastics

Known as the oldest and largest non-profit apex body that has been promoting the development of the Indian plastics industry since its inception in April 1947, the All India Plastics Manufacturers' Association (AIPMA) has announced the dates for Plastivision 2023, to be held from 7th to 11th December at NESCO Exhibition Centre in Mumbai. Serving as a platform for Indian firms to showcase their plastic manufacturing prowess, AIPMA has been organising 'Plastivision 2023' every three years since introducing it as a trade fair exhibition in 1992.

Ranked among the top five plastics industry events globally, the 12th edition of Plastivision 2023 is touted to be larger than ever before and will see participation by more than 1,500 companies. This year's show will showcase innovations such as automation and robotics, recycled finished and medical and healthcare products. Also, a special India mould and recycling pavilion along with Dana Bazar, and the start-up segment will be the key highlights this year. International exhibitors include countries such as the USA, China, UK, UAE, Egypt, Germany, Italy, Japan, Austria, Malaysia, Russia, Netherlands, South Korea, Taiwan, Thailand, and Vietnam.

The exhibition will see the official participation of companies like Reliance Industries, Supreme Petrochem, HPCL, GAIL, HMEL and IOCL amongst others, with registrations also open for the general public. Moreover, industry leaders and companies from at least 28 countries including Germany, Israel, Japan, South Korea, China, Saudi Arabia and many more will be present at the exhibition's international pavilion, providing all participants with unbridled networking opportunities.

AIPMA has been spearheaded by industry veterans such as Harpal Singh, chairman, NEC; Manish Dedhia, president, AIPMA; Arvind Mehta, chairman of NAB; and Dr Asutosh Gor and Chandrakant Turakhia, co-chairman, Plastivision India 2023.

This exhibition is supported by the Ministry of Chemicals and Fertilizers, the Department of Chemicals and Petrochemicals, and the Ministry of Micro, Small and Medium Enterprises. In preparation for the upcoming exhibition, AIPMA has already conducted 30+ roadshows across the country, including neighbouring countries like Bangladesh and Nepal to invite local businesses.

In addition to the scheduled displays, conferences, and events, AIPMA expects many participating companies to sign MoUs during the five-day exhibition, underscoring the importance of Plastivision 2023 in empowering the plastic industry.

Harpal Singh
chairman, NEC, Plastivision India 2023

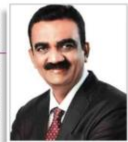
Experience the largest assembly of the plastics industry at Plastivision India 2023. Committed to nurturing innovation and sustainability, we lead our industry towards a future where plastic emerges as a driving force for positive transformation.

Manish Dedhia
president, Plastivision India 2023

As the need for advanced polymer solutions grows across diverse sectors such as construction, machinery, and components, the evolving landscape holds key trends and opportunities for the future of the plastic market. Plastivision India 2023 promises to be a dynamic gathering, bringing the plastic industry together for a high-impact trade show.

Arvind Mehta
chairman-NAB and GC, Plastivision India

Plastivision India 2023 is poised to redefine the future of plastics, enhancing product usability. Embrace innovation and elevate your products by exploring sustainable solutions – seize the opportunity now.



Dr. Asutosh Gor
co-chairman, NEC, Plastivision India

The plastics industry stands at the brink of exciting breakthroughs, offering unprecedented growth beyond imagination. Plastivision India emerges as a gateway for those aiming to leave their mark in this dynamic sector.

Chandrakant Turakhia
co-chairman, NEC, Plastivision India

Plastivision India 2023 is the most influential exhibition gathering of the plastics sector, we are dedicated to position plastic to become a catalyst for positive change in the future.

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‘To meet EV target, OEMs need to rev up entry segment’

SURAJEET DAS GUPTA
New Delhi, 5 December

Indian OEMs need to accelerate the launch of new electric vehicle (EV) models in the entry level, mass, and economy segments with affordable pricing if they want to achieve $100 billion in revenue potential for the EV industry, says a report released by Bain & Company.

Achieving the target requires EVs to grow more than tenfold in volumes in the next six-seven years with penetration going up from the current 5 per cent to 40 per cent by 2030.

At present, EV sales have been limited to the premium end of the market such as scooters priced at over ₹1 to 1.25 lakh, cars for ₹9-15 lakh, and three wheeler passenger vehicles for over ₹3 lakh. This has limited the penetration and the mass adoption of EVs.

Bain's report, India Electric Vehicle Report 2023, says that electric cars cost roughly 50 per cent more, offer a 50-60 per lower range and 30 per cent less engine power than a comparable ICE model.

This could explain why their penetration stands at 1.5 per cent.

The report says that while a Tata Tiago electric vehicle costs ₹8.7 lakh, it has a range of 250 km and 60 bhp power. Compare this with a Tata Tiago ICE which costs ₹5.6 lakh but has a range of 600 km and 85 bhp power.

What's the way out? The report says an accelerated entry of entry level electric cars at competitive prices is the need of the hour, combined with a decline in battery prices as the market develops scale and develops 'fit for purpose' EV first platforms for the mass market.

The need for affordable models applies to the two wheeler market too, says Bain, both electric scooters and mobikes. EV scooter penetration can jump from the current 10-15 per cent to over 50 per cent if this happens, the report says.

It argues that while EV scooters have achieved a penetration of 40 per cent already in the premium segment, the mass and economy segment that constitutes 75 per cent of the market remains largely untapped.

OEMs need to build products that will displace dominant ICE models such as the Honda Activa, available for around ₹90,000.

This will be a challenge for OEMs, though, who are struggling to balance vehicle costs with range of performance.

In electric motorcycles, there is only one per cent penetration, though they account for 60 per cent of the overall two wheeler market. Again, the problem is that most of the models are 50 per cent more expensive, have 25 per cent lower top speeds and 80 per cent shorter range than ICE models.

The only criterion in which EV mobikes are at par is in the total cost of ownership.

The report says that while premium EV mobikes have gained some traction, it will be difficult for them to match the performance of premium ICE mobikes at comparable prices.

However, the entry level segment which constitutes nearly half of the overall mobike sales, is more amenable to EV penetration, driven by lower range and performance thresholds.

If OEMs can match the price and performance of existing ICE entry level vehicles such as Hero Splendor, EV penetration might grow further.

In the electric three wheeler passenger space (excluding e-rickshaws) where penetration is 5-10 per cent, Bain estimates that the current models cost 25 per cent more than a CNG alternative and have a 30 per cent lower range.

A Mahindra Treo EV costs ₹3 lakh and has a 140 km range compared to a CNG powered Piaggio Ape City which costs ₹2.3 lakh and has a range of 200 km.

Bain says it is imperative for OEMs to introduce electric models at lower price points - at around ₹2.5 lakh - even if this entails a lower range as compared to CNG models.

The lower price will enable the adoption of EV vehicles for last mile connectivity within a 5-15 km radius that covers metro stations, markets, malls and offices which account for 40-50 per cent of all 3W passenger trips.

THE BIG CHALLENGE

- Most EVs are at the premium end of the market when the focus should be on the entry and mass level segment
- EVs are 25–30% more expensive than ICE and CNG models

WAYS TO CHARGE UP

In electric cars: OEMs should introduce models at the entry level for the economy market

In the 3-wheeler EV market: The requirement is for products at ₹2.5 lakh to increase volumes

In electric scooters: OEMs should aim at displacing the large market held by Honda Activa

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Gautam Adani calls for balanced approach to energy at COP28

As world leaders dwell on the language of the final outcome of climate talks, billionaire Gautam Adani on Tuesday made a pitch for adopting a balanced approach that takes into account energy costs and availability while continuing to accelerate on green ambitions. At the 28th UN Climate Change Conference in Dubai, called COP28, 118 governments pledged to triple the world's renewable energy capacity by 2030. PTI

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UTTAR PRADESH

Discoms fear ₹85,000 cr energy procurement cost

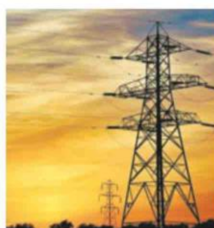
VIRENDRA SINGH RAWAT
Lucknow, 5 December

The Uttar Pradesh power distribution companies (discoms) have pegged energy procurement costs at almost ₹85,000 crore in the next financial year.

In their filings with the UP Electricity Regulatory Commission (UPERC), the power utilities claimed that the state would require about 145 billion units of power in the next financial year with the cost of procurement estimated between ₹80,000 crore to ₹85,000 crore.

According to their annual revenue requirement (ARR) documents, the discoms also projected a revenue gap of ₹11,000-12,000 crore, against a net revenue requirement of nearly ₹1 trillion.

The discoms, which are saddled with accumulated losses of about ₹70,000 crore, have estimated line losses at 13 per cent during 2024-25.



The discoms also projected a revenue gap of ₹11,000-12,000 crore

Meanwhile, the UP power consumers' forum has filed a petition with the UPERC against any prospective hike in tariffs.

Forum president Awadhesh Kumar Verma claimed the state power companies owed over ₹33,000 crore to the energy consumers.

"Since the UP discoms collectively carry a liability of ₹33,122 crore towards the power consumers, they should instead reduce tariffs rather than consider raising them through the backdoor," Verma told *Business Standard*.

For the current financial year, the UP discoms had proposed a steep tariff hike of 18-23 per cent for the different categories of consumers. However, the energy regulator did not allow the tariff hike.

In UP, the urban domestic power consumer currently pays a tariff of ₹5.5 per unit for the first 100 units. For 101-150 units, 151-300 units and 300 units upwards, the tariffs are ₹5.5, ₹6 and ₹6.5 per unit, respectively.

For the domestic below poverty line (BPL) consumers, the power tariff is ₹3 per unit for the first 100 units.

ओएनजीसी
ONGC

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Date :6 December 2023	Page : 2

No immediate hike in domestic coal prices despite global spiral

ARUNIMA BHARADWAJ
New Delhi, December 5

COAL INDIA IS not looking to revise prices of the fuel as of now despite a widening of the gap between the domestic and international prices of the commodity, an official source told FE.

The state-run company's decision to refrain from seeking higher margins at this juncture augurs well for the power sector and consumers of electricity, and may also tend to have stabilising effect on fuel inflation.

"The revision of prices is not on the card as of now. Everything has to be taken into consideration like electricity prices and the economy before we consider revising prices," the source said.

Analysts, however, see firm international prices of coal to have a

trickle-down effect on e-auction prices. Domestic prices, however, are currently at a discount of 40-50% to international markets, experts say.

"The prices were revised four years ago and last year we had revised rates for a few grades," the source said.

The revision of coal prices by Coal India is majorly determined by wages of the workers in the company which is revised once in every five years.

"The normal increase in wages due to dearness allowance etc, is usually absorbed by the company due to improvement in productivity," Partha S Bhattacharya, former chairman and managing director of Coal India had said. "If the company is growing how it is projected to grow, I don't think it requires a price revision to handle the impact of rise in wages due to inflation. It should be able to absorb the prices."

Moreover, e-auction prices have started to increase due to an uptick in the Indonesian coal price. Analysts believe that a rise in international prices will further aid in the increase of domestic e-auction coal prices.

The price of Indonesian coal (4,200 kcal) has gone up 17% since August, to $58.94 per tonne, according to ICICI Securities.

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Date :6 December 2023	Page : 1, 18

RAISING THE SPECTRE OF FOSSIL FUELS

Activists participate in a demonstration against fossil fuels, during the United Nations Climate Change Conference COP28 in Dubai on Tuesday. Countries at the conference are considering calling for a formal phase-out of fossil fuels as part of the UN summit's final deal. REUTERS

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Fossil fuel phase-out among options on COP28 table

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Dubai, December 5

Activists stage a demonstration against fossil fuels in Dubai on Tuesday REUTERS

COUNTRIES AT THE COP28 climate conference are considering calling for a formal phase-out of fossil fuels as part of the U.N. summit's final deal to tackle global warming, a draft negotiating text seen on Tuesday shows.

The proposal is set to spark heated debate among the nearly 200 countries at the two-week conference in Dubai, with some Western and climate-vulnerable states pushing for the language to be used and many oil and gas producers keen to leave it out.

Research published on Tuesday showed global carbon dioxide emissions from burning fossil fuels are set to hit a record high this year, fuelling concerns among scientists that efforts to combat climate change are not enough to avert its worst impacts.

The draft of what could be the final agreement from COP28, released by the U.N. climate body on Tuesday, proposed "an orderly and just phase-out of fossil fuels" which if adopted would mark the first global deal to end the oil age.

On the COP28 main stage, the CEOs of several major energy firms argued in favour of oil and gas, highlighting their progress in areas such as cutting the greenhouse gas methane.

"We are big guys and we can do big things. We can deliver results and we will have to report them very soon," said Jean Paul Prates, CEO of Brazil's state-run oil company Petrobras. "The energy transition will only be valid if it's a fair transition," he added.

At least 2,400 fossil fuel lobbyists registered for this year's summit, an analysis of U.N. registration data published by Kick Big Polluters Out showed, outnumbering the delegates from the 10 most climate vulnerable countries combined.

Climate activists staged several small protests against the presence of the fossil fuel industry. The Marshall Islands, meanwhile, unveiled a national plan to adapt to rising sea levels, a recognition that the impacts of warming are already

hitting its shores. "While we hope for a world where the world fulfils the promise of the Paris Agreement to contain climate change, as an extremely climate vulnerable country we need to be realistic and honest about the difficult path ahead," said Kathy Jetnil-Kijiner, the country's climate envoy.

The draft text for a COP28 final deal includes three options for dealing with fossil fuels.

The first is "an orderly and just phase-out". In U.N. parlance, the word "just" suggests wealthy nations with a long history of burning fossil fuels would phase out fastest.

The second calls for "accelerating efforts towards phasing out unabated fossil fuels". And a third would be to avoid mentioning a phase-out at all.

The United States, the 27 countries of the European Union and climate-vulnerable small island states are pushing for a fossil fuel phase-out to drive the deep CO_2 emissions reductions scientists say are needed this decade.

Even so, none of the world's major oil and gas-producing countries have plans to eventually stop drilling for those fuels, according to the Net Zero Tracker, an independent data consortium including Oxford University. —REUTERS

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MINT CURATOR

Oil output reduction is better than plugging methane leaks

Hydrocarbon industry efficiency matters less than scaling it back

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What sort of climate deal is a summit hosted by the world's third-largest net oil exporter most likely to pull off? The type that boosts revenues for petroleum companies.

The Oil and Gas Decarbonization Charter unveiled at the United Nations CoP-28 summit in Dubai counts as one of the most substantive pacts to have emerged from the conference so far.

The agreement includes most of the traditional Western oil majors, state producers from Saudi Arabia and hosts the United Arab Emirates, between them accounting for about 40% of global oil output. The agreement talks about cracking down on tonnes of methane pumped into the atmosphere through leaks at oil and gas-fields and flares burning off surplus gas.

Campaigners will rightly complain that the pledges are unenforceable, making the deal little better than a pinky promise. A similar vow to end routine gas flaring was agreed upon at CoP-21 in Paris, and there's precious little evidence it's going to meet its targets.

The Global Methane Pledge was one of the centerpieces of the Glasgow CoP-26 conference. Roughly a quarter of the warming to date has been caused by methane. Over the coming century, each tonne of CH_4 emitted will heat the atmosphere by as much as 28 tonnes of CO_2.

Petroleum producers must be motivated to do something about the problem. Natural gas, which is almost entirely methane, is still running at elevated prices, with European futures for the 2024-25 winter peak season at more than double the level they were at three years ago.

Capturing that valuable commodity and selling it—instead of venting it or burning it as waste gas—should be extremely profitable. About 41% of methane emissions from oil and gas facilities can be eliminated at no net cost, according to the International Energy Agency.

There's a more cynical reason for fossil-fuel producers to get on board. Since the warming impact of CH_4 is so front-loaded, a quicker reduction in methane emissions might eke out a few more years to sell down those petroleum reserves before the chaos of climate change forces tougher action.

The main issue is that the easiest way to tackle this is to cut petroleum production as a whole. Oil companies aren't stupid. If they are throwing away CH_4 as waste gas, it's very often because capturing it and selling it is a lot harder to do in practice than it is on paper. If you're managing an oilfield, a pipeline or a storage tank, you don't always have good alternatives to releasing methane into the atmosphere. A large share of pollution comes from blowdowns—deliberate releases—to prevent build-ups of gas that may make equipment inoperable or dangerous. Burning this gas off in a flare is cheaper and easier than installing the infrastructure needed to capture and sell it, but even then, about 9% of the CH_4 coming out of the pipe doesn't get set alight and gets released in its raw form into the atmosphere.

Gas flares sometimes let methane escape into the air AP

Since the mid-1980s, attempts to reduce the share of flaring in global petroleum production have shown only limited effectiveness. Much of the success of late has likely been a result of the US increasing its share of the global oil market.

Even a complete elimination of petroleum's methane emissions won't make much of a difference, unless the rest of the industry cuts back. CH_4 from oil and gas facilities released the equivalent of 2.3 billion tonnes of CO_2 into the atmosphere in 2022, according to the IEA. Reduce that by two-thirds by 2030, and you still won't have cut emissions enough to offset the 1.8 billion tonnes of additional CO_2 that would be produced if the Organization of the Petroleum Exporting Countries' forecast for oil output over the period plays out.

The more effective action against the oil and gas industry's carbon footprint may be happening closer to OPEC's headquarters in Vienna than the CoP-28 talking shop in Dubai. The crude oil cartel's supply cuts of 2.2 million daily barrels announced last week, if they're not offset by increases elsewhere, will cut CO_2 emissions by about 347 million metric tonnes, equivalent to about 1% of the annual total.

OPEC would argue that those cuts are temporary. If they are the first signs of a peak and decline in petroleum production, that's the real action the world needs—and it's not being done out of altruism.

An Oil and Gas Decarbonization Charter is an oxymoron because the carbon is locked into the chemical structures of oil and gas molecules themselves. The only viable way to tackle that is to stop burning fossil fuels. It's a looming decline in oil and gas production itself, rather than any attempt to make the industry's operations more efficient, that will make the real difference to the planet.

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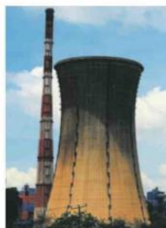

Growth in thermal power was the highest in October. HT

Thermal power rises in Apr-Oct as demand soars

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Amid growing power demand, coal-based power generation increased 8.6% in the April-October period of FY24 compared to a year ago, said the union power minister RK Singh.

Data provided by the minister in a written reply to Rajya Sabha also showed that the growth in thermal power generation was the highest in October at 25%.

"During April-October'23, the average growth in coal-based generation, with respect to corresponding period of FY 23, was 8.6% and the depletion in DCB (domestic coal-based) plants stocks was 15.3 million tonnes," he said.

The increase in generation has come in the backdrop of a surge in power demand this year amid high temperature and El Nino phenomenon and eventual dry weather during the summer months.

The peak power demand touched a new record high of 239.9GW on 1 September, way above the projected peak demand 230GW for FY24.

The minister also said there was a 14% fall in hydro generation in the first half of FY24 compared with the corresponding period of FY23 due to variable monsoon rain. Around 2 GW of hydro capacity is currently inoperational because of floods in Sikkim. "The reservoir levels in northern, eastern and southern regions are less compared to the previous year as on 9 October, 2023, which has resulted in lower reservoir energy content at pan-India level. This has put additional burden on coal-based thermal generation."

He noted that given the pressure on thermal plants, the ministry in order to ensure uninterrupted power supply across the country, in October directed all power generation companies to continue blending at least 6% imported coal for the rest period of FY24. The ministry said there is a consistent rising trend in power demand, coupled with inadequate supply of domestic coal which has resulted in rapid depletion of stocks at DCB plants.

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Govt-backed SWAMIH Returns Over 25% of Capital to Investors

Offers almost 17 full and 29 partial exits; 46 of 100 investee projects nearing completion: Top exec

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Mumbai: Government-backed and SBICAP Ventures-managed last-mile financing platform, Special Window for Completion of Construction of Affordable and Mid-Income Housing Projects (SWAMIH I), has returned over 25% of drawn capital to its investors owing to faster completion of stuck housing projects across the country totalling over 26,000 apartments.

Designated as a category II alternative investment fund, it was introduced by finance minister Nirmala Sitharaman in September 2019. This initiative emerged in response to escalating worries about stalled projects adversely affecting homebuyers and posing potential risks to the banking system.

"We have done almost 17 full exits and 29 partial exits, so about 46 of our projects out of over 100 investee projects are witnessing completion and even commenced exits as project completion happens in phases. Over 25% of the drawn capital has been returned to investors during the commitment period stage itself," Abdul Kader Suriya, interim chief investment officer-SWAMIH Investment Fund, SBICAP Ventures, told **ET**.

India's largest social impact fund's investors include the government, which is the major sponsor to the fund, State Bank of India (SBI), Life Insurance Corporation of India (LIC) and HDFC. The fund has so far delivered over 26,000 apartments that were part of stalled projects to homebuyers and is looking to complete around 65,000 homes out of its current investment portfolio of over 100 such projects.

COMPANY PHOTO

Abdul Kader Suriya

"Of the total fund size of ₹15,531 crore, we have committed over ₹10,900 crore to our portfolio of investee projects. And, with the current portfolio, which is over 100 projects, we are looking to complete around 65,000 units. The fund expects to complete at least 20,000 units per annum from next year," he said.

All investments made by the fund are fixed at 12% internal rate of return (IRR) based on the standard contract terms as it does not price it differently for different deals. The fund has disbursed money to over 100 of these projects.

"Disbursements keep happening as and when required. But sometimes, as SWAMIH invests part of sanctioned funds and the project sees progress, it gives a renewed sense of confidence among homebuyers, and we may not need to infuse incremental capital any more in such projects. This is also good as we can allocate the same capital to other projects where it is required and create maximum impact," Suriya said.

With ₹10,900 crore already committed to the current portfolio, according to Suriya, the fund has dry powder of over ₹4,500 crore until its agreed investment commitment period of December 2024. It has an active pipeline for closures and is expecting to soon close 15-20 new investments.

The fund has so far received over 1,400 investment proposals and only a few of these were shortlisted as it undertakes intense transitional due diligence before investing and is equally involved in project monitoring post investment.