ONGC News as on 18 October 2024 (Print & Online)

Publication : Mint	Editions : New Delhi
Date :18 October 2024	Page : 2

ONGC to cut down on costly arbitration

Manas Pimpalkhare
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NEW DELHI

State-run Oil and Natural Gas Corp. Ltd (ONGC) will not engage in arbitration in public procurement contracts if the disputed amount exceeds ₹10 crore, it said, days after peer Oil India Ltd (OIL) opted out of the costly dispute resolution process following a finance ministry advisory.

For disputed amounts under ₹10 crore, ONGC will use the services of the New Delhi-based India International Arbitration Centre (IIAC), a commercial disputes resolution forum that is headed by a former judge of the Supreme Court.

A finance ministry advisory in June urged all government entities to curb arbitration proceedings valued at over ₹10 crore in domestic procurement contracts in order to cut such disputes and reduce their financial burden.

ONGC "has implemented the guidelines issued by MoF (ministry of finance) vide OM (office memorandum) dated 3.6.2024 applicable for domestic public procurement by Govt. Entities," a spokesperson for ONGC said in an emailed response to *Mint*'s query.

For disputed amounts under ₹10 crore, ONGC will use the services of the India International Arbitration Centre. REUTERS

"Accordingly, in future contracts of ONGC for domestic procurement, the upper limit of claim amount to be referred to arbitration shall be ₹10 crore and the arbitration will be governed through institutional arbitration under India International Arbitration Centre in accordance with the above mentioned guidelines," the spokesperson added.

ONGC's decision comes days after a similar move by peer Oil India following a finance ministry advisory in June

Queries emailed to the ministry of law and justice and the ministry of finance on Wednesday did not elicit a response.

However, in response to an emailed query about ONGC's plan to use the services of IIAC, its registrar Vinay Kumar Sanduja said, "This information can be given by ONGC. We have no information."

ONGC had to legally fight contractors' claims worth ₹170.41 billion in FY24, a little lower than FY23's ₹193.45 billion, as per its annual reports. The company listed these values as contingent liabilities, indicating they would have to be paid if a court or an arbitrator decided against ONGC.

This development assumes importance as it is the second instance of a public sector undertaking (PSU) following the finance ministry's advisory and codifying changes to its domestic procurement contracts.

Mint reported last week that OIL was planning to amend its general conditions of contract to align with the finance ministry's advisory, in about a month's time.

"The memorandum is restricted to domestic procurement contracts and is advisory in nature rather than prescriptive. Even then, it does not set the right tone given that India has been promoting itself as an arbitral hub but here discourages arbitration itself," said Shaneen Parikh, a partner and head of international arbitration at law firm Cyril Amarchand Mangaldas. Choosing litigation over arbitration is unlikely to increase efficiency, she said.

To read an extended version of this story, go to livemint.com.

Publication : The Economic Times	Editions : New Delhi
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CNG Prices to Rise as Govt Cuts Domestic Gas Allocation by 20%

Sanjeev Choudhary

New Delhi: The price of compressed natural gas (CNG) may rise across the country after the government cut the allocation of cheaper domestic gas by about 20% to city gas distributors.

The government allocates price-controlled domestic gas, or APM gas, to city gas distributors for further sale to CNG drivers and households. The latest cut in allocation will not affect household supplies but may push up CNG prices, city gas executives said.

Indraprastha Gas, the nation's largest city gas distributor, has said the company has been receiving 21% less APM gas since October 16, which "will have an adverse impact on profitability of the company".

For IGL as well as other established city gas operators, the share of cheaper domestic gas has now fallen to about 50% of their CNG sales. This is sharply lower than about 68% until Tuesday, and about 88% last October.

The latest cut was necessitated after the government permitted ONGC to use incremental output from its legacy gas fields for petrochemical production. This reduced the domestic gas pool available for city gas players.

City gas companies were intimated about allocation cut on October 14. Just two days' notice was too short for such a substantial cut, a city gas company executive said.

"There is no dearth of supplies in the market, but it's quite expensive. The allocation cut should have been gradual. It would have given companies time to tie suitable sources of supply," the executive said.

If some city gas distributors don't quickly arrange alternative gas, the supplies at CNG pumps could be temporarily affected in some places. Distributors would need to meet the shortfall by purchasing gas at market rates in the domestic or international markets, which can push up their overall gas cost by ₹4-6 per unit based on their supply sources.

The benchmark spot rates in the international markets are around $13.5 per mmbtu, more than double the price of $6.5 city gas companies pay for domestic APM gas.

Another executive said companies are deliberating the timing and quantum of price increases. "Companies also need to keep in mind that price hikes can spoil the festive mood for consumers," he said, adding that some companies may absorb part of the cost increases, affecting their profitability.

Publication : Business Standard	Editions : Ahmedabad
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— TENDER CARE —

— Advertorial

HPCL SHINES AT NHAI EXHIBITION WITH CUTTING-EDGE WAYSIDE AMENITIES

Hindustan Petroleum Corporation Limited (HPCL) made a significant impact at the National Highways Authority of India (NHAI) exhibition, held in conjunction with the launch of the Humsafar Policy by Hon'ble Minister of Road Transport and Highways, Shri Nitin Gadkari, in Delhi. The policy aims to enhance services on highways and expressways by onboarding existing and upcoming service providers.

Showcasing Nationwide Presence and Green Initiatives

At the event, HPCL's stall showcased its extensive nationwide presence on national highways, highlighting its world-class wayside amenities designed to provide convenience and comfort to highway users. The stall also featured HPCL's pioneering efforts in promoting green initiatives, including Electric Vehicle (EV) Charging, Compressed Natural Gas (CNG), and Liquefied Natural Gas (LNG).

HPCL's stall received a special visit from Hon'ble Minister of State Ajay Tamta, Ministry of Road Transport and Highways, who praised the company's exceptional wayside amenities. This recognition underscores HPCL's commitment to delivering top-notch services and infrastructure to support the country's growing network of highways.

Reinforcing Commitment to Sustainable Development

By participating in the NHAI exhibition, HPCL reinforced its dedication to sustainable development and customer satisfaction. As a leading player in the energy sector, HPCL continues to innovate and invest in green technologies, aligning with the government's vision for a cleaner and more efficient transportation ecosystem. As a matter of fact, HPCL has solarized 92% of its 22500+ retail outlet network across India.

INAUGURATION OF 2 NEW BRANCHES OF PUNJAB NATIONAL BANK

On 16.10.2024, two new branches of Punjab National Bank in Rajkot Division namely Jasdan and Khambhalia were inaugurated virtually from Ahmedabad by the MD and CEO of the bank, Mr. Atul Kumar Goyal. In the said program, Ahmedabad Zone Head Mr. Dipankar Mohapatra and Rajkot Zone Head Mr. Alok Kapoor and Meghendra Malvi, Shailendra Singh, Balwant Singh and Sanjay Meena and other officials were present.

BOM : FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30TH SEPTEMBER, 2024

Quarter 30th September, 2024 vis-à-vis Quarter 30th September, 2023

HIGHLIGHTS

- Total Business grew by 16.90% to ₹ 493,793 crore.
- Total Deposits increased by 15.46% to ₹ 276,289 crore.
- Gross Advances increased by 18.78% to ₹ 217,504 crore.
- Credit - Deposit (CD) Ratio improved to 78.72%.
- Gross NPA declined to 1.84% as on 30.09.2024.
- Net NPA declined to 0.20% as on 30.09.2024.
- Provision Coverage Ratio stood at 98.31%.
- Net Profit increased by 44.25% to ₹ 1,327 crore.
- Operating profit grew by 14.66% to ₹ 2,202 crore.
- Net Interest Income increased by 15.41% to ₹ 2,807 crore.
- Net Interest Margin (NIM) improved to 3.98%.
- Cost to Income Ratio stood at 38.81%.
- Return on Assets (ROA) improved to 1.74%.
- Return on Equity (ROE) improved to 26.01%.
- CRAR stood at 17.26% of which Tier I is 13.13%.

CENTRAL BANK OF INDIA : FINANCIAL RESULTS FOR THE QUARTER/HALF YEAR ENDED 30TH SEP 2024

Performance Highlights on Year-on-Year basis: (Quarter ended Sep'24 vis-a-vis Quarter ended Sep'23)

- Total Business grew by 7.07 % to ₹ 644858 crore from ₹ 602284 crore.
- Total Deposits up by 5.57 % to ₹ 391914 crore from ₹ 371252 crore
- CASA Deposits have increased by ₹ 8432 crore to ₹ 191270 crore from ₹ 182838 crore, reflecting Y-o-Y growth of 4.61% & having a share of 48.93% of total Deposits.
- Gross Advance increased by 9.48 % to ₹ 252944 crore from ₹ 231032 crore.
- Credit to Deposit (CD) Ratio improved to 64.71 % registering an improvement of 228 bps, from 30th Sep 2023.
- Gross NPA improved to 4.59 %, registering an improvement of 3 bps over 4.62%.
- Net NPA improved to 0.69 %, registering an improvement of 95 bps over 1.64%.
- Provision Coverage Ratio improved to 96.31%, registering an improvement of 377 bps over 92.54%.
- Net Profit up by 50.91 % to ₹ 913 crore Y-o-Y, from ₹ 605 crore.
- Net Interest Income for Sep 30, 2024 quarter has increased to ₹ 3410 crore as compared to ₹ 3028 crore for the corresponding quarter ended Sep 30, 2023.
- Net Interest Margin (NIM) for the quarter is at 3.44% as of the end of Sep 30, 2024, when compared to 3.29% as of the end of Sep 30, 2023 quarter.
- Return on Assets (ROA) improved to 0.85 % for the quarter ended Sep 24, registering an improvement of 23 bps, over the corresponding quarter of last year.
- Return on Equity (ROE) improved to 12.76 % (annualized) for the quarter ended Sep 24, registering an improvement of 352 bps, over the corresponding quarter of last year.
- CRAR improved to 16.27 %, of which Tier I is 14.01 %, registering an improvement of 145 bps.

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Govt nudges auto makers to biofuel

Alisha Sachdev
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NEW DELHI

The Union government is assessing the automobile industry's readiness to build vehicles powered by biofuels such as 100% ethanol (E100), even as the industry wants their prices to come down to make a smooth transition, two people with direct knowledge of the matter said.

Ministries of road and petroleum separately met with industry executives this month to nudge them to make the shift, the people cited above said on the condition of anonymity. Union road minister Nitin Gadkari and petroleum minister Hardeep Singh Puri chaired the two meetings respectively.

Automakers have pressed for lower prices and tax sops to aid ethanol transition. BLOOMBERG

Automakers are stepping up

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Publication : Mint	Editions : New Delhi
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Centre pushes auto makers to transition to alternative fuel

FROM PAGE 1

as well. Seven two-wheeler makers are preparing to launch at least one flex fuel vehicle by the end of 2024, and five passenger vehicle makers plan to do so by late 2025 or early 2026, the person cited above said.

The industry executives pressed for lower prices or tax incentives for a smoother transition to ethanol, which is seen as vital to reducing the reliance on fossil fuels and curbing carbon emissions, the person said. The automakers also highlighted the need for differential pricing based on ethanol's energy content. For instance, they want E85 fuel, which contains 85% ethanol, to be about 35% cheaper than E10 that is currently mandatory, to ensure parity in running costs.

The petroleum ministry is reviewing requests for cheaper ethanol; while no official decision has been made,

The Centre is targeting a 20% ethanol blend in petrol by 2025. BLOOMBERG

industry executives are pinning hopes on price support or subsidies to align ethanol costs with petrol, which would make blended fuels more competitive.

Queries emailed to spokespersons for the road and petroleum ministries remained unanswered.

India is actively promoting ethanol as a cleaner alternative to fossil fuels, targeting a 20% blend in petrol by 2025, up from 10% now. Indian Oil Corp. Ltd, the country's leading fuel supplier, has already opened 400 E100 fuel stations by February 2024 across UP, Tamil Nadu, Maharashtra, and Karnataka, building infrastructure vital to enhance the accessibility of ethanol.

Flex-fuel vehicles (FFVs) are fitted with combustion engines that can run on more than one type of fuel. Typically, they can operate on a blend of petrol (gasoline) and ethanol, ranging from pure gasoline (E0) to ethanol-blended fuels such as E85 (85% ethanol and 15% gasoline) or even pure ethanol (E100).

E100 can substantially bring down emissions, but challenges remain, mainly regarding fuel efficiency. Automakers argue that lower ethanol prices are key to make flex-fuel vehicles cost-effective for consumers, given the higher fuel consumption owing to ethanol's lower energy content.

For an extended version of this story, go to livemint.com

Publication : The Free Press Journal	Editions : Mumbai
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Gas supplies to city gas entities cut

PTI
NEW DELHI

The government has slashed by up to a fifth the supplies of cheaper gas to city gas entities that retail CNG to automobiles, increasing their dependence in costly imported fuel.

Indraprastha Gas Ltd and Mahanagar Gas Ltd in regulatory filings stated that supplies of domestically produced gas, which was available at a capped rate which is half of the imported price, has been cut.

"The company gets domestic gas allocation for meeting the requirement of CNG sales volumes at the pricing fixed by the government. Based on communication received by the company from GAIL (India) Ltd, this is to inform that there has been a major reduction in domestic gas allocation to the company effective from October 16, 2024," IGL said in a filing.

Publication : The Indian Express	Editions : New Delhi
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Wildlife board defers nod for Vedanta's oil exploration in Assam

NIKHIL GHANEKAR
NEW DELHI, OCTOBER 17

THE STANDING committee of the National Board for Wildlife (NBWL) has deferred its nod to a Vedanta subsidiary's proposal for oil exploration in the habitat of the endangered Hoolock Gibbon in Assam's Dessoi reserve forest.

Chaired by Union Environment Minister Bhupender Yadav, the standing committee also appraised and cleared a proposal to electrify a section of an existing 100-year-old broad railway line passing through the sanctuary in Jorhat, subject to the construction of animal passages. The NBWL also cleared road widening through the buffer zone of the Ramgarh Vishdhari Tiger Reserve in Rajasthan's Bundi.

The Hoolock Gibbon is India's only ape species and the shy, arboreal animals number only between 120-130 in the forests of Hollongapar Gibbon Sanctuary and surrounding Dessoi reserve. Though Cairn Oil and Gas's oil exploration is proposed in the eco-sensitive zone away from the sanctuary, the NBWL has deferred the proposal until a site visit.

The site inspection committee will comprise representatives of the Union Ministry of Environment, Forest and Climate Change, the Wildlife Institute of India, the Assam forest department and Raman Sukumar, a wildlife scientist and independent member of the board.

Last month, the environment ministry's forest advisory committee had granted preliminary permissions for oil exploration in the Hoolock Gibbon habitat.

The state forest department had recommended the exploration to the Centre citing national interest.

Indian Railway Construction International Limited (IRCON) has proposed 25 KV electrification of a 9-km stretch on the Lumding-Dibrugarh section. With regards to this railway electrification project, the NBWL cleared subject to conditions that train speeds should be restricted based on prescriptions of the state forest department.

In May 2023, the Wildlife Institute of India had prepared a report on the animal passages that can be built to allow the Hoolock Gibbons to cross 1.65 km of the old railway track passing through the sanctuary. It had recommended the construction of artificial and natural canopy bridges for the safe passage of Gibbons. The NBWL also asked the railway authorities to not energise the electric wires until wildlife passages are in place.

Publication : Business Standard	Editions : New Delhi
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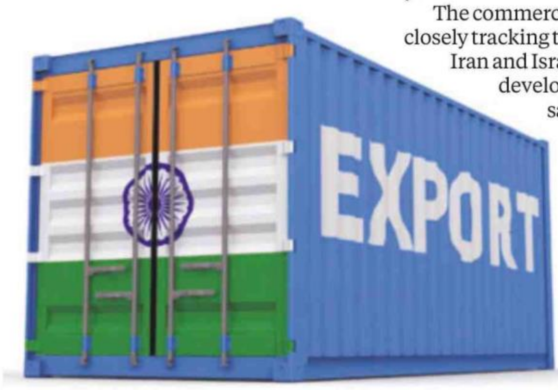
India's trade with Africa may take a hit if Iran-Israel conflict widens

A SNAPSHOT

India's exports to West Asia and Africa from April to July this year

GCC:	$17.79 bn	Share: 12%
Other West Asia nations:	$2.89 bn	Share: 2%
Africa:	$13.91 bn	Share: 9.6%
Total exports:	$143.95 bn	

Other West Asian nations include Iran, Iraq, Israel, Jordan, Lebanon, Syria and Yemen; GCC: Gulf Cooperation Council   Source: Department of Commerce



SHREYA NANDI
New Delhi, 17 October

A further escalation of the conflict between Iran and Israel will not only put India's exports to West Asia at risk, but also impact trade with Africa.

Government officials said that exports to Africa will take a hit since a substantial amount of outbound shipments are routed from the UAE – a key transshipment hub to that region.

India exports 10 per cent of its goods to Africa, valued at $13.9 billion during the first seven months of this financial year.

The commerce department is closely tracking the conflict between Iran and Israel and any development related to the same is under its radar.

The government's discussions have started with exporters to gauge their sentiment and look at the potential impact on trade, with respect to the disruption in transportation, India's dependence on petroleum imports as well as key commodities.

Last month, Lebanon-based Hezbollah leader Hassan Nasrallah was killed in an Israeli airstrike. In response to the attack on its key ally, Iran fired ballistic missiles on Israel earlier this month.

"If it's a full blown war between Iran and Israel, it won't be confined to those two countries. The entire West Asia will be impacted since that region is a big driver of demand. West Asia is also a route for exporting a lot of commodities. In that case, our Africa and West Asian exports will take a hit," a senior government official told Business Standard.

India exported goods worth over $20 billion to West Asia, resulting in a share of 14 per cent during April-July. However, among West Asian nations, 86 per cent of the shipments are exported to the six Gulf Cooperation Council countries — the UAE, Saudi Arabia, Oman, Bahrain, Kuwait and Qatar.

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Publication : Business Standard	Editions : New Delhi
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Retaliation from Israel may lead to higher oil prices

Imports may also take a hit since India is dependent on petroleum imports from Iraq, Saudi Arabia and the UAE, among West Asian nations. On a brighter note, India has been able to diversify its petroleum supply and is not strictly dependent on West Asian countries, the official cited above said.

The commerce department is also holding meetings with the shipping ministry to firm up a long-term strategy to deal with global logistics-related challenges faced by the trade.

Exporters said the geopolitical scenario is grim and an escalation in the conflict, in the form of a retaliation from Israel, may lead to higher oil prices, increased shipping costs and supply chain disruptions. They said the impact on the volume and value of trade will depend on the gravity of the escalation of the conflict. "On our part, inventory management is crucial. Especially, in the case of the imports, it's important to be prepared with a few months' inventory," one of the persons added.

Publication : Deccan Chronicle	Editions : Hyderabad
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A Russian soldier fires a gun toward Ukrainian position in the Russian-Ukrainian border area in the Kursk region of Russia, on Thursday. — AP

UK curbs Russian oil, LNG vessels

London, Moscow, Oct. 17: Britain said on Thursday it had imposed sanctions on 18 more Russian oil tankers and four liquefied natural gas vessels, the largest batch of sanctions to date against Russia's so-called "shadow fleet".

Russia has imposed a temporary ban on Kazakh grain imports for its own market, but has granted Kazakhstan permission to transit grain via Russian territory for export to other countries starting from Thursday, Russia's agricultural watchdog said. The move indicates the tensions between the two grain exporters, which also tranship each other's oil, gas and metals, may have eased but are yet to be fully resolved.

Britain says the 'shadow fleet' uses illicit practices to avoid Western restrictions on Russian oil.

The announcement came after the United States and Canada agreed to join a "call to action" to tackle it, which has been backed by 44 European countries after it was announced by Britain inJuly.

The government said it was working with maritime authorities to demand that Russian vessels with suspected dubious insurance provide details of their insurance status as they pass through the English Channel.

"Any actor that facilitates and supports Russia's malign activities could be exposing themselves to sanctions," the government said.

Russia rejects Western pressure to limit its oil exports, and in the past year, there has been growth in the number of tankers transporting cargoes that are not regulated or insured by conventional Western providers.

The 18 oil tankers will be barred from UK ports and unable to access British maritime services, bringing the total number of sanctioned Russian oil tankers to 43.

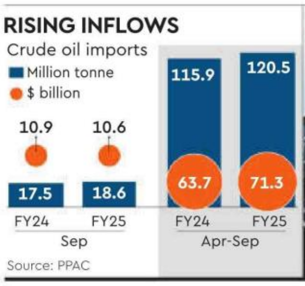
The vessels included *NS Bora, Atlas and Moskovsky Prospect.* — *Reuters*

Publication : Financial Express	Editions : New Delhi
Date :18 October 2024	Page : 2

INDIA LOOKS TO TAP BRAZIL IN PUSH TOWARDS CRUDE DIVERSIFICATION

Crude oil import bill up 12% in first half of FY25

ARUNIMA BHARADWAJ
New Delhi, October 17



INDIA'S CRUDE IMPORT bill increased 12% in the first half of the current fiscal to $71.3 billion against $63.7 billion in the same period in FY24, data from the Petroleum Planning and Analysis Cell showed. The country imported 120.5 million tonne of crude oil between April and September, up 4% from 115.9 million tonne in the corresponding period of last fiscal.

In September, however, the crude oil import bill declined by almost 3% whereas the volume jumped by 6.3% to 18.6 million tonne compared to September 2023.

The country's dependence on the import of crude oil in the April-September period rose to 88.2%, up from 87.6% in the corresponding period of FY24, amid rising demand and stagnant domestic production.

Upstream companies produced 14.4 million tonne of crude oil in the period, slightly down from 14.7 million tonne in the same period last fiscal. The declining trend in production can be attributed to maturing of the existing oil fields amid lack of new areas of production, as per analysts. In September too, production fell marginally to 2.3 million tonne from 2.4 million tonne last year.

Despite the government's efforts to boost production and reduce import dependence, the production has remained stagnant over the past 10 years and the country's dependence on imports has increased. The government recently introduced a Bill in Parliament to make amendments in the Oilfields (Regulation and Development) Act, 1948, which seeks to broaden the definition of mineral oils. The updated definition includes any naturally occurring hydrocarbon, coal-bed methane, oil shale, shale gas, etc. The amendments aim to increase industry participation in the sector.

The government expects the contracts for the upcoming 10th round of OALP (Open Acreage Licensing Programme) to be signed as per the reforms mentioned in the Oilfields (Regulation and Development) Amendment Bill, which is expected to be passed in the upcoming winter session of Parliament. Oil minister Hardeep Singh Puri on multiple occasions has said that the government is also constantly engaging with international oil and gas companies to boost domestic output. At the conclusion of the 10th round of OALP bidding recently, Puri told global oil giants, "Today, we are much more in an inviting mode. If you want to (invest), we will incentivise that. Come and do your seismic (surveys). You don't need to make a commitment."

Stagnant domestic output and rising import dependence do not bode well for India at a time when geopolitical tensions are on the rise.

India recently intensified efforts to expand crude oil purchases from Brazil amid escalating tensions in West Asia. However, plentiful availability of discounted Russian crude and logistical hurdles could pose challenges in boosting purchases from the South American supplier, according to S&P Global Commodity Insights. Puri recently visited Brazil to discuss how India could expand crude oil purchases as well as to look for opportunities to collaborate on offshore deep and ultra-deepwater exploration and production projects.

Brazilian exports of crude to India have been subdued in recent months. So far in 2024, India has imported crude from Brazil during just five months, with imports this year peaking at 41,600 barrels per day in April, data from S&P Global Commodities at Sea showed. In December 2023, Indian imports of Brazilian crude were as high as 143,000 bpd.

"Brazil deepwater was one of the most attractive emerging areas and saw huge participation in bidding by global oil majors, including Indian companies. However, with a few exceptions, Brazil then did not end up being a focus area for Indian companies. This can be attributed to attention being paid elsewhere — Russia and Venezuela," said Rajeev Lala, director for upstream companies and transactions at Commodity Insights.

(For full report, log on to www.financialexpress.com)

Publication : The Hindu Business Line	Editions : New Delhi
Date :18 October 2024	Page : 11

After Sept high, diesel exports may fall on low margins, high domestic demand

SEASONAL VARIATION. Analysts attributed September jump in shipments to refinery maintenance in Europe

Rishi Ranjan Kala
New Delhi

After hitting a six-month high in September 2024, India's diesel export is expected to decline during the festive season impacted by weakening price arbitrage in Europe amidst anticipation of higher domestic consumption during October to December.

According to energy intelligence firm Vortexa, India's diesel exports rose by 44 per cent month-on-month (m-o-m) and 21 per cent year-on-year (y-o-y) to clock around 656,760 barrels per day (b/d) last month.

Analysts and trade sources attributed the jump to refinery maintenance in Europe, which led to higher sourcing of the refined product. Besides, India's consumption of diesel — mainstay of the transport and logistics sector — declines during the monsoon from June to September. In fact, during August and September 2024, domestic consumption of diesel fell to record 15-month and 24-month lows, respectively, thereby sparing more volumes for exports.

India's petroleum products export (Barrels per day - b/d)

	Sept 2024	Sept 2023	Aug 2024	Aug 2023
Diesel	6,56,760	5,41,248	4,56,804	6,16,871
Petrol	3,75,554	3,33,286	3,33,222	3,67,214
ATF	2,30,457	1,32,205	1,51,732	2,18,871
Total	**15,81,084**	**12,06,585**	**11,35,525**	**14,45,673**

Source: Vortexa

"With strong diesel exports to Europe over the past months and demand remaining relatively bearish, the region has likely built up ample supplies."

"Combined with the restart of its domestic refineries, the region's import momentum for diesel may slow," Vortexa's Head of APAC Analysis, Serena Huang, told *businessline*.

"Stronger exports have been driven by weaker domestic demand due to the monsoon, as well as an open diesel arbitrage to Europe amidst the region's refinery maintenance. With domestic demand in India expected to pick up from this month (October) onwards, and Europe's refinery maintenance tapering off, India's diesel exports to Europe could slow in the coming months," Huang said.

A senior official with a domestic refiner pointed out that generally exports during October-December are lower compared to July-September. Besides, the FMCG and FMCD sectors start preparations for Diwali, and other festivities leading to more logistics and transportation activity. Exports also witness an uptick in in preparation for the holiday season in the West. "This time, we anticipate weaker export earnings due to the slowdown in China and recession fears in Europe and the US. Also, refining margins have been under stress," the official added.

MARGIN PRESSURE

According to OPEC's monthly oil market report, refinery utilisation rates decreased to an average of 87.86 per cent in September, corresponding to throughput of 25.40 million barrels per day mb/d in selected Asia-Japan, China, India, Singapore and South Korea.

Compared with the previous month (August 2024), utilisation rates were down by 1.7 percentage points, and throughput was lower by 130,000 b/d. Relative to the previous year (September 2023), utilisation rates were 7.5 percentage points lower, and throughput was 2.0 mb/d lower, it added.

Similarly, the US EIA said that refinery margins for petroleum refiners across the world are shrinking, indicating reduced profitability from refining crude oil and selling petroleum products. Declining margins are the result of relatively weak demand for petroleum products even as global refining capacity increases.

Global refinery margins, measured by the 3:2:1 crack spread, have been less than their five-year (2019–23) averages since the spring and dropped even more in the late summer and early fall. The 3:2:1 crack spread is calculated by subtracting the price of 3 barrels of crude oil from the price of 2 barrels of gasoline and 1 barrel of distillate.

Publication : The Free Press Journal	Editions : Mumbai
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HPCL shines at NHAI expo with cutting-edge wayside facilities

Hindustan Petroleum Corporation Ltd (HPCL) made a significant impact at the National Highways Authority of India (NHAI) exhibition, held in conjunction with the launch of the Humsafar Policy by Minister of Road Transport and Highways, Nitin Gadkari, in Delhi. The policy aims to enhance services on highways and expressways by onboarding existing and upcoming service providers. At the event, HPCL's stall showcased its extensive nationwide presence on national highways, highlighting its world-class wayside amenities designed to provide convenience and comfort to highway users. The stall also featured HPCL's pioneering efforts in promoting green initiatives.

Online

Headline	Assam Police foils ULFA-I’s abduction bid targeting ONGC officers; 2 held		
Publication	Assam Tribune	Edition	Online Coverage
Published Date	17 Oct 2024		

Assam Police foils ULFA-I’s abduction bid targeting ONGC officers; 2 held

https://assamtribune.com/assam/assam-police-foils-ulfa-is-abduction-bid-targeting-ongc-officers-2-held-1554942

The police arrested one Irshad Latiff alias Mithu on Tuesday and Rahul Hazarika alias Laden, a surrendered ULFA-I cadre.

Sivasagar, Oct 17: Sivasagar police has foiled a United Liberation Front of Asom-Independent (ULFA-I) bid to abduct top Oil and Natural Gas Corporation (ONGC) officers from a rig near Bokota Nemuguri with the arrest of two persons, including a surrendered cadre of the outfit.

During the operation, which was conducted based on inputs from intelligence agencies, police arrested one Irshad Latiff alias Mithu on Tuesday and then arrested the second accused, Rahul Hazarika alias Laden, a surrendered ULFA-I cadre, following a shootout at Bokota in the wee hours of Wednesday. Rahul sustained injuries in the shootout.

However, another accused, Tahir Hussain, who is an assistant engineer (drilling) of the ONGC, gave the police a slip when they reached his residence at Babupatty on Tuesday. According to police, Tahir had been providing some key information to ULFA-I cadres to help them carry out the abduction.

Irshad is also a resident of Babupatty while Rahul is from Moran.

Addressing a press conference on Wednesday, Sivasagar SP Subhrajyoti Bora said that the three had been hatching a plan with a group of ULFA-I cadres to abduct ONGC officers for the past couple of months.

Since Tahir works at the same rig, he suggested to the ULFA-I cadres that the time of shift changeover would be the most appropriate moment to carry out the abduction, the SP said.

On October 6, the three meet four ULFA-I cadres, who were supposed to have kidnapped the ONGC officers, near the Nagaland border in Charaideo. All the seven persons later moved to Sivasagar town and waited for evening to set in. However, they could not reach the rig site on time to execute their plan due to intensified police checking in Sivasagar town.

Several incriminating documents, laptops, toy rifles, three cars, and one motorcycle have been seized by the police from Tahir's residence. The police have informed ONGC about the development and urged the ONGC authority to initiate necessary action against Tahir.

Headline	IGL, MGL, City Gas players may raise prices after APM Gas allocation cut: Sources		
Publication	CNBC TV18	Edition	Online Coverage
Published Date	17 Oct 2024		

IGL, MGL, City Gas players may raise prices after APM Gas allocation cut: Sources

https://www.cnbctv18.com/market/igl-mgl-gujarat-gas-share-price-apm-gas-allocation-prices-volumes-19494372.htm

There has been a cut in the APM gas allocation due to a natural decline in production and a higher share allocated to ONGC Petro Additions Ltd. (OPaL).

Shares of IGL are now trading 0.8% lower at 515. Mahanagar Gas shares are trading 1% lower at 1,768.2, while those of Gujarat Gas are down 1.5% at 577.8.

Headline	Government Reduces Gas Supplies to City Gas Entities, Impacting CNG Prices		
Publication	Good Returns	Edition	Online Coverage
Published Date	17 Oct 2024		

Government Reduces Gas Supplies to City Gas Entities, Impacting CNG Prices

https://www.goodreturns.in/news/gas-supplies-to-city-gas-entities-cut-011-1382883.html

The government has reduced the supply of cheaper domestic gas to city gas companies by up to 20%. These companies, which provide CNG for vehicles, will now rely more on expensive imported gas.

This change could lead to higher CNG prices, but with upcoming elections in Maharashtra, any price increase might be delayed.

Indraprastha Gas Ltd (IGL) and Mahanagar Gas Ltd (MGL) have reported cuts in their domestic gas supplies. This gas was previously available at a capped rate, about half the cost of imported gas. IGL noted that their domestic gas allocation has been reduced by 21% from October 16, 2024. This reduction is expected to negatively affect the company's profitability.

Impact on City Gas Distribution Companies

According to MGL, the Ministry of Petroleum and Natural Gas issued guidelines on August 10, 2022. These guidelines allocate domestically produced Administrative Price Mechanisms (APM) natural gas to city gas distribution companies for priority segments like domestic piped natural gas and CNG transport. However, the supply will only match the quantity available and allocated to GAIL India Limited.

MGL stated that their allocation for CNG transport has been cut by 20% compared to previous average quarterly allocations. This significant reduction is anticipated to impact their profitability adversely. To address this shortfall, MGL is exploring alternatives like sourcing high-pressure high-temperature (HPHT) gas and new well/well intervention gas from ONGC.

Exploring Alternatives Amidst Challenges

Girish Kadam from ICRA Limited commented on this development. He mentioned that the APM gas allocation for the city gas distribution sector has been reduced by 20% of its current domestic consumption. To compensate for this reduction, companies will need to use more expensive HPHT gas or imported LNG, increasing overall costs.

To maintain profit margins, CNG prices might need to rise by Rs 5-5.5 per kg. Such an increase could slow down the growth of CNG vehicle registrations, which have been crucial for driving sales volumes in this sector. Companies are actively seeking ways to ensure continued supply while keeping prices stable for consumers.

The changes in domestic gas allocation highlight challenges faced by city gas distribution companies. They must balance maintaining profitability with providing affordable energy solutions. As they explore alternative sources and strategies, these companies aim to minimise disruptions for their customers while adapting to evolving market conditions.

Headline	Gas supplies to city gas entities cut		
Publication	The Bengaluru Live	Edition	Online Coverage
Published Date	17 Oct 2024		

Gas supplies to city gas entities cut

https://thebengalurulive.com/gas-supplies-to-city-gas-entities-cut/

New Delhi, Oct 17 (PTI) The government has slashed by up to a fifth the supplies of cheaper gas to city gas entities that retail CNG to automobiles, increasing their dependence in costly imported fuel.

Buying costly imported gas to make up for the shortfall should result in a hike in CNG price but given the ensuing assembly elections in Maharashtra, that may be put off for now.

Indraprastha Gas Ltd and Mahanagar Gas Ltd in regulatory filings stated that supplies of domestically produced gas, which was available at a capped rate which is half of the imported price, has been cut.

The company gets domestic gas allocation for meeting the requirement of CNG sales volumes at the pricing fixed by the government (presently at USD 6.5 per million British thermal unit). Based on communication received by the company from GAIL (India) Ltd (the nodal agency for domestic gas allocation), this is to inform that there has been a major reduction in domestic gas allocation to the company effective from October 16, 2024, IGL said in a filing.

The revised domestic gas allocation to IGL is about 21 per cent lesser than previous allocation, which will have an adverse impact on profitability of the company, it said, adding it is in discussions with key stakeholders to minimize the impact.

Separately, MGL said as per Policy Guideline dated August 10, 2022, issued by the Ministry of Petroleum and Natural Gas, domestically produced Administrative Price Mechanisms (APM) natural gas is to be allocated to city gas distribution (CGD) companies for priority segments, specifically domestic piped natural gas and CNG (transport).

The policy states that the supply of domestic gas to CGD entities will be made only up to the quantity available and allocated to GAIL (India) limited for these segments.

In line with this policy, the company was allocated APM natural gas for Domestic PNG and CNG (Transport) based on APM gas availability. Allocation to the company for CNG (Transport) has been reduced by 20 per cent, effective October 16, 2024, compared to previous average quarterly APM allocation, MGL said.

This, it said, being major reduction in allocation, will have an adverse impact on the profitability of the company.

To bridge this shortfall, the company is exploring options of sourcing gas through domestically produced high pressure high temperature (HPHT) gas, new well/well intervention gas (NWG) from ONGC and benchmark-linked long-term gas contracts, so as to continue to provide gas to its customers with price stability, MGL added.

Commenting on the development, Girish Kadam, Senior Vice President & Group Head Corporate Ratings, ICRA Limited, said, The APM gas allocation has been reduced for the CGD sector by 20 per cent of the current domestic gas consumption by the sector. The reduction in APM allocation will have to be replaced by more expensive HPHT gas or (imported) LNG, which will push the overall gas costs for the sector. In order to maintain contribution margins at existing levels, CNG prices would have to be increased by about Rs 5-5.5 per kg. The expected price rise may result in slower growth in the CNG vehicle registrations, which have been the key driver of CNG sales volume for the sector, he added. PTI ANZ HVA

Headline	Crude oil import bill up 12 per cent on year in H1FY25		
Publication	The Financial Express	Edition	Online Coverage
Published Date	18 Oct 2024		

Crude oil import bill up 12 per cent on year in H1FY25

https://www.financialexpress.com/commodities-2/crude-oil-import-bill-up-12-per-cent-on-year-in-h1fy25/3642888/

Stagnant domestic output and rising import dependency does not bode well for India at a time when the geopolitical tensions are on the rise.

India's crude import bill increased 12% during the first half of the current fiscal 2024-25 to $71.3 billion against $63.7 billion in the same period in FY24, data from the Petroleum Planning and Analysis Cell showed. The country imported 120.5 million tonnes of crude oil during April to September, up 4% from 115.9 million tonnes in the corresponding period of last fiscal.

In September however, the import bill for declined by almost 3% whereas the volume jumped by 6.3% to 18.6 million tonnes compared to September 2023.

The country's dependency on import of crude oil during April to September of the current fiscal rose to 88.2%, up from 87.6% in the corresponding period of FY24 amid rising demand and stagnant domestic production.

Upstream companies produced 14.4 million tonnes of crude oil during the period, slightly down from 14.7 million tonnes in the same period last fiscal. The declining trend in production can be attributed to maturing of the existing oil fields amid lack of new areas of production, as per analysts. In September too, production fell marginally to 2.3 million tonnes from 2.4 million tonnes last year.

Despite the government's efforts to boost production and reduce dependency on imports, the production has remained stagnant over the last ten years and the country's dependency on imports has only increased.

The government recently introduced a Bill in Parliament to make amendments in the Oilfields (Regulation and Development) Act, 1948 which broadens the definition of mineral oils. The updated definition now includes any naturally occurring hydrocarbon, coal bed methane, oil shale, shale gas, etc. The amendments aim to increase participation in the sector.

The government expects the contracts for the upcoming 10th round of OALP (Open Acreage Licensing Programme) to be signed as per the reforms mentioned in the Oil (Regulations and Development) Amendment Bill, which is expected to be passed in the upcoming winter session of the parliament.

Oil minister Hardeep Singh Puri on multiple occasions has said that the government is also constantly engaging with international oil and gas companies to boost domestic output.

At the conclusion of the 10th round of OALP bidding recently, Puri told global oil biggies: Today, we are much more in an inviting mode. If you want to (invest), we will incentivise that. Come and do your seismic (surveys). You don't need to make a commitment.

Stagnant domestic output and rising import dependency does not bode well for at a time when the geopolitical tensions are on the rise.

India recently intensified efforts to expand crude oil purchases from Brazil amid escalating Middle East tensions. However, plentiful availability of discounted Russian crude and logistical hurdles could pose challenges in boosting purchases from the South American supplier according to S&P Global Commodity Insights.

Puri recently visited Brazil to discuss how India could expand crude oil purchases from Brazil, as well as look for opportunities to collaborate on offshore deep and ultra-deepwater exploration and production projects.

Brazilian exports of crude to India have been subdued in recent months. So far in 2024, India has imported crude from Brazil during just five months, with imports this year peaking at 41,600 barrels per day in April, data from S&P Global Commodities at Sea showed. In December 2023, Indian imports of Brazilian crude were as high as 143,000 bpd.

Brazil deepwater was one of the most attractive emerging areas and saw huge participation in bidding by global oil majors, including Indian companies. However, with a few exceptions, Brazil then did not end up being a focus area for

Indian companies. This can be attributed to attention being paid elsewhere back then Russia and Venezuela, said Rajeev Lala, director for upstream companies and transactions at Commodity Insights.

However, Indian upstream companies are now more open to overseas investments and venturing to newer locations, he said.

While entitlement production for Indian companies from Brazil is miniscule it was about 8,000 bpd of oil equivalent in 2023 new projects coming online starting in 2024 would boost production to about 40,000 boe/d by 2028. These include SEAP 1 and Wahoo for and SEAP 2 for Oil and Natural Gas Corp, the agency said.

The Union Cabinet in July 2022 had approved a proposal to invest $1.6 billion to develop an oil block in Brazil in an attempt to procure equity oil overseas.

Intense competition from nearby Middle Eastern sour grades and discounted Russian crude presents significant challenges for Brazilian crude in the Indian market, said Mark Esposito, senior principal research analyst at Commodity Insights.

He noted that Russian sour Urals dominate in the Indian market, comprising 42% of India's crude imports this year, and constraining opportunities for alternatives. Moreover, logistical hurdles further diminish the appeal of Brazilian crude, he said.

India's crude oil imports from Russia stood at 1.7 million bpd over January-September, accounting for more than 40% of the total imports, as per data from S&P Global Commodities at Sea.

Iraq was the second-largest supplier, with 940,000 bpd, while Saudi Arabia supplied 623,000 bpd over the same period, making it the third-largest supplier.

Headline	ONGC reduces arbitration, uses IIAC services after finance ministry push		
Publication	The Local Report	Edition	Online Coverage
Published Date	17 Oct 2024		

ONGC reduces arbitration, uses IIAC services after finance ministry push

https://www.thelocalreport.in/ongc-reduces-arbitration-uses-iiac-services-after-finance-ministry-push/

for the amount in dispute The Rs 10-crore ONGC will use the services of the New Delhi-based Indian International Arbitration Center (IIAC), a commercial dispute resolution forum headed by a former Supreme Court judge.

This follows a recommendation issued by the Treasury Department in June urging all government entities to curb arbitration proceedings worth more than $10 billion. 100 million domestic procurement contracts to reduce such disputes and ease their financial burden.

ONGC has implemented the guidelines issued by the MoF (Ministry of Finance) vide OM (Office Memorandum) dated June 3, 2024, applicable to domestic public procurement by government entities, an ONGC spokesperson said in an email reply Mint query.

Therefore, in ONGC's future domestic procurement contracts, the upper limit on the amount of claims submitted to arbitration should be 100 million and the arbitration will be administered through Institutional Arbitration at the Indian International Arbitration Center in accordance with the above guidelines, the spokesperson added.

Inquiries emailed to the Law and Justice Ministry and the Finance Ministry on Wednesday did not elicit a response.

However, responding to an email query regarding ONGC's plans to use IIAC services, its registrar Vinay Kumar Sanduja said: The information can be provided by ONGC. We do not have any information.

ONGC must legally fight contractor's claims 170.41 billion in FY24, slightly lower than that in FY23 193.45 billion, according to its annual report. The company lists these values as contingent liabilities, indicating that they will have to be paid if a court or arbitrator rules against ONGC.

The development is significant as it is the second instance of a public sector undertaking (PSU) following the Ministry of Finance's advisory and codification changes to its domestic procurement contracts.

Mint It was reported last week that oil companies planned to amend their general contract conditions in about a month to comply with Treasury recommendations.

The memorandum is limited to domestic procurement contracts and is advisory rather than prescriptive in nature. Even so, given that India has been promoting itself as an arbitration Centre, but India itself does not encourage arbitration, so it does not set the right tone. Choosing litigation over arbitration is unlikely to lead to efficiency gains, she said. However, hopefully, while following the memorandum, ONGC has opted for institutional arbitration instead of the usual ad hoc proceedings, which will incentivize efficiency.

The Treasury Department's guidance aims to cut legal costs borne by public institutions and other government entities, which have a significant impact on public finances. For example, in the following case Hindustan Construction Corporation and Anr. vs indian league private contractors claimed that public institutions owed them more than The arbitration award amounted to Rs 6,000 crore. The government denies the accusations but confirms it has paid Arbitration awards of Rs 3,000 crore were provided to contractors during 2008-19.

ONGC said the move will strengthen institutional arbitration in the country as government guidelines favor institutional arbitration over ad hoc arbitration.

Ad hoc arbitration means that the parties unanimously decide on the arbitrator, arbitration rules and procedures to be followed. Institutional arbitration means that the parties engage the services of an institution to complete all of the above matters.

While IIAC is the only arbitration center directly funded by the central government, there are several such institutions across the country, which are either run by courts (for example, the Delhi International Arbitration Center is run by the Delhi High Court) or privately run. They all provide essential services for arbitration proceedings, including the selection of panels of arbitrators. Mint It was reported on September 29 that the government was trying to use IIAC more effectively by increasing caseloads.

This is not the first time the government has tried to promote institutional arbitration rather than ad hoc practices. The Arbitration and Conciliation Act is the primary law on the subject in the United States, and its major reforms were designed to promote institutional arbitration.

An expert committee headed by Justice BN Srikrishna said in its 2017 report: Despite the existence of multiple institutions governing arbitration, India has not fully accepted institutional arbitration as the preferred mode of arbitration. In 2019, the Arbitration Act was enacted on the recommendations of the committee Revisions were made.

Further reforms in 2024 recommended by the expert committee headed by former legal secretary TK Viswanathan also mentioned that the prevalence of ad hoc arbitration is overwhelming compared to institutional arbitration. The Viswanathan Committee report later said that despite Reforms were introduced in 2019, but they are not enough to advance institutional arbitration.

ONGC tells Mint In its emailed response, the company said it has a robust internal mediation mechanism and is enhancing it with more transparency and clear timelines to make it faster and more cost-effective.

This push for mediation stems from Treasury Department recommendations urging government entities to engage in mediation rather than arbitration, which is more time-consuming and expensive. The Treasury Department's proposal even requires government entities to file lawsuits in court rather than engage in arbitration. Of course, this advice only applies to domestic public procurement contracts where the disputed value exceeds 100 million rupees.

Headline	ADM's death: complaint seeks cancellation of petrol pump allotment in Kannur amid corruption charges		
Publication	AP Direct	Edition	Online Coverage
Published Date	17 Oct 2024		

ADM's death: complaint seeks cancellation of petrol pump allotment in Kannur amid corruption charges

https://apdirect.in/adm-s-death-complaint-seeks-cancellation-of-petrol-pump-allotment-in-kannur-amid-corruption-charges-129889.html

11 minutes ago Dr. B.S. Shiju, chairman of the Kerala unit of All India Congress Committee's research division, has filed a complaint to

Union Petroleum Minister Hardeep Singh Puri, demanding the cancellation of the allotment for a controversial petrol pump in Cheranmula, Kannur. The demand follows allegations of bribery linked to the approval process for the pump, coinciding with the death of Kannur's Additional District Magistrate (ADM) Naveen Babu.

The complaint was filed after T.V. Prashanthan, the applicant for the petrol pump, reportedly admitted to paying bribe to secure a no-objection certificate (NOC) just hours before Naveen Babu was found dead.

In his letters to Union Minister of State for Petroleum Suresh Gopi and BPCL chairman and managing director G. Krishnakumar, Dr. Shiju stressed that Prashanthan had openly acknowledged bribing the ADM in a complaint allegedly submitted to the Chief Minister. The letter, now circulating widely on social media, revealed that the ADM demanded 1 lakh, of which Prashanthan paid 98,500 to quickly obtain the NOC.

The admission has cast doubts on the integrity of the allotment process, with Dr. Shiju highlighting serious allegations of corruption, irregularities, and undue influence from district panchayat president P.P. Divya's husband. Reports suggested that despite safety violations due to the petrol pump's location at a bend on the road, the permit was expedited under pressure.

The controversy surrounding the allotment has intensified following the recent public dispute between Divya and the ADM, along with the ADM's death, raising questions about transparency in the process.

In response to the complaint, Suresh Gopi's office confirmed that instructions had been issued to relevant officials to investigate the demand for cancellation and take necessary action against those involved in the irregularities.

Headline	India ramps up crude oil sourcing from Brazil amid Middle East tensions		
Publication	ET Energyworld	Edition	Online Coverage
Published Date	17 Oct 2024		

India ramps up crude oil sourcing from Brazil amid Middle East tensions

https://energy.economictimes.indiatimes.com/news/oil-and-gas/india-ramps-up-crude-oil-sourcing-from-brazil-amid-middle-east-tensions/114312585

In 2024, India imported Brazilian crude during only five months, with imports peaking at 41,600 barrels per day (b/d) in April.

This marked a significant drop from December 2023, when imports reached 143,000 b/d. Indian Petroleum Minister Hardeep Singh Puri recently visited Brazil to explore ways to increase crude purchases and collaborate on offshore deepwater exploration and production projects.

New Delhi: India is ramping up efforts to boost crude oil imports from Brazil , amid growing tensions in the Middle East. However, the abundance of discounted Russian crude and logistical issues may pose challenges to increasing imports from the South American nation, according to S&P Global Commodity Insights.

In 2024, India imported Brazilian crude during only five months, with imports peaking at 41,600 barrels per day (b/d) in April. This marked a significant drop from December 2023, when imports reached 143,000 b/d. Indian Petroleum Minister Hardeep Singh Puri recently visited Brazil to explore ways to increase crude purchases and collaborate on offshore deepwater exploration and production projects.

Data shows Russia accounted for 42% of India's crude oil imports between January and September 2024, amounting to 1.7 million b/d. Iraq was the second-largest supplier at 940,000 b/d, while Saudi Arabia supplied 623,000 b/d. The US and UAE followed with 215,000 b/d and 423,000 b/d, respectively.

Mark Esposito, senior principal research analyst at Commodity Insights, stated that the dominance of discounted Russian crude, particularly the sour Urals grade, is a major hurdle for Brazilian crude in the Indian market. Additionally, logistical challenges further diminish the attractiveness of Brazilian crude.

Indian companies have maintained investments in Brazil's energy sector , with ONGC and BPCL holding stakes in offshore blocks. Although Indian entitlement production from Brazil was 8,000 barrels of oil equivalent per day (boe/d) in 2023, it is expected to increase to 40,000 boe/d by 2028 as new projects, including SEAP 1 and Wahoo, come online.

Prime Minister Narendra Modi's cabinet approved a $1.6 billion investment in 2022 to develop an oil block in Brazil, as part of India's strategy to secure equity oil overseas. Despite these efforts, experts note that competition from Russian and Middle Eastern suppliers, along with logistical constraints, will continue to impact India's ability to increase Brazilian crude imports.

Headline	Ethanol blending: The good, the bad and the googlies		
Publication	Mint	Edition	Online Coverage
Published Date	17 Oct 2024		

Ethanol blending: The good, the bad and the googlies

https://www.livemint.com/industry/agriculture/ethanol-brazil-crude-oil-net-zero-emissions-imports-climate-change-sugarcane-maize-poultry-farmers-bio-fuels-11729164631227.html

New Delhi: Not so long ago, the political landscape in Northern India would heat up every few years with vociferous protests by sugarcane farmers. They would block highways and railway tracks, even threaten to cut water supply to the national capital. A glut in production would lead to a crash in sugar prices and dues to farmers piling up, recounts Roshan Lal Tamak, head of the sugar business at DCM Shriram. This was known as the infamous sugar cycle. But that is history now: thanks to the ethanol blending programme, excess sugar production is being diverted to make ethanol. Not only did this help farmers, it has raised the financial viability of the sugar industry."

That ethanol blending programme helped India achieve some significant milestones on the road to its energy security goals earlier this year. By blending ethanola biofuel made from sugarand grainswith petrol, the country has saved over 1 trillion in fuel imports since 2014. According to the petroleum ministry, the share of ethanol blending in petrol had touched 15% as of September and India is on course to achieve a 20% blending target by next year.

The ethanol blending programme has burnished Indias green credentials and saved precious foreign exchange by reducing carbon dioxide emissions in the transport sector by 54 million tonnes (mt), substituting 18mt of imported crude oil. Reducing carbon emissions is critical to India achieving its net zero emissions target by 2070.

There have been other benefits too. Over the past year, the push to manufacture ethanol has benefited growers of maize, fetching them prices higher than government announced support prices.

Indias experience takes a leaf out of Brazil, which mandates a 27% blending of ethanol with regular fuel. Brazil took to ethanol way back in the 1930s to divert excess production of sugar. The big push came in the 1970s when an oil price shock rocked the world. Now, most cars in Brazil are flex-fuel vehicles that can run on any fuel mix: from zero to 100% ethanol.

Interestingly, India took the lead in setting up the Global Biofuel Alliance last September, during its G20 presidency. The Alliance is a coalition of governments, including Brazil and the US, to drive the development and adoption of biofuels.

There is little doubt that India has moved swiftly in its goal of ethanol adoption. Last August, carmaker Toyota unveiled a fully ethanol-powered flex-fuel vehicle that can also run as an electric vehicle (the car is yet to open for commercial sales). Most car makers have already launched E20-compliant vehiclesthe deadline for full compliance is April next year.

At the Delhi Bio-Energy Expo last month, petroleum minister Hardeep Singh Puri said that E20 fuelpetrol blended with 20% ethanolis now available at 15,600 retail outlets across the country while E100100% ethanolis available at 400 retail outlets (only certain two-wheeler models can run on E100).

Despite these early successes, the ethanol sector faces a crisis. Grain-based ethanol manufacturers complain that the unavailability of feedstocks such as rice and maize at viable prices has pushed them into losses. This could lead to defaults on bank loans, they have warned.

Besides, the diversion of maize, an input for poultry feed manufacturers, has driven feed prices higher. Consequently, the poultry industry has demanded duty-free imports of maize and allowed genetically modified (GM) maize imports. India, once a net exporter, is now importing maize.

In the long term, experts say, how much ethanol will be produced from sugarcane, maize or rice will be critical factors. This is because crops such as rice and sugarcane are watered by diesel-powered pumps. These crops also use subsidized inputs, including fertilizers and free electricity, which come with their own energy needs and carbon emissions.

In addition, the diversion of rice and maize to grow ethanol can prove to be difficult during periods of high food inflation. Adverse climate shocks often impact food production and raise prices. During such periods, ethanol manufacturers are likely to face a supply crunch as the government restricts the diversion of food crops to produce biofuels. The transition to E20 may not be a smooth ride for all players.

Strategic opportunity

India set up the first ethanol programme back in 2003 with a goal of 5% blending. The major push came in the summer of 2018 when it notified a National Policy on Biofuels and set the target of 20% blending by 2030. The target date was later advanced to 2025.

For a road map, an inter ministerial committee was set up under Niti Aayog, the federal think tank, which submitted its report in 2021. As per estimates from the report, India would need to produce 13.5 billion litres of ethanol by 2025, of which 10.2 billion will be needed for ethanol blending and the rest for other uses. To produce this quantity of ethanol, 6mt of sugar and 16.5mt of grains will be required every year.

Domestic biofuels offer a strategic opportunity to reduce the dependence on imported fossil fuels in view of the future increase in vehicle numbers and rising demand for fuel, the Niti Aayog report said. Noting that a successful E20 rollout can save India 30,000 crore in imported fuel every year, the report added that ethanol is less polluting and offers equivalent efficiency at a lower cost than petrol. However, higher blending of ethanol is yet to lower fuel prices for motorists.

Niti Aayogs road map presumes availability of large arable land and rising production of sugarcane and grains leading to surpluses" to support the transition to biofuels. But currently, the supply of feedstock at viable prices has turned out to be an Achilles heel for manufacturers.

Default risk

Data from the department of food and public distribution shows that by end-September, Indias ethanol production capacity had expanded to 16.5 billion litres, higher than the 10.2 billion litres required for E20 blending. A slew of incentivesinterest subsidies on term loans, moratorium on loans for a year, and an assured market for ethanolled to investments in grain-based ethanol plants, and their annual production capacity now stands at 7.1 billion litres.

Data from the Grain Ethanol Manufacturers Association (GEMA) show that in the first 11 months of the ethanol supply year 2023-24, 3.34 billion litres of ethanol was manufactured from grains such as rice and maize, higher than the 2.51 billion litres manufactured by sugar mills. The ethanol supply year runs from November to October.

Due to the high price of rice and maize, grain-based manufacturers are supplying ethanol to oil marketing companies at a loss of 8-9 per litre, said C.K. Jain, president of GEMA. According to Jain, due to the limited availability of rice as a feedstock, manufacturers were forced to use maize, which is a costlier input. Shutting down is not an option as losses are higher due to manpower costs, financing (of debt), and penalties imposed by oil marketers for not honouring supply contracts.

Without an assured supply of feedstock, manufacturers may soon start to default on loans. An estimated 20,000 crore of term loans from banks are at stake. The government should supply rice from public stocks at a lower price," Jain said.

An estimated 20,000 cr of term loans from banks are at stake. The government should supply rice from public stocks at a lower price. C.K. Jain

In August, the government allowed the Food Corporation of India (FCI) to sell 2.3mt of rice at a floor price of 28 per kg. But manufacturers say that after adding the cost of transportation and labour, using this rice to make ethanol is not economically viable. For FCI, the economic cost of rice is 39 per kg, which includes the cost of payment to farmers, milling, transport and storage.

Currently, the price of ethanol is fixed depending on the feedstock. It varies between 56 and 66 per litre for ethanol produced from sugarcane juice and molasses, 72 per litre for maize, and 64 for rice.

The maize problem

The ethanol blending scheme allows only damaged and surplus rice to be used for the manufacture of ethanol. In recent years, the government has restricted the use of rice when uneven rains hit production.

Using rice to make ethanol at a cost to the public exchequer is certain to raise questions. (Reuters)

In a country like India, where undernutrition is rampant, using rice to make ethanol at a cost to the public exchequer is certain to raise questions. The average retail price of rice is currently at 43 per kg.Mint has reached out to the food ministry with queries but is yet to get a response.

Due to the limited availability of rice, grain-based ethanol manufacturers took to maize, which contributed to 70% of ethanol production in 2023-24. This pushed maize prices higher and turned India into a net importer for the first time in decades. Wholesale maize prices shot up by 14% year-on-year in August. In 2024, traders estimate that India could end up importing 1mt of maize.

India grows about 36-37mt of maize every year, and the bulk of it is used as poultry and cattle feed (60%). The rest is used as industrial starch and in food processing (over 20% of production), with the rest going to direct consumption. In the ongoing ethanol supply year, grain-based manufacturers used 5.5mt to make ethanol, squeezing the market and driving prices higher. This has hit the profitability of poultry and feed manufacturers.

According to Ranpal Dhanda, president of the Poultry Federation of India, feed prices have shot up by more than 20% in a year, while broiler chicken prices havent. So, poultry farmers are losing 20 per kg of live birds sold in the market. Current production of maize is not sufficient to meet the demand from poultry feed and ethanol users, and even a small shortage can drive up prices. So, we have requested the government to allow duty-free imports," said Dhanda.

In the long term, to improve productivity, the government should consider allowing genetically modified, high-yielding maize to be grown in India," Dhanda added. He noted that poultry meat and eggs are the most affordable sources of protein, and should not have less priority than biofuels.

Feed prices have shot up by more than 20% in a year, while broiler chicken prices havent.

View Full Image

Feed prices have shot up by more than 20% in a year, while broiler chicken prices havent. (HT)

Constrained by low yields, there is likely to be a trade-off between the feed (mainly poultry) and ethanol sectors considering Indias limited production of maize, said Shweta Saini, agricultural economist and CEO at Arcus Policy Research, Delhi. Maize is obviously a better choice for ethanol production compared to rice because it requires less water to grow. For now, despite a bumper crop forecast, maize prices are likely to stay high due to aggressive demand from multiple sectors."

Calculating emissions

There is little doubt that using ethanol can reduce emissions in the transportation sector. But the government estimates of 54mt lower carbon emissions need to be balanced with the emissions incurred while producing feedstock crops. Sugarcane and cereals use groundwater, which is drawn by pumps run on diesel or free electricity (produced by burning coal).

In addition, crops require fertilizers, which are heavily subsidized, and pesticides. However, there is no study available in the Indian context on the lifecycle emissions of these crops and how they compare with the direct emissions reduction from using ethanol.

Estimates of 54mt lower carbon emissions need to be balanced with the emissions incurred while producing feedstock crops. Sugarcane and cereals use groundwater, which is drawn by pumps run on diesel or free electricity.

The focus so far has been on first-generation ethanol using sugars in energy-intensive crops to produce biofuels, said Karthik Ganesan, fellow and director at the Council for Energy, Environment and Water, a Delhi-based think tank. Its time to explore the possibilities of second-generation ethanol produced from agricultural waste, which can lower the carbon footprint of ethanol."

Agricultural waste includes paddy stubble, and every winter, the noxious vapours emitted by farmers in Punjab and Haryana burning it leave millions of people in Delhi and the National Capital Region gasping for breath. If it can be used to produce ethanol, perhaps that needless health and environmental crisis can be history, just like the protests by sugarcane farmers of old.

Headline	India steps up push for ethanol as fuel, automakers seek differential pricing		
Publication	Mint	Edition	Online Coverage
Published Date	18 Oct 2024		

India steps up push for ethanol as fuel, automakers seek differential pricing

https://www.livemint.com/news/india/india-steps-up-push-for-ethanol-as-fuel-automakers-seek-differential-pricing-11729173274753.html

At meetings chaired by minister Nitin Gadkari and Hardeep Singh Puri, automakers pressed for lower prices or tax incentives for a smoother transition to ethanol, which is seen as vital to reducing the reliance on fossil fuels and curbing carbon emissions.

New Delhi: The Union government is assessing the automobile industry's readiness to build vehicles powered by biofuels such as 100% ethanol (E100), even as the industry wants their prices to come down to make a smooth transition, two people with direct knowledge of the matter said.

Ministries of road and petroleum separately met with industry executives this month to nudge them to make the shift, the people cited above said on the condition of anonymity. Union road minister Nitin Gadkari and petroleum minister Hardeep Singh Puri chaired the two meetings respectively.

Automakers are stepping up as well. Seven two-wheeler makers are preparing to launch at least one flex fuel vehicle each by the end of 2024, and five passenger vehicle makers plan to do so by late 2025 or early 2026, one of the two people cited above said.

Automakers pressed for lower prices or tax incentives for a smoother transition to ethanol, which is seen as vital to reducing the reliance on fossil fuels and curbing carbon emissions, the person said. The automakers also highlighted the need for differential pricing based on ethanol's energy content. For instance, they want E85 fuel, which contains 85% ethanol, to be about 35% cheaper than E10 that is currently mandatory, to ensure parity in running costs.

The petroleum ministry is reviewing requests for cheaper ethanol; while no official decision has been made, industry executives are pinning hopes on price support or subsidies to align ethanol costs with petrol, which would make blended fuels more competitive.

Queries emailed to spokespersons for the road and petroleum ministries remained unanswered.

Government's ethanol-flex fuel strategy

The Indian government is actively promoting ethanol as a cleaner alternative to fossil fuels, targeting a 20% blend in petrol by 2025, up from the existing 10%. Indian Oil Corp . Ltd, the leading fuel supplier in the country, has opened 400 E100 fuel stations by February 2024 across Uttar Pradesh, Tamil Nadu, Maharashtra, and Karnataka, building an infrastructure essential to enhance the accessibility of ethanol and support the wider adoption of flex-fuel vehicles.

Flex-fuel vehicles (FFVs) are fitted with combustion engines that can run on more than one type of fuel. Typically, they can operate on a blend of petrol (gasoline) and ethanol, ranging from pure gasoline (E0) to ethanol-blended fuels such as E85 (85% ethanol and 15% gasoline) or even pure ethanol (E100).

E100 can substantially bring down emissions, but challenges remain, particularly regarding fuel efficiency. Automakers argue that lower ethanol prices are necessary to make flex-fuel vehicles cost-effective for consumers, given the higher fuel consumption associated with ethanol's lower energy content.

What automakers are seeking

One key request is a reduction in the Goods and Services Tax (GST) on flex-fuel vehicles, especially for two-wheelers which are ubiquitous in India. Lower taxes would help balance ethanol's reduced efficiency and make flex-fuel options more affordable for consumers.

Meanwhile, the road ministry too has pushed for tax breaks on so-called strong hybrid vehicles that combine combustion engines with electric power, which can reduce fossil fuel dependence and emissions, serving as a transitional solution while the ethanol infrastructure develops.

Automakers are also being encouraged to produce flex-fuel vehicles capable of running on E100, anticipating a more extensive fuel network. However, until this infrastructure reaches a critical mass, the transition to ethanol will likely remain limited to select regions", the person cited above said.

Adopting cleaner fuels like E100 will also help automakers meet the government's stringent CO_2 reduction norms.

India's push towards ethanol-blended fuels is a crucial element in its efforts to reduce emissions and fossil fuel dependence. With Indian Oil taking the lead by establishing E100 stations, the groundwork is being laid for a broader transition.

Headline	EET Fuels appoints Naresh Nayyar to its Board of Directors		
Publication	APN News	Edition	Online Coverage
Published Date	17 Oct 2024		

EET Fuels appoints Naresh Nayyar to its Board of Directors

https://www.apnnews.com/eet-fuels-appoints-naresh-nayyar-to-its-board-of-directors/

Bengaluru EET Fuels (the trading name of Essar Oil (UK), the Company), is pleased to welcome Naresh Nayyar back to the Company's Board of Directors as Non-Executive Director.

The appointment was agreed on 2 October 2024.

Renowned for steering multi-billion-dollar projects and orchestrating turnarounds, Naresh is a seasoned expert in oil and gas market development. Naresh's career includes pivotal roles as Chief Executive Officer and Managing Director of Essar Oil Limited (then India's second-largest private oil company) and Chief Executive Officer of Essar Energy Plc UK (then a FTSE 100 energy company).

Leading Essar Oil UK Limited UK as Chief Executive Officer and Executive Chairman, Naresh played a crucial role in a prominent oil refining and marketing company. His previous roles have also included Director (Planning & Business Development) at the Indian Oil Corporation Limited, Chief Executive Officer of ONGC Mittal Energy Ltd UK, and Non-Independent Director roles at notable energy companies globally.

A chartered accountant and an alumnus of the prestigious Indian Institute of Management (Ahmedabad), Naresh's industry prowess is augmented by specialised education, including the Advanced Financial Management Programme in Oil and Gas from the University of Texas, Dallas, USA.

Prashant Ruia, Chair EET Fuels, said: I am pleased to welcome Naresh back to EET Fuels at this pivotal time for our business. We are on track to make Stanlow the world's first decarbonised process refinery with a 95% cut in emissions and I look forward to working with Naresh to deliver on this ambition.

Naresh Nayyar, Non-Executive Director, EET Fuels said: It is great to be back at EET Fuels and help steer the Company as we create a leading UK energy transition hub. I'm looking forward to working with the Company as we set a global benchmark for industrial decarbonisation and play our part to ensure that the UK maintains a strong, secure manufacturing base for fuels whilst delivering climate change goals and enhanced energy security.