ONGC News 04.05.2022 Print

BP increases buybacks as cash flow surges on higher oil price

BP boosted its share buybacks by $2.5 billion as cash flow surged, offsetting some of the discomfort caused by a $25.5 billion charge linked to its planned exit from Russia. The London-based major followed its peers Exxon Mobil, Chevron and TotalEnergies SE, all of which saw their first-quarter net income — excluding Russia-related writedowns — soar in tandem with oil and gas prices after the invasion of Ukraine. "In a quarter dominated by the tragic events in Ukraine and volatility in energy markets, BP's focus has been on supplying the reliable energy our customers need," Chief Executive Officer Bernard Looney said. **BLOOMBERG**

Mint
BP takes a $25.5 billion hit from its Russia exit
May 4, 2022 | Ahmedabad | Pg No.: 8 | | Sq Cm:535 | AVE: 601461 | PR Value: 3007304

BP takes a $25.5 billion hit from its Russia exit

Jenny Strasburg
feedback@livemint.com

The company said that the Russia-linked charge dragged it into a $20.4 billion headline loss for the first quarter. BLOOMBERG

BP PLC took a $25.5 billion pretax accounting charge related to its decision to exit its Russia holdings, including its stake in government-controlled oil producer Rosneft, by far the biggest financial hit tallied by companies pulling back from the country after its invasion of Ukraine.

The London-based company said Tuesday that the charge dragged it into a $20.4 billion headline loss for the first quarter despite soaring commodity prices that poured cash into major oil companies' coffers. The loss included a $13.5 billion write-down of BP's nearly 20% stake in Rosneft that reflected its carrying value as of Feb. 27.

Apart from the Russia-linked charges, which had been previously flagged, BP's results beat analysts' expectations, helped by what the company called "exceptional" results in oil-and-gas trading. Higher and more volatile prices, together with robust demand, have boosted results for companies that buy and sell commodities globally.

BP shares rose 3% in morning trading in London.

The company said it would buy back another $2.5 billion of its shares, in addition to $1.6 billion in buybacks it made during the first quarter, and that the Russia-related losses don't change the company's strategy or cut into its plans to distribute cash to investors. That follows moves by Exxon Mobil Corp. and Chevron Corp. last week to increase shareholder returns amid strong quarterly profits. Exxon tripled its share-buyback program this year to $30 billion, and Chevron said it would buy back a record $10 billion of its shares by year-end.

Soaring commodity prices are leading to piles of cash on major oil companies' books. But some of the biggest companies aren't using most of that cash to increase production. After years of lackluster returns, they are favoring dividend and buyback increases.

BP said that without the one-time charges, its first-quarter underlying replacement-cost profit, a metric similar to net income that U.S. oil companies report, was $6.2 billion. That compared with a $4.5 billion average projection of 26 analysts compiled by BP. The results followed a 2021 full-year profit that was BP's strongest in nearly a decade and a swing back from a 2020 loss of almost $5.7 billion.

THE WALL STREET JOURNAL.

The company said it would continue to reduce debt and maintain its full-year capital-spending plans at $14 billion to $15 billion, including $2.9 billion in capital expenditures in the first quarter.

Active debate in the U.K. about potential so-called windfall taxes on oil-and-gas companies had led some analysts to predict British oil giants BP and Shell PLC would constrain share buybacks relative to U.S. peers. U.K. and other European government officials have been urging energy companies to spend large portions of their cash piles on renewable energy in the U.K. and elsewhere.

But the political tensions also are centered on issues that long-term green-energy projects don't immediately address: Electricity prices were soaring across Europe even before Russia invaded Ukraine, while energy companies have been earning record profits as energy demand bounces back from pandemic lows.

Reflecting the political pressures facing cash-laden energy companies, BP on Tuesday emphasized its role as U.K. taxpayer and said it would dedicate a greater share of its overall spending close to home than it historically has. Alongside earnings, the company said it would continue to invest in oil-and-gas production in the North Sea, and increase spending on lower-carbon energy including offshore wind, hydrogen and electric-vehicle charging. BP said its U.K. energy investments could reach $22.6 billion by 2030.

BP said it would buy back $2.5 billion shares, in addition to $1.6 billion buybacks it made during the first quarter

BP also said it would continue to share profits with investors. "We make more money at higher oil prices, and we use that to reward pensioners," BP Chief Executive Bernard Looney said in an interview.

Mr. Looney said BP could shift some short-term investments "around the margin" to oil-and-gas production in the North Sea and the U.S. to help meet acute energy needs. "These are things that become probably more attractive in today's world," he said.

Meanwhile, companies that have done business for decades in Russia are reckoning with costly withdrawals from the country. BP said Feb. 27 it would exit its 19.75% Rosneft stake and other joint ventures in the country, days after Russian tanks crossed into Ukraine. It hasn't said how or when it plans to divest the assets.

The invasion has put pressure on companies ranging from fast-food restaurant operators to makers of cosmetics, cars and drugs to cut ties with Russia, while sanctions have complicated operations in the country.

More than 750 companies have said publicly they would cut back operations in Russia beyond the minimum changes required by international sanctions, according to researchers at Yale University.

Now the price tags of divorcing from Russia, in many cases ending collaboration decades in the making, are becoming clearer as companies report their first quarterly earnings since the invasion.

While many companies are writing down the value of their Russian assets, others still have operations and workers in the country. General Electric Co. recorded a $200 million impairment charge last week and still has about $600 million in assets in the country that don't relate to sanctioned activity. GE suspended most of its Russia operations in early March but said it would still provide essential medical equipment and support existing power services in the region.

Others have flagged potential costs still to come. For instance, France's Renault SA is in talks with Moscow about handing over its 68% stake in Russia's biggest auto maker to a state-backed entity for the symbolic sum of one ruble, Russian state media reported last week. Renault said in March it was assessing options and planned to write off the value of its Russian activities, which were valued at 2.2 billion euros, equivalent to $2.4 billion, at the end of last year.

So far, though, energy giants have reported the largest costs.

France's TotalEnergies SE, which has said it is curtailing but not necessarily exiting its Russian operations, last week took a $4.1 billion accounting charge on the value of its natural-gas reserves. Total cited impacts from Western sanctions targeting Russia on a massive Arctic liquefied natural gas project under development called Arctic LNG 2.

On Friday, Exxon said it took a $3.4 billion accounting charge after it decided to halt operations at its Sakhalin Island development in Russia's Far East.

Shell, which is scheduled to report earnings Thursday, said last month it expected to book accounting charges of up to $5 billion in the first quarter related to its decision to exit its Russia operations, including joint ventures with energy giant Gazprom PJSC.

BP was the most exposed of oil-and-gas majors to Russia, according to analysts. Its Rosneft stake brought it $640 million in dividends in 2021.

Analysts previously expected 2022 dividends, paid twice a year, to be worth well over $1 billion. The company's Russia presence goes back 30 years, and the BP-Rosneft strategic partnership dates back more than two decades.

BP's February decision to exit Russia meant Mr. Looney and former CEO Bob Dudley immediately resigned from Rosneft's board, on which both represented BP.

BP previously relied on Rosneft for roughly one-third of its oil-and-gas production, but didn't contribute capital to Rosneft.

Asked whether he can envision BP ever returning to doing business in Russia, Mr. Looney reiterated the company's exit plans, adding, "We have made our intentions incredibly clear."

—Thomas Gryta contributed to this article.

Mint

India returns to coal despite climate woes

May 4, 2022 | Delhi | Pg No.: 1,6 | | Sq Cm:537 | AVE: 2149583 | PR Value: 10747913

Mint
India returns to coal despite climate woes
May 4, 2022 | Delhi | Pg No.: 1,6 | | Sq Cm:537 | AVE: 2149583 | PR Value: 10747913

India returns to coal despite climate woes

NTPC looks to expand coal-fuelled power generation capacity after 6 yrs

Subhash Narayan
subhash.narayan@livemint.com
NEW DELHI

India plans to expand its coal-fuelled power generation capacity after a six-year gap as a spike in demand caused by scorching summer temperatures triggered blackouts in some parts of the nation.

State-run NTPC Ltd, the country's largest power producer, invited bids to construct one such plant to meet the growing electricity demand, a top company executive said.

Several state generation utilities, including those in Chhattisgarh, Odisha, Jharkhand, Madhya Pradesh and Maharashtra, are also considering setting up new coal-fired generation capacities.

NTPC last called for capacity-raising bids in 2016 as the company pivoted to building greenfield renewable energy projects in sync with India's push for clean energy.

The renewed push for using coal, considered one of the dirtiest fuels, to boost power production amid growing demand is a setback for India's green energy aspirations.

The spike in electricity demand because of extreme weather across India, attributed by many experts to climate change, has ironically pushed India to expand coal-fired capacity, a move that may exacerbate climate change risks.

The tender for awarding 1.32 gigawatt (GW) supercritical coal-based capacity at Talcher in Odisha is expected to be invited in the next few weeks, with NTPC also evaluating new capacity at its existing power stations—Lara in Chhattisgarh and Singrauli in Uttar Pradesh.

NTPC plans to import 20 million tonnes (mt) of coal in the current financial year, with the Union power ministry directing all power generation companies to import coal for blending up to 10%. It also plans to raise output from its captive mines by 86% this year to 26 mt.

The shift of focus to thermal power assumes importance, given the ability of these plants to maintain grid stability amid a widescale

TURN TO PAGE 6

BACK TO SQUARE ONE

The renewed push for using coal to boost power production amid growing demand is a setback for India's green energy aspirations.

India's categorywise installed power generation capacity (as of January 2022)

FUEL	CAPACITY (MW)	PERCENTAGE OF TOTAL

Source: Central Electricity Authority

DEMAND CONSTRAINTS

- **SCORCHING** summer heat triggered blackouts across the nation
- **NTPC** has invited bids to build three coal-fuelled power plants
- **SEVERAL** states are also weighing setting up such power stations

SARVESH KUMAR SHARMA/MINT

Mint
India returns to coal despite climate woes
May 4, 2022 | Delhi | Pg No.: 1,6 | | Sq Cm:537 | AVE: 2149583 | PR Value: 10747913

India returns to coal despite climate woes

FROM PAGE 1

mismatch in demand and supply. With power from renewable sources being intermittent and not enough to meet the growing demands of the Indian economy, coal-based capacity totalling 210.5GW remains the country's mainstay for meeting the baseload and accounts for more than half of India's power generation capacity.

While India was looking to halt new coal-based power units to meet its COP26 commitments, proposals to enhance fossil fuel-based power generation capacity are being considered for brownfield projects. Setting up brownfield expansion projects makes financial sense for NTPC, given the lower cost of generation from these projects, the NTPC executive cited above said, requesting anonymity as the plans are still under discussion.

NTPC plans to import 20 million tonnes (mt) of coal in the current financial year HT

Queries emailed to an NTPC spokesperson on Tuesday remained unanswered till press time.

Though the drop in temperatures in north India has reduced electricity demand for now, a crisis may be triggered again on account of the long summer ahead. From a record high of 207.11GW on Friday, the peak demand met came down to 204.45GW on Monday. It was 191GW on Sunday. With the fall in demand and improved fuel position at power stations, the peak shortage on Monday fell to 1,773MW from over 8,000MW last week.

NTPC had slowed Lara and Singrauli's expansion plans after the electricity demand faltered during the pandemic. In Talcher, NTPC was operating one of its oldest plants—a 460MW unit— that was shut last year in March after generating electricity for 54 years. It now plans to award 1,320MW comprising two supercritical units of 660MW each. At Lara in Chhattisgarh, while NTPC had planned 4GW capacity with an investment of over ₹20,000 crore, only 1.6GW is operational. The state-run firm is now looking to add three more units of 800MW each. The plan for Singrauli is to add another 1.32GW near the existing 2GW plant. NTPC's playbook is to boost its fossil fuel and renewable generation mix to equal levels by 2032 from the present fossil fuel share of around 80%.

In response to a query about whether India will go for new coal-fuelled power projects, Union power secretary Alok Kumar in a January interview said if such a need arises, the country will go for it. "I will say, if need be, we will go for," he said. "But coal power plants can be set up by states without taking permission from the Centre.

Coal output up 28% in Apr on strong demand

MPOST BUREAU

NEW DELHI: India's coal output soared by 28 per cent to 66.1 million tonnes in April amid high demand from thermal power plants as several parts of the country grappled with power shortage.

The overall coal production was at 51.6 million tonnes (MT) in April 2021.

"During the month of April, 2022 India's total coal production stood at 661.54 lakh tons (66.1 MT)," the coal ministry said in a statement.

While Coal India Ltd (CIL) and its subsidiaries produced 53.4 MT of coal, production by Singareni Colleries Company Ltd (SCCL) stood at 5.3 MT and by captive mines at 7.3 MT during the last month.

According to the provisional data of the Ministry of Coal, while the total offtake of the coal sector was 70.8 MT during the month, the power sector offtake touched 61.7 MT in April. At the same time, coal supplies to the power sector from Coal India alone stood at 49.7 MT.

Coal supplies to the power sector by CIL were 15.6 per cent higher in the last month on yearly basis in the wake of high demand of the dry fuel from electricity generating plants.

The coal ministry stressed that it is planning to augment its dispatches further, especially to power plants in the coming months.

With higher output, CIL is aiming to increase its dispatches further, especially to power plants in the coming months.

Coal India, which accounts for over 80 per cent of domestic coal output, is one of the major suppliers of fossil fuel to the power sector.

On an average, the PSU supplied 1.66 MT of coal per day to power utilities in April which increased to 1.73 MT during last week. Average supply per day is at par with what was programmed by CIL for this sector during the first quarter of FY23.

The coal production by the PSU also rose 27.6 per cent to 53.5 MT last month over 41.9 MT in April 2021.

CIL's total offtake rose sharply to 57.5 MT in April, registering 6 per cent growth compared to 54.2 MT of same month last year.

The government had earlier said that the current power crisis is mainly on account of the sharp decline in electricity generation from different fuel sources and not due to the non-availability of domestic coal.

Coal Secretary A K Jain had attributed the low coal stocks at power plants to several factors such as heightened power demand due to the boom in the economy post-COVID-19, early arrival of summer, rise in the price of gas and imported coal and sharp fall in electricity generation by coastal thermal power plants.

LIC raises stakes in companies ahead of mega market debut

Niti Kiran
niti.k@livemint.com
MUMBAI

Insurance behemoth Life Insurance Corp. of India (LIC) has reposed faith in domestic equities in the last quarter of FY22 (Q4FY22) ahead of its mega public market debut that opens today.

The state-run insurer's ownership by value across 279 NSE-listed companies, where its holding is more than 1%, rose to 3.83% in the March quarter, against 3.67% in December, according to data from primeinfobase.com. It saw a marginal dip in ownership in Q3. In value terms, it reached a new high of ₹9.89 trillion in the quarter, clocking a sequential rise of 3.75%.

LIC's holdings went up in 83 companies quarter-on-quarter (q-o-q). Stocks of these companies saw an average decline of 5.92% during the same period. On the flip side, LIC trimmed holdings in 81 NSE-listed firms, whose average share price rose by nearly 4%, the analysis showed.

The stock markets wobbled in the last quarter on weak global cues, a rise in uncertainty due to inflation and geopolitical tensions. "Historically, LIC has been a contrarian investor. In the January-March quarter, there were periods of deep corrections. Going by that precedent, they could have raised stakes. Also, their share (by value of the market) could have gone up as foreign investors reduced their stakes," said Pranav Haldea, managing director, Prime Database Group.

PARAS JAIN/MINT

The top holdings of the state-run insurer include 49.2% stake in IDBI Bank, 45.2% stake in LIC Housing Finance and 15.8% stake in ITC as of March. Some of the companies where it has significantly raised stakes in the past two quarters include Bharat Petroleum, Mahanagar Gas, and Tata Consumer Products. The ones that lost favour include Hindustan Aeronautics and Hindustan Copper.

LIC's increase in stake lifted the overall share of domestic insurance companies in NSE-listed companies to 4.99% in Q4FY22 compared with 4.79% in the previous quarter. LIC commands the lion's share of investments in equities by insurance companies (77%). A total of 21 insurance companies (ones holding greater than 1%) are invested in companies listed on NSE.

Further, the overall share of domestic institutional investors (DIIs), which includes domestic mutual funds, insurance companies, banks, financial institutions, and pension funds rose to 13.7% from 13.21% in Q3FY22. Besides, in value terms, the holding of DIIs also rose to an all-time high of ₹35.35 trillion, registering an increase of 3.05% q-o-q.

Mint
Trade deficit widens in April on high global commodity prices
May 4, 2022 | Delhi | Pg No.: 1,2 | | Sq Cm:453 | AVE: 1811365 | PR Value: 9056825

Trade deficit widens in April on high global commodity prices

India's exports remained robust, recording the highest ever shipments in April, but the high value of imports due to the prolonged Russia-Ukraine conflict caused the trade deficit to widen slightly over the previous month. >P2

Mint
Trade deficit widens in April on high global commodity prices
May 4, 2022 | Delhi | Pg No.: 1,2 | | Sq Cm:453 | AVE: 1811365 | PR Value: 9056825

Trade deficit widens in Apr on high global commodity prices

India's merchandise exports grew by 24.22% from a year ago, while imports grew by 26.55%

Dilasha Seth & Ravi Dutta Mishra
BENGALURU

India's exports remained robust, recording the highest ever shipments in April, but the high value of imports due to the prolonged Russia-Ukraine conflict caused the trade deficit to widen slightly over the previous month.

Merchandise exports grew by 24.22% from a year ago to touch $38.19 bn, while imports grew by 26.55% to $58.26 bn, leaving a trade deficit of $20.07 bn during the month, up from $18.69 bn in March, data released by the ministry of commerce and industry showed on Tuesday.

Imports were led by high value shipments of petroleum, coal, and chemicals due to the escalation of global commodity prices as the Ukraine war continued for the third month, disrupting supplies.

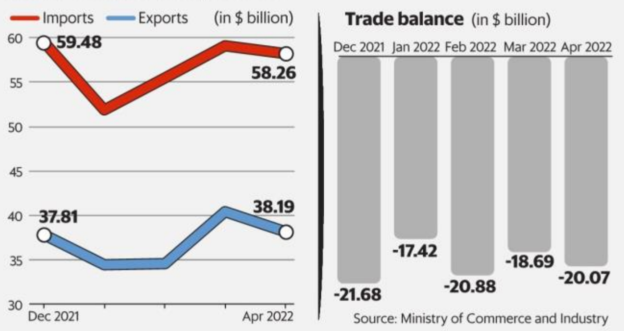
Petroleum imports were 81% higher in value terms over the same month last year at $19.5 billion.

Coal imports grew by 136.3% in April to $4.7 billion, and organic and inorganic chemicals imports grew by 47% to $3.29 billion over the year. Meanwhile, gold imports declined by 73% during the month to $1.68 bn.

The non-oil, non-gems and jewellery imports, which signify industrial activity in the economy, grew by 29.6% year-on-year to $34.43 billion in April, but were lower than $36.18 bn in March.

Exports, imports grow

Economists expect the trade deficit or the gap between exports and imports to remain elevated through 2022-23.



Source: Ministry of Commerce and Industry

PARAS JAIN/MINT

Economists expect the trade deficit or the gap between India's exports and imports to remain elevated through 2022-23.

"Unless commodity prices recede appreciably, we expect the merchandise trade deficit to print above $20 billion in a majority of the months of FY2023," said Aditi Nayar, chief economist, ICRA Ltd.

She added that the increase in the merchandise trade deficit from $15.3 billion in April 2021 to $20.1 billion in April 2022 was entirely on account of oil.

"Although the non-oil trade deficit remained stable, there was a shift in its composition, with a plunge in gold imports being offset by a rise in non-oil non-gold imports such as coal and chemicals, an unsavoury yet expected fallout of the higher commodity prices engendered by the Russia-Ukraine conflict," added Nayar.

Brent crude has been quite volatile, and stood at $107 billion per barrel on Monday compared with nearly $100 billion/barrel at the beginning of April and a record high of $139 billion/barrel in mid-March.

As for exports, petroleum products reported a 113% growth over the corresponding month last year at $7.73 billion. Other than oil, outbound shipments in April were led by the strong performance of electronic goods and chemicals, which grew by 64% and 26%. Engineering goods and ready-made garments exports grew by 15.3% and 16.4% respectively.

Exporters flagged challenges including high logistics costs and an unprecedented increase in raw material costs. "These have been hurting the engineering as well as other sectors... The government is well aware of the issues facing the sector and we hope policy actions would be taken to minimize the impact," said Mahesh Desai, chairman, Engineering Exports Promotion Council (EEPC). He added that free trade deals with the UAE and Australia are expected to give a boost to engineering goods, while proposed pacts with the UK and Canada would give further impetus to overall exports from India.

India's exports grew at a record $419 billion in 2021-22, exceeding the target for by $19 billion. The government is yet to announce a target for the current fiscal in view of the uncertainty arising from geopolitical risks. The value of non-petroleum and non-gems and jewellery exports in April stood at $27.16 billion, posting a 14.38% growth over the corresponding month last year.

dilasha.seth@livemint.com

UKRAINE CONFLICT EFFECT

IMPORTS were led by the high value shipments of petroleum, coal, and chemicals

INDIAN exports were led by petroleum products, electronic goods and chemicals

EXPERTS say that the increase in merchandise trade deficit was entirely on account of oil

April exports cross $38 bn, deficit widens

Outbound shipments slip 9.5% from March 2022 levels

SPECIAL CORRESPONDENT
NEW DELHI

India exported merchandise estimated at $38.19 billion in April 2022, a 24.2% increase from a year earlier but 9.5% lower than the record $42.2 billion shipped out in March, official estimates released on Tuesday show.

The trade deficit, however, expanded to $20.07 billion from $18.5 billion in March, as imports grew at a faster 26.6% pace to $58.26 billion. Sequentially, goods imports declined 4.1% last month from March's level.

Gold imports fell by a sharp 73% year-on-year to just $1.7 billion, even as coal imports more than doubled to over $4.7 billion from $2 billion a year earlier. Petroleum imports comprising crude and products surged 81.2% to exceed $19.5 billion, and made up a third of the total imports in the month.

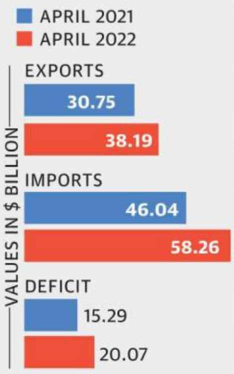
"India's goods trade deficit has crossed $200 billion for a 12-month period for the first time in April 2022," said Richard Rossow, Wadhwani chair in U.S.-India Policy Studies at the Washington-based security think tank, CSIS. Petroleum imports alone had accounted for $172 billion during this period, he pointed out.

ICRA chief economist Aditi Nayar also noted that higher oil imports were entirely responsible for the trade deficit's rise from $15.3 billion in April 2021.

"Unless commodity prices recede appreciably, we expect the merchandise trade deficit to print above $20 billion in a majority of the months of 2022-23," she warned.

Trade tango

India's merchandise exports rose by 24% (year-on-year) to $38 billion in April, while imports outpaced them by increasing 27% to $58 billion



Most exported commodities	Growth (%)
Petroleum products	113.21
Engineering goods	15.38
Gems and Jewellery	-2.11

Most imported commodities	Growth (%)
Coal and coke	136.39
Petroleum and crude	81.21
Electronic goods	28.63

Ukraine war fallout

India's goods exports hit a record $420 billion in 2021-22, while imports also hit an all-time high of about $612 billion, leading to a $192 billion deficit in the last financial year.

"Although the non-oil trade deficit remained stable in April, there was a shift in its composition, with a plunge in gold imports being offset by a rise in non-oil, non-gold imports such as coal and chemicals, an unsavoury yet expected fallout of the higher commodity prices engendered by the Russia-Ukraine conflict," Ms. Nayar observed.

Among India's top 10 export commodities, gems and jewellery exports dipped by a marginal 2.1% in April, while rice exports fell 14.24%.

CONTINUED ON ▸ PAGE 10

April exports cross $38 billion, deficit widens

Engineering goods continued to see an healthy uptick in exports, with outbound shipments up 15.4% to touch $9.2 billion.

Readymade garments exports jumped 16.4% from April 2021 to hit $1.5 billion, but were 13.2% lower than March 2022. Similarly, organic chemicals exports were up 26.7% year-on-year, but fell 8.1% month-on-month to a little over $2.5 billion.

Drugs and pharmaceuticals, now India's fifth-largest exporting sector, saw a far sharper sequential decline in exports of 17.8% to $1.96 billion, from $2.39 billion in March 2022. On a year-on-year basis too, the sector's growth rate eased to 3.93%, from March's 4.2% pace.

Union Commerce and Industry Minister Piyush Goyal, who is steering the process to set a higher export target for this fiscal, had said last month that the Ministry was working on including the pharma sector into the Remission of Duties and Taxes on Export Products (RoDTEP) export incentive scheme. Exports of chemicals and iron and steel, have also been left out of the scheme introduced last year.

While the signing of free trade pacts with the UAE and Australia is expected to offer new opportunities even as global trade growth is expected to slow down in the wake of the conflict in Europe, exporters have sought government attention to resolve critical operational concerns.

"High logistics costs and the unprecedented surge in raw material prices are hurting all sectors," pointed out Engineering Exports Promotion Council chief Mahesh Desai. "The government is well aware of the issues facing the sector and we hope policy actions would be taken to minimise the impact," he added.

New Delhi has extended assistance of over $3 bn to Sri Lanka in 2022

COLOMBO: India has committed more than $3 billion to debt-ridden Sri Lanka in loans, credit lines and credit swaps since January this year, the Indian High Commission here said on Tuesday, as the island nation tries to navigate through its worst economic crisis since independence.

On Monday, India had extended its current credit line by a further $200 million to replenish Sri Lanka's rapidly depleting fuel stocks.

The ongoing crisis in Sri Lanka is caused in part by a lack of foreign currency, which has meant that the country cannot afford to pay for imports of staple foods and fuel, leading to acute shortages and very high prices.

The $1 billion credit facility for the purchase of food, medicines and other essential commodities is already operational, a statement from the Indian High Commission said, adding that around 16,000 metric tonnes of rice supplied by India is also being distributed.

Additional consignments of rice, medicines and industrial raw materials and other essentials are envisaged under the credit line, the statement added.

A separate Line of Credit of $500 million for the purchase of petroleum products, such as diesel, petrol and aviation fuel has paved the way for the delivery of 9 consignments of different types of fuel, it said.

Close to 400,000 MT of fuel have been delivered till date and more consignments will arrive soon, the statement added

In April this year, ahead of the Sinhala and Tamil new year, India had sent an additional 11,000 MT of rice as a goodwill gesture.

In February, New Delhi had granted $500 billion as short-term loan to Sri Lanka to procure fuel stocks.

Close to 400,000 MT of fuel have been delivered till date and more consignments will arrive soon, the statement added.

Overall economic assistance which stands a shade above $3 billion in 2022 alone has been of various kinds $1 billion credit line for essentials; $500 million credit line for purchase of petroleum products; $400 million bilateral currency swap; and over $1 billion under the Asian Clearing Union Framework. AGENCIES