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TRADE IN THE TIMES OF WAR

Imports from Russia jump 3x since Ukraine

BANIKINKAR PATTANAYAK
New Delhi, May 10

INDIA'S IMPORTS FROM Russia witnessed a more than three-fold jump to \$4.67 billion from a year before since the Ukraine conflict began on February 24, despite pressure from Western nations. The surge in shipments from Russia is thanks to New Delhi's efforts to strike good deals with Russian suppliers to tide over a growing shortfall of crude oil and other inputs like coal and fertilisers.

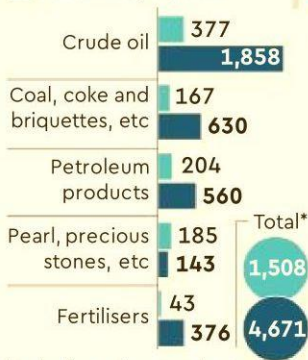
However, the country's exports to Russia crashed 57% year-on-year to just \$266 million during this period, mainly due to logistics and payment issues in the aftermath of Western sanctions on Moscow, sources familiar with the matter told *FE*.

Between February 24 and May 8, India's purchases of crude oil from Russia jumped 393% to \$1.86 billion, while

Imports from Russia

(\$ million)

■ Feb 24-May 8, 2021
■ Feb 24-May 8, 2022

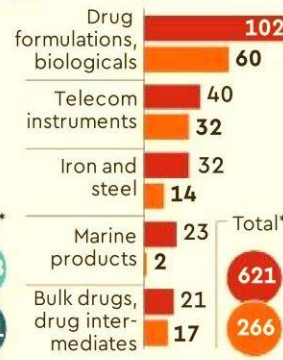


*Including other products

Exports to Russia

(\$ million)

■ Feb 24-May 8, 2021
■ Feb 24-May 8, 2022



contracted before the war had begun in late February. They said, apart from oil and petroleum products, the surge in coal imports would continue unabated especially during the summer, as a power crisis looms over a vast swathe of the country. Three-quarters of the electricity produced in India uses coal and the country imports just under a quarter of its annual consumption of the raw material. Similarly, fertiliser imports from Russia, too, may continue, as crisis-ridden Ukraine, another supplier to India, isn't in a position to ship out the key farm input. The government, too, is seeking to keep local supplies steady ahead of the Kharif sowing season.

Importantly, the surge in imports from Moscow suggests New Delhi, a net importer of commodities, has remained steadfast in its commitment to chart its own path.

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those of petroleum products surged 175% to \$560 million, said one of the sources, citing preliminary data. Similarly, imports of coal, coke and briquettes, etc, climbed 277% to \$630 million, and fertiliser purchases saw a multi-fold

jump to \$376 million from \$43 million.

Of course, the growth in import value is aided by a rise in global commodity prices in recent months and a relatively low base. Trade sources said tidy chunks of these purchases were

Imports from Russia rise 3x since Ukraine

This is despite the mounting Western pressure to shun “cheap” Russian oil, especially when its critics themselves are larger buyers of Russian fossil fuels.

Finance minister Nirmala Sitharaman recently defended

the move, saying: “I will put my country’s interest first and energy security first. If oil is available and at a discount, why shouldn’t I buy it?”

External affairs minister S Jaishankar, too, has decried the “campaign” against India on oil imports from Russia. India’s total oil purchases from Russia in a month would probably be less than what Europe does in an afternoon, he said recently. Russia was reportedly offering discounts of as much as \$30-35 per barrel on its flagship Urals grade to woo India.

Interestingly, according to a report by Financial Times, Russia exported fossil fuels worth \$63 billion in the first two months of the Ukraine conflict, with most going to the EU. The largest importers of Russian coal, oil and gas were Germany, Italy and China. Interestingly, the data compiled by the Centre for Research on Energy and Clean Air show even the US imported more fossil fuels from Russia than India during this period.

However, Indian exporters haven’t yet been able to supply much to Russia in the wake of the war, as shipping lines are reluctant to take bookings to and from Russia. This has hit

the despatches of dry cargo, said trade sources. Moreover, some payments for goods supplied to Russia even before the war are still stuck, as the US and its European allies have blocked select key Russian banks from the SWIFT financial-messaging infrastructure for cross-border payment. Of course, the payment crisis has eased considerably in recent weeks and several Russian firms have evinced greater interest in sourcing more from India. However, given the supply-chain disruptions, many domestic exporters still remain jittery and are awaiting the war to be over.

Exports of drug formulations and biologicals dropped 41% to \$60 million, while those of bulk drugs and intermediates eased 19% to \$17 million between February 24 and May 8. Marine product exports collapsed 91% to just \$2 million; telecom instrument despatches dropped 20% to \$32 million; and iron & steel shipments plunged 56% to \$14 million.

India’s exports to Russia hit \$3.3 billion in FY22, while its imports stood at \$9.79 billion, said one of the sources. New Delhi’s trade deficit is all set to widen in the current fiscal.

PARV SHAH

STATISTALK

Eye on exports

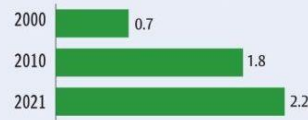
Leveraging exports is a key driver to increase productivity and transition an economy to a high-growth trajectory. Policymakers in India have focussed on the same over the years, with emphasis on growing the country's manufacturing base. Rising exports to GDP and India's market share in exports are testament to those initiatives. Yet, there is a long way to go if the country wants to emerge as a top exporter. Morgan Stanley expects exports' market share of India to rise 2x, to 4.5%, by 2030 on the back of supply-side-driven policy reforms, transition to a multipolar world, and renewed vigour in services exports.

Indian exports gaining traction

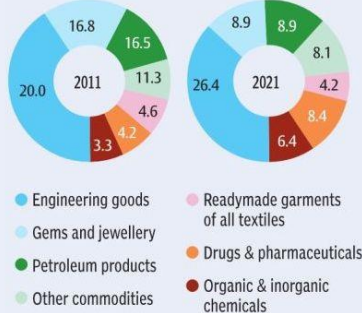
Exports-to-GDP (in %)



India's market share in exports (in %)



Products (in %)



Room for improvement

Commodities		Services	
Agricultural	Rank	Telecom, computer and information	Rank
EU	1	EU	1
US	2	US	2
Netherlands	3	India	3
Germany	4	China	4
India	17		
Textiles		Financial services	
China	1	EU	1
EU	2	US	2
India	3	UK	3
Germany	4	Luxemborg	4
US	5	India	18

US is India's top export destination

Followed by China and UAE

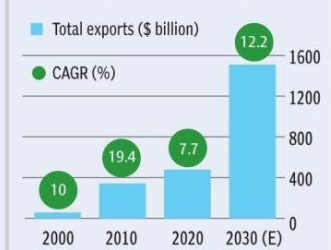


Sharp upturn in service exports for India



India's exports to cross \$1500 bn by 2030

This will account for 4.5% share



Source: Morgan Stanley research report

Graphic: Visveswaran V

India's coal output rises 29% in April

PRESS TRUST OF INDIA
New Delhi, May 10

THE GOVERNMENT ON Tuesday said the country's coal output rose 29% to 66.58 million tonne (mt) in April.

This comes at a time when the country is witnessing a power crisis on account of various factors, including shortages of the dry fuel. The coun-

try's coal output in April 2021 stood at 51.62 mt, as per provisional statistics of the ministry of coal.

The ministry in a statement said dispatch of coal to power utilities grew 18.15% to 61.81 mt during April 2022, compared to 52.32 mt in April 2020.

Of the top 37 coal producing mines, 22 have performed

The coal ministry said the decline in the prices of imported coal has been observed since the end of October last year

more than 100% while the production from another 10 mines stood between 80% and 100%.

The ministry further said the decline in the prices of imported coal has been observed since the end of October last year. However, international prices are still at a high level.

The coal ministry had earlier said the current power crisis is mainly on account of a sharp decline in electricity generation from different fuel

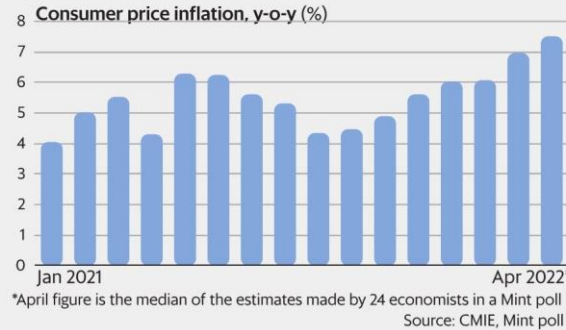
sources, and not due to non-availability of domestic coal.

'Higher imports may push supply cost for discoms'

The government's measures to ease power supply constraints through higher coal imports are likely to increase cost of supply for discoms by 4.5-5.0% in 2022-23, Icra said on Tuesday.

Steady rise

Economists warn inflationary pressures stoked by the Russia-Ukraine war may keep retail inflation above RBI's upper limit of 6% over the next few months.



PARAS JAIN/MINT

Inflation likely rose to 18-month high of 7.5% in April: Poll

Pragya Srivastava
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Retail inflation in India likely surged to an 18-month high of 7.5% in April from 6.95% in March, driven by a broad-based rise in the prices of fuel, cooking gas, and some food items, a *Mint* poll of 24 economists showed ahead of the data due to be released on Thursday.

The poll's median projection stood at 7.5%, with several economists warning inflationary pressures stoked by the Russia-Ukraine war could keep retail inflation above the central bank's upper limit of 6% over the next few months, potentially leading to a failure

of the monetary policy committee (MPC) to keep inflation within the mandated band.

The retail inflation data for April will also shape the MPC's approach to interest rate changes at the June meeting. Any reading above the central bank's 6% upper tolerance level will force the monetary policy panel to raise interest rates again to curb inflationary pressures. If the economists' inflation estimates are correct, another interest rate hike is almost certain next month.

Last week, in a surprise off-cycle move, the MPC voted to hike the policy repo rate by 40 basis points, reversing the rate

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Inflation likely rose to 18-month high of 7.5% in April, shows poll

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cut announced in May 2020, as it acknowledged inflationary pressures were persistent.

The rate-setting panel is deemed to have failed when average Consumer Price Index (CPI) inflation falls outside the 2-6% band for three quarters in a row. If the poll projection is realized, CPI inflation would have been above the 6% mark for the fourth consecutive month.

“The inflation trajectory staying above the 6% mark for three quarters is almost given,” said a report by Kotak Mahindra Bank dated 4 May. “Hence, the off-cycle rate hike should be seen as a remedial action to acknowledge failure to adhere to inflation targets.”

Predictions in the poll for



Any reading above RBI's 6% upper tolerance level will force the monetary policy panel to raise rates again. MINT

April CPI inflation were in the range of 7.2-7.7%. “An increase in food prices led by cereals, edible oils and proteins, along with the domestic retail fuel price hikes, likely contributed to upward inflation pressure. We estimate food inflation at 7.9% and core inflation at an

eight-year high of 6.8%,” said Kanika Pasricha, an economist at Standard Chartered Bank, who projected April headline inflation at 7.5%. Food inflation was 7.5% in March, and core inflation was 6.3%.

In April, oil marketing companies hiked petrol and diesel prices by a cumulative ₹3.6 per litre following the surge in crude oil prices, nearly offsetting the cuts in central excise duty and value-added tax by some states in November. Furthermore, revisions in electricity tariffs by some states could also put upward pressure on inflation, Barclays said in a recent note. “We expect the persistence of inflation at elevated levels to prompt the monetary policy committee to undertake another 50 bps hike in repo rate in June.”

Oil exports have doubled since Aug: Iran's Prez

TEHRAN: Iran's president said Monday the country is exporting twice as much oil as when he took office in August, despite heavy sanctions on oil exports imposed by the US.

Ebrahim Raisi made the claim in a live interview on state-run TV without elaborating, including on the amount of oil being exported. Oil sales have doubled," he said. We are not worried about oil sales.

Raisi's remarks came as international markets are seeking alternatives to Russian crude following Moscow's invasion of Ukraine and ensuing Western sanctions. Iran's crude, with a similar composition to Russia's grade, compete in the oil market.

As a result of the war and supply concerns, oil prices have surged to multi-year highs. International benchmark Brent crude nearly touched 140 in March, increasing the challenge of enforcing sanctions. Brent was trading over 105 a barrel on Monday.

The oil windfall has been a boon to Iran's public finances. Iran says it's now selling billions of dollars more crude than previously despite the American sanctions.

The Central Bank of Iran issued statistics at the start of February suggesting it made 18.6 billion in oil sales in the first half of this Persian year, as opposed to 8.5 billion the same period last year, according to the state-run IRAN newspaper. Much of that oil is believed to be heading to China. Venezuela also has received Iranian tankers at its ports.

Javad Owji, Iran's oil minister, told local media in April that the country's oil exports had surged by 40 per cent since Raisi took office.

AGENCIES

Opec members warn of energy capacity fall

Bloomberg

feedback@livemint.com

The oil ministers of Saudi Arabia and the UAE warned that spare capacity is decreasing in all energy sectors, as products from crude to diesel and natural gas trade near record highs in the wake of the Russia-Ukraine conflict.

"I am a dinosaur, but I have never seen these things," Saudi minister Prince Abdulaziz bin Salman, who's been attending Opec meetings since the 1980s, said on Tuesday at a conference in Abu Dhabi, referring to the recent surge in prices for refined products.

"The world needs to wake up to an existing reality. The world is running out of energy capacity at all levels." The comments came in the same week that retail US petrol prices rose to a record. The minister made similar remarks on Monday, saying that a lack of investment in energy production and refining was leading to costlier fuel.

The prince's UAE counterpart, Suhail al Mazrouei, said on the same panel that without more investment across the globe, Opec+ wouldn't be able to guarantee sufficient supplies of oil when demand fully recovers from the coronavirus pandemic.

Saudi Arabia and the UAE are among the few producers investing in greater output. They're spending billion of dollars to raise their crude capacity by 2 million barrels a day between them by the end of this decade.

Most others are struggling to



Abdulaziz bin Salman, energy minister, Saudi Arabia. REUTERS

get funding as shareholders and governments encourage a shift from fossil fuels to renewable energy. Still, for now there's no shortage of oil and thus no need for Opec+ to accelerate its gradual production increases, according to Mazrouei. "The market is balanced," he said.

Opec+, has been under pressure from the US, Europe and other major importers to boost supply more quickly.

Crude has jumped more than 35% this year to about \$105 a barrel, mostly due to Russia's attack. The European Union is moving closer to a formal ban on Russian energy imports in a bid to punish Moscow for the war.

Opec+ rubber-stamped a 432,000 barrel-a-day increase for June at its last meeting on 5 May. It's struggling to reach even that modest monthly target, with many members pumping below their quotas.

Prince Abdulaziz reiterated that Opec+ would not allow geopolitics to affect its decisions.

A nasty retreat

Insecurity in the supply of basic materials, from energy to food, is making countries shun global interdependence and shut doors



SUNITA NARAIN

We are closing borders; shutting doors of global trade and, worse, dividing the world into camps of good versus evil

It seems that the entire edifice of an interdependent world is collapsing, and at a time when we need cooperation more than ever to address the existential crisis of climate change.

Roughly 30 years ago as our world embarked on the path to interdependency, it signed the free trade agreement and brought in rules on how it would operate commerce between nations. Then it brought in a slew of more agreements for everything from climate change to biodiversity to the global trade in hazardous waste, to stitch together a framework for an ecologically interdependent world.

The twin objectives were to spread prosperity by expanding the Western model of growth and then to manage the ecological fallout of this growth, across national boundaries. The underlying belief was this would bring democracy to all. People would get richer; and they would in turn shun barbaric tendencies and embrace human rights and freedom.

In the 1990s, when the Soviet Union collapsed and then in 2001, when autocratic communist China joined this democracy through a trade project, the world rejoiced at the growth through consumption moments.

Today, this project has come apart. And it is not just the horrific and inhuman invasion of Ukraine by Russia that has brought it to this head — insecurity in the supply of basic materials, from energy to food, is making countries shun global interdependence and shut doors.

Argentina, which produces



Countries have started looking inwards at a time when climate change needs us to come together and cooperate

10 times more food than what its population needs, has now put a hefty tax on the export of beef, corn and soya from the country. Indonesia, the world's top producer of palm oil — indicted for driving destruction of its tropical forests — has now sent shock waves as it has banned exports of this cooking oil.

Food security is suddenly about food sovereignty — something that all agribusiness-run countries and economies had dismissed.

Then come the high energy costs — fuelled partly because of the sanctions on Russian oil and gas — that are driving the world to leapfrog to wind and solar. But it is a fact that much of the rare earth minerals that will be needed to power this

new energy future — from petro to electro — are controlled by the same countries that are in the non-democracy camp, from China to Russia.

We also know that unemployment is already pushing countries to manufacture at home. We are closing borders; shutting doors of global trade and, worse, dividing and polarising the world into camps of good versus evil. This, please remember, is happening at a time when climate change needs us to come together to cooperate and act globally.

So, as we move ahead, let's not make light of the mistakes of the past three decades. Let's take stock of the state of the world so that we can do better.

The first problem has been the very premise of the globali-

sation project. It was not about building inclusive prosperity — it was about building commerce on the back of cheap goods and labour. Free trade economists — they are many and they are powerful — love to tell us how inefficient it is to grow wheat and rice where land is scarce or that without large holding agribusinesses do not thrive.

They tell us it is so much better to manufacture where the cost of labour is cheap and countries can avoid paying the price of environmental safeguards. This "cheapness" then means there are plentiful goods that feed our appetite for consumption.

There is no doubt that this economic thinking has made some in the world very rich.

There is also no doubt that this thinking has made all countries lock into the business of competing for markets — at the cost of their labour or environment. It has also meant that the world is today at the precipice of a climate emergency — because it has never really reduced emissions but has only exported them to countries where manufacturing has moved.

The second, and most fatal of all mistakes, is that we have assumed the growth of social media as the growth of democracy. It is nothing less than hubris and greed to believe that governance and democracy can be substituted by loud and nasty voices of social media.

It all started with the Arab Spring in 2010, when the power of social media was unleashed and it brought down what we said were dictators and despots. The world tasted blood. Now, the democracy project had another bow in its armour — this one, we believed, was the voice of people speaking out and driving change. Today, this same tool of democracy has become so twisted and tainted that it can be used to push virulent and vicious hatred and evil with the force that we imagined it would push good. This is also happening because we believed (naively) that markets could replace governments and that social media was synonymous with democracy. This cannot be the way to our common future.

Let's continue to discuss this.

The writer is the Director-General of CSE and editor of DownToEarth. Views expressed are personal

Govt mandates GAIL to import LNG to meet rising city gas demand

New Delhi: Government mandated state-run GAIL (India) Ltd to import gas and buy from local difficult fields to meet growing demand growth from household and transport sectors as cheaper supplies from old blocks is not enough, a government order said. City gas distributors (CGD) have set up sales network to supply gas to transport and households across the country, buoyed by Prime Minister Narendra Modi's aim to raise the share of gas in India's energy mix to 15% by 2030 from 6.7% now. **REUTERS**

The Pioneer

GAIL's environmental awareness drive bags ABBY awards

May 11, 2022 | Delhi | Pg No.: 10 | | Sq Cm:165 | AVE: 2344569 | PR Value: 11722847

GAIL's environmental awareness drive bags ABBY awards

New Delhi: GAIL's two campaigns "Interdependence" – a global campaign for awareness against climate change and "Hawa Badle Hassu" – A web series advocating clean energy and clean environment wins Silver and Bronze "Goafest 2022 ABBY One Show Awards" respectively under branded content and entertainment category.

Interdependence campaign bagged silver ABBY One Show Awards, a coveted recognition for any campaign, and GAIL campaign being only one from any PSU receiving such an accolade. Megha's Divorce' short film, a part of 11 International short films, under Interdependence campaign was showcased and promoted across the world. The film showcased the Indian context on Delhi's Air Pollution raising



awareness on environment and climate change both nationally and internationally. "Interdependence" is a global campaign patronized by United Nations and organized by Art for the World, An NGO asso-

ciated with United Nations Department of Public Information (UNDPI) based in Geneva, Switzerland.

ABBY One Show Awards Bronze awarded "Hawa Badle Hassu" is an Environmental

Sci-Fi thriller web series for creating awareness for clean energy and clean environment. "Hawa Badle Hassu" is a web series with a total of forty minute run time broken into 4 episodes. Each episode tackles crucial spaces and aspects pertaining to Environment (pollution).

The first episode focuses on 'Home Environment' and as the story progresses it moves to cover topics like 'Education and career building options around environment', 'Outdoor Environment' and finally escalates to 'Global Environment'.

GAIL, as a responsible corporate, is committed to a cleaner environment which is an integral aspect of GAIL's corporate value system and is firmly entrenched in the very mission statement. **PNS**

NATION: PG 6

India fully supportive of
Lanka's democracy:MEA



RESPONDING TO QUERIES ON DEVELOPMENTS IN ISLAND NATION

India fully supportive of Lanka's democracy: MEA

OUR CORRESPONDENT

NEW DELHI: India on Tuesday said it is "fully supportive" of Sri Lanka's democracy, stability and economic recovery, a day after the island nation's Prime Minister Mahinda Rajapaksa quit amid massive protests in the country over the government's handling of the economic crisis.

External Affairs Ministry Spokesperson Arindam Bagchi said, "India will always be guided by the best interests of the people of Sri Lanka expressed through democratic processes." He was responding to media queries on the developments in Sri Lanka.

"As a close neighbour of Sri Lanka, with historical ties, India is fully supportive of its democracy, stability and economic recovery," Bagchi said.

He also mentioned the



Sri Lanka has been witnessing protests in the last few days

PTI

assistance India provided to help Sri Lanka deal with the economic crisis.

"In keeping with our Neighbourhood First policy, India has extended this year alone support worth over USD 3.5 billion to the people of Sri Lanka for helping them overcome their current difficulties," Bagchi said. "In addition, the people of India have pro-

vided assistance for mitigating the shortages of essential items such as food, medicine etc," he said.

The island nation has been witnessing widespread protests in the last few days.

Angry protesters clashed with police and resorted to violence in Colombo and some other places. The ancestral home of the Rajapaksa family

Highlights

» India will always be guided by the best interests of the people of Sri Lanka expressed through democratic processes, External Affairs Ministry Spokesperson Arindam Bagchi said

» 'India has extended this year alone support worth over USD 3.5 billion to the people of Sri Lanka'

in Hambantota was set on fire by a group of anti-government protestors.

Video footage showed the entire house of Rajapaksa and his younger brother and President Gotabaya Rajapaksa in Medamulana in Hambantota city burning, according to a media report on Monday.