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Why India slips up on oil
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Why India slips up on oil

BOOK REVIEW

SUBHOMOY BHATTACHARJEE

With oil prices rising again, an unfilled barrel is a cause for concern. Veteran energy sector journalist Richa Mishra takes the reader on a journey of how India has tried to fill up those barrels in the past 75 years.

Unfilled Barrels: India's Oil story tells the story well. The first chapter detailing the role of Keshav Dev Malaviya sets the right note. He was not only India's first petroleum minister, but also largely responsible for making the sector a serious investment concern in government policy. Told through interviews with his daughter, it brings a forgotten history come to life.

"If one goes through the parliamentary debates and questions during Malaviya's time, some threads are common—oil price, cost of drilling rigs, oil equity in third country...he did establish a road map and the ONGC that we see today, is to his credit". Too little has been written on Malaviya elsewhere and his role in shaping the Indian quest for sourcing oil domestically. This is quite a disservice. As the author rightly points out, his was the "journey of a dreamer. His journey continues to be the journey of successive oil ministers of India".

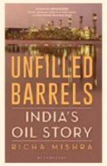
Ms Mishra sets out to answer why, since then, India has fallen short in extracting oil or gas from its shores. Much like her compact writing style in her articles for *The Hindu Business Line*, Ms Mishra has skimmed through the successive stages of the government policies over the decades, offering readers the overall picture without being bogged down with too many details.

The sweep takes in the recounting of Vijay Kelkar's production-sharing formula, the development of the New Exploration Licensing Policy, "Helpless NELP", as she describes it to the latest Open Acreage Licensing Policy, or OALP, rounding off with her observation that India lacks a long-term policy for the sector. "When it comes to oil politics, why is India not as smart as the rest? The answer is—lack of long term strategy to manage oil economics. As one of the biggest consumers of oil, India needs to learn from one of the largest producers, Saudi Arabia, and have a long-term plan to ensure that its interest is protected irrespective of the market situation".

This is a point to underscore. India has been often caught off guard in playing the geopolitical game of oil to her advantage, despite being one of the world's largest consumers. There have been some changes of late, as the decision to continue buying Russian oil shows. Before this spell, throughout the past 75 years, India has been most reluctant to face up to possible annoyances in foreign policy as the inevitable cost of securing a secure line of supplies from a strong friendly source abroad. Yet those are the prices of energy security for a big economy.

Instead, as the author points out, India has often married an inconsistent domestic oil and gas exploration policy with few plans to import from the cheapest sources of supply. It is only in 2021 that for the first time, India sourced its first-ever oil cargo from a new oil producer Guyana in Latin America. Another one million barrels was a consignment of Brazilian Tupi crude oil.

An interesting element of the book is the inclusion of the detailed comments from successive petroleum and natural gas ministers. Typically, these comments are strewn in various places in files and press releases, making it difficult to piece together a clear narrative of their position on the significant challenges they faced in office. Ms Mishra has filled this lacunae well, making the book a useful source of reference.



Unfilled Barrels: India's Oil Story
Author: Richa Mishra
Publisher: Bloomsbury
Pages: 192
Price: ₹699

She has also waded into the difficult area of corporate rivalry in the Indian oil sector, discussing upfront the challenges journalists face in remaining neutral in this battle. "Anonymous attacks are not just restricted to officials. Journalists too are targeted. How can one forget the oh-so-famous Radia tapes....I remember a particular incident when an email was circulated against me". As she says at the beginning of the chapter titled "Show of might or just corporate rivalry?", these contests spared no one who mattered, in the sector. Few if any Indian journalists have brought up this seamy aspect of the rivalry on record. Without ascribing roles, she also mentions the impact of the battle between some of the key private sector companies in the sector. As she writes, "Interestingly, in this sector, everyone knows everything but pretends not to know anything about corporate supremacy. Whenever a new player—however mighty—entered the industry, the rumour was that one particular corporate house created hurdles".

One quibble with the book is that despite the access Ms Mishra has had to generations of key personalities in the sector, she often lets them off lightly. The policy missteps, which she flags, are not taken to their conclusion, affixing responsibility. It might have also helped if in the description of the policies for the sector, the economic context were also stitched in. Energy policies are plumbing for the economy, and the extent to which they are effective lies in noticing how they have made the rest of the economy run smoothly. This is a connection that can embellish the book.

The Statesman

Govt bars PSEs from buying other state-run companies

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Govt bars PSEs from buying other state-run companies

Such transfer would defeat the very purpose of new PSE policy, says finance ministry

AGENCIES
NEW DELHI, 21 APRIL

The finance ministry has barred public sector enterprises from bidding for other Central public sector enterprises (CPSEs) which are on the block for privatisation, as it would defeat the very purpose of the disinvestment policy.

Stating that transfer of management control from the government to any other government organisation or state government may continue the "inherent inefficiencies" of state-run firms, the ministry said such transfer would defeat the very purpose of the new PSE policy.

"As a general policy, public sector enterprises (PSEs) (Central /state /joint)/ state governments/cooperative societies controlled by the governments ... are not permitted to participate in the strategic disinvestment/privatisation of other PSUs as bidders unless otherwise specifically approved by the Central government in public interest," the department of Investment and public asset management (Dipam) said.

DIPAM DIRECTIVE

"As a general policy, public sector enterprises (PSEs) (Central /state /joint)/ state governments/cooperative societies controlled by the governments ... are not permitted to participate in the strategic disinvestment/privatisation of other PSUs as bidders unless otherwise specifically approved by the Central government in public interest," the department of Investment and public asset management (Dipam) said.

PSEs controlled by the government include those where 51 per cent or more ownership is with the Centre/state governments or jointly with Central and/or state governments.

In the past, the government has sold its majority stake in certain CPSEs to public sector companies operating in similar sectors ~ which helped it meet the disinvestment target set for a particular fiscal.

In 2001-02, 74 per cent government stake in Indo Burma Petroleum Co (IBP) was sold to Indian Oil Corp (IOC) for Rs 1,153 crore.

More recently, in January 2018 Oil and Natural Gas Corp (ONGC) bought the government's entire 51.11 per cent stake in HPCL for Rs 36,915 crore.

In March 2019, state-owned Power Finance Corporation (PFC) had acquired the government's 52.63 per cent equity in REC for Rs 14,500 crore.

As per data available, between 2000-01 to 2019-20, the government has sold its entire stake in nine CPSEs to other similarly placed public sector enterprises, garnering a cumulative Rs 53,450 crore.

The Dipam, in an office memorandum, said in general PSEs suffer from the constraints of fresh capital infusion, as well as lack of innovation, modern technology and the ability to diversify services and production.

"Due to multiple systems for accountability, these enterprises are commercially risk-averse and lack adaptability in a dynamic business environment. As a result, useful productive assets remain locked in such PSEs resulting in sub-optimal realisation of valuable economic opportunities," it said.

The PSE policy announced in February 2021 outlined four strategic sectors in which "bare minimum" number of CPSEs will be retained while the rest would be privatised or merged or made subsidiary of another CPSE or closed down.

The four sectors are ~ atomic energy, space and defence; transport and telecommunications; power, petroleum, coal and other minerals; and banking, insurance and financial services. PSEs in non-strategic sectors will be considered for privatisation or closure.

"In order to realise the mission of new, self-reliant India, the PSE policy intends to minimise the presence of government in the PSEs across all sectors of economy and to make available newer investment opportunities for private sector, so as to allow infusion of private capital technology, innovation and best management practices so that post-privatisation growth of PSEs may generate higher economic activities resulting in new job opportunities and growth of the ancillary industries," it said.

Millenniumpost
Potential workaround
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Potential workaround

Tapping the massive potential that carbon holds as a prospective component of future fuel will solve the twin problems of global warming and energy shortage

GANAPATI D YADAV

Carbon Capture, Utilisation and Storage (CCUS) is one of the key areas that can achieve CO_2 emission targets while simultaneously contributing to the production of energy, fuels, and chemicals

Refiners will use carbon-dioxide — in place of the ubiquitous crude oil — in the future as a raw material for making fuels, chemicals. A liability now will be an asset tomorrow! The concentration of carbon-dioxide (CO_2) in the atmosphere has increased from 280 ppm before the industrial revolution to 419.8 ppm presently. The supply chain from fossil feedstock cannot sustain forever as all these energy sources will diminish within three centuries. From the economic point of view, importing fossil fuels from foreign countries is a waste of foreign exchange. Further, the Russia-Ukraine war has given a severe jolt to all oil-dependent economies. Government of India (GoI) wants to reduce import of oil by developing new technologies including renewable resources. India accounts for more than a quarter of net global primary energy demand growth between 2017-2040, according to BP Energy; 42% of this new energy demand is met through coal. In order to achieve the Paris Climate goal, a 20/20/20 strategy was adopted — meaning 20% decrease in CO_2 emissions, rise in renewable energy market share by 20% and 20% increase in efficiency of current technology. For meeting a target of 400 GW solar power, an investment of USD 500 billion is needed.

Reducing CO_2 concentration in the atmosphere while meeting the energy demands of an increasing population requires long-term planning and implementation. Shifting from fossil to renewable fuels, CO_2 capture and storage (CCS), and CO_2 capture and utilisation (CCU) are the possible areas for systematic control and reduction of atmospheric CO_2. Carbon Capture and Utilisation and Storage (CCUS) is one of the key areas that can achieve CO_2 emission targets while simultaneously contributing to the production of energy, fuels, and chemicals.

In CCU, CO_2 is captured and separated from emissions and then converted into valuable products

In CCU, carbon dioxide is captured and separated from emission gases and then converted into valuable products. Thus, CO_2 may become the future of oil through the development of synthetic fuels starting from the mixtures of carbon dioxide and hydrogen with specific catalytic chemical reactors. But, in every case, new catalytic processes and chemical plants are needed to develop this future industry. Flue gases from fossil fuel-based electricity-generating units are the major concentrated CO_2 sources in India. If CO_2 is to be separated, as much as 100 MW of a typical 500-MW coal-fired power plant would be necessary for today's CO_2 capture processes based on the alkanolamines absorption technologies. Therefore, it would be highly desirable if the flue gas mixtures are used for carbon dioxide conversion but without its pre-separation.

As an economical, safe, and renewable carbon source, CO_2 turns out to be an attractive C1 chemical building block for making organic chemicals, materials, and carbohydrates (e.g., foods). The utilisation of CO_2 as a feedstock for producing chemicals not only contributes to alleviating global climate change, but also provides a grand challenge in exploring new concepts and opportunities for catalytic and industrial development. CO_2 can be catalytically converted to methane, methanol, dimethyl ether, liquid hydrocarbons, formic acid, gaseous hydrocarbons, urea, organic carbonates, etc. Methanol can be produced from methane either through steam reforming (SR) or direct partial oxidation (DPOM) or dry reforming (DR) with carbon dioxide. This author is working in collaboration with the ONGC Energy Centre on green hydrogen production and CO_2 conversion technologies — having obtained several patents. And SR and DPOM are comparably economical. Methanol can be converted into a host of valuable chemicals including olefins in promotion of the so-called methanol economy, a concept advocated by the NITI Aayog. Dimethyl ether (DME) has many fascinating attributes as a fuel which can be produced from carbon dioxide using innovative catalysts, reactors, and separators. DME is the cleanest high-efficiency compression ignition fuel as a substitute for diesel. DME's auto-ignition property and high-octane number (55 to 60) allow it to be used as a propane and butane substitute in LPG as a cooking fuel. The CO_2 conversion into gaseous or liquid hydrocarbon requires high temperature (250-450 °C) and pressure (20-40 bar), but the conversion is low due to difficulty in the activation of CO_2.

Various catalysts need to be actively investigated to enhance CO_2 conversion and to control selectivity toward specific target products. In fact, hydrogen will play an important role in all these chemicals. Hydrogen is regarded as an energy carrier, and it can only be produced by using energy from other sources. The ICT, in collaboration with OEC, has developed a novel Cu-Cl cycle for thermochemical hydrogen production. This closed loop Cu-Cl cycle is a green and zero discharge process capable of producing hydrogen on a large scale.

Steelmaking releases more than 3 billion metric tons of CO_2 each year, having the biggest climate impact. To help limit global warming, the steel industry will need to shrink its carbon footprint significantly. Thus, hydrogen can substitute fossil fuels in some carbon intensive industrial processes, such as steel, chemical and allied industries. It can present solutions for difficult to abate parts of the transport system, in addition to what can be accomplished through electrification and other renewable and low-carbon fuels.

Biogas, typically containing 50-75% methane and 25-50% carbon dioxide, is produced by anaerobic fermentation from almost all types of biomasses. Another incentive for using gaseous biofuels for transport applications is the prospect to diversify feedstock sources. Biomethane, also called renewable natural gas (RNG), or sustainable natural gas (SNG), which is separated from biogas, is the most efficient and clean burning biofuel available today. Biomethane is upgraded to a quality fossil natural gas, having a methane concentration of 90% or greater, by which it becomes possible to distribute the gas to customers via the existing gas grid within existing appliances. In addition to syngas, gaseous hydrocarbons (C2 to C4), liquid hydrocarbons (C5 to C11+) and oxygenates can be produced in methane conversion with the co-feed of carbon dioxide.

Plastic refining is greenhouse-gas intensive. Carbon dioxide emissions from ethylene production are projected to expand by 34% between 2015 and 2030. Worldwide, about 40% of plastics are used as packaging. Typically, packaging is meant for single use, so there is a fast turnaround disposal. Packaging can be handled in three different ways: landfill, incineration, or recycling. Waste incineration has the biggest climate impact of the three options. The World Energy Council predicts that if plastics production and incineration increase as anticipated, GHG will increase to 49 million metric tons by 2030 and 91 million metric tons by 2050. Landfilling has a much lower climate impact than incineration. But the location of landfills can be associated with similar environmental injustices. Recycling is a different ball game with an entirely different set of problems. Compared to the low costs of virgin materials, recycled plastics are high cost with low commercial value. This makes recycling profitable only rarely, so it requires considerable government subsidies. Eventually, cutting emissions associated with plastics may require an all-of-the-above strategy. If government-established recycling targets are to be attained, the relationships between consumers, municipalities, and petrochemical production must be enhanced.

So, to sum it up: carbon-dioxide refineries are not far away to be seen and to be believed. Net zero should happen much before 2050 during the lifetime of many readers.

The writer is an engineering-scientist and Padmashri awardee (2016) and was recently elected to the US National Academy of Engineering and selected as National Science Chair by DST. Views expressed are personal

Black swans in India's gas economy

The war in Ukraine is upending the Modi government's efforts to make the creation of natural gas infrastructure and access a critical component of its economic programme

S DINAKAR
New Delhi, 21 April

Natural gas is India's new battleground for politicians, industries and transporters. Protests and strikes have erupted after utilities sharply hiked prices of compressed natural gas (CNG) and piped natural gas (PNG) to record levels, affecting autos, buses and households. Utilities complain over delays in allocation of cheaper domestic cooking fuel. The government is not to blame, however, and consumers must prepare for long periods of high prices as the global gas market has structurally altered in the face of the pandemic and the Ukraine war.

Let us look at what led to this transition in the gas market, which carries huge implications for India's economy and investments this fiscal and beyond. India expected demand for gas to surge by a record this fiscal on the back of an aggressive build-up of distribution infrastructure and a resurgent economy, enabling a faster transition to a gas-led future.

Demand for gas is expected to increase 13-15 per cent in FY23, said Hetal Gandhi, director at Crisil Research. That is a big jump from the 7.7 per cent growth seen in the April-February period of FY22 to 59.6 billion cubic metres from a year earlier. But in absolute terms, demand for the entire fiscal may still stay flat from pre-Covid levels of 64 billion cubic metres in 2019-20.

UP IN THE AIR
City gas prices in Mumbai

	Gas price changes in April 22			Gas prices changes July 21–Jan 22				
	April 1*	Apr 6	Apr 14	Jul '21	Oct '21	Nov '21	Dec '21	Jan '22
PNG per cubic metre	36	41	45.5	30.4	33.93	36.5	38	39.5
CNG per kg	60	67	72	51.98	57.54	61.5	63.5	66
Spot LNG in $/million Btu	39			13	39			41
Domestic APM Gas in $/million Btu	6.1	6.1	6.1	1.79	2.9	2.9	2.9	2.9

*price cut due to reduction in VAT; Source: Mahanagar Gas, oil ministry, Nomura

India may use as much as 76 billion cubic metres of gas this year to power homes, factories and vehicles, according to industry estimates, but the war in Ukraine has drastically altered the energy landscape, especially for gas. Domestic consumption of gas may now grow by only around half of the more bullish double-digit estimates, said senior officials from state-run oil companies, unless prices drop. That means growth will be more at last year levels of 7-8 per cent despite possibilities of a pandemic-free fiscal.

Affordability is a key issue because India is a price-sensitive market, said R Ramachandran, an oil industry consultant and former refinery director at BPCL. Refineries and some industries may switch to cheaper low sulphur fuels from gas, Ramachandran said. Utilities cannot pass on higher gas costs to consumers and expect demand to grow, as seen in wealthier nations such as Japan and South Korea.

Demand for gas in India is driven by city gas and fertilisers, which have been steadily increasing their share of the total gas consumed over the years on the back of new distribution projects and facilities, low gas prices and government subsidies. Fertilisers accounted for 28 per cent and city gas for 24 per cent of India's total gas use of 4.3 billion cubic metres in February, according to an oil ministry report. Crisil last month expected the use of gas by city gas distributors and fertiliser units to grow 25 per cent and 22 per cent respectively this fiscal. This is unlikely after the recent fuel price hikes.

"High gas costs will impact gas utilities volumes," said Aditya Bansal, an analyst at Nomura. If city gas is affected, overall gas use will drop. Gujarat Gas, a leading gas distributor, recently restricted industrial PNG volume supplies amid high prices for Liquefied Natural Gas (LNG), which is imported.

The stakes for India have increased after Indian companies committed investments of over ₹2 trillion in gas infrastructure projects, seeking to connect homes and factories to gas grids. These decisions were made in a benign gas environment when domestic APM (administered pricing mechanism) gas rates — molecules from conventional areas — were $2-$3 per million British thermal units (Btu) and global LNG prices were less than $10 per million Btu.

The pandemic and the Russian invasion of Ukraine upended those calculations as spikes in global demand elevated energy use, pushing up spot LNG prices eightfold late last year from the pre-pandemic levels. Prices exceeded $40 per million Btu after Europe bid aggressively for LNG cargoes to reduce reliance on Russian pipeline gas.

LNG prices beyond $22-25 per million Btu are unsustainable, said Petronet LNG group general manager Rakesh Chawla. India will see demand destruction at high LNG prices, said Rajesh Mediratta, CEO, Indian Gas Exchange.

A structural change for the global gas market promises to keep LNG rates elevated for years, threatening the interests of countries like India. India imports over half of its LNG needs and there is little it can do other than cutting consumption — LNG imports may decline by 3 per cent last fiscal. Utilisation of Dahej, India's biggest LNG import facility, will fall to less than 85 per cent this fiscal from over 100 per cent in pre-Covid times, amid elevated prices, an industry official said.

The stakes for India have increased after Indian companies committed investments of over ₹2 trillion in gas infrastructure

High LNG rates also threaten the prospects of three new LNG facilities of 15 million tonnes a year coming up by 2023 — as against India's annual LNG imports of only 26 million tonnes and 42.5 million tonnes of existing import capacity. Utilisation of facilities will be sub-optimal this fiscal from an average 63 per cent last year, Crisil said.

Of greater concern is the sharp spike in state-set domestic gas rates, adjusted biannually. In the past, city gas and power plants benefited greatly from cheap domestic supplies. But the government more than doubled prices from APM gas areas, India's biggest source of domestic supplies, to $6.1 per million Btu for the April-September period. Prices may rise to $11 per million Btu in the October 22-March 23 period, according to Nomura.

The sharp hikes have fuelled street protests. City gas companies increased CNG prices by over 55 per cent in one year, and PNG or cooking gas rates rose by over 30 per cent, prompting scores of transporters to call for a two-day strike in Delhi this week. Auto drivers have demanded a subsidy of ₹35 per kg on CNG, nearly half of current rates, or higher fares. New Delhi cannot afford more subsidies while fare hikes are politically sensitive.

Prime Minister Narendra Modi's government made creation of natural gas infrastructure and its access a centrepiece of its economic programme, driving growth, investments and jobs. That promise is now threatened by global black swan events.

Centre likely to take fresh look at BPCL privatisation

The government may take a fresh look at BPCL privatisation, including revising the terms of sale, an official said. "We need to go back to the drawing board on BPCL. There are issues in terms of consortium formation, geopolitical situation and energy transition aspects," an official said. The government is selling its entire 52.98 per cent stake in BPCL for which three expressions of interest, including one from billionaire Anil Agarwal-led Vedanta Group, have been received. Financial bids are yet to be invited. The official said the transition towards green and renewable fuel has made privatisation difficult in existing terms. PTI

Mint
Govt may take fresh look at BPCL privatization, revise terms of sales
Apr 22, 2022 | Delhi | Pg No.: 2 | | Sq Cm:40 | AVE: 158470 | PR Value: 792348

Govt may take fresh look at BPCL privatization, revise terms of sales

New Delhi: The government may take a fresh look at BPCL privatization, including revising the terms of sale, an official said. "We need to go back to the drawing board on BPCL. There are issues in terms of consortium formation, geopolitical situation and energy transition aspects," an official said. The government is selling its entire 52.98% stake in BPCL for which three expressions of interest (EoIs), including one from billionaire Anil Agarwal-led Vedanta Group, have been received. Financial bids are yet to be invited. **PTI**

Govt may take fresh look at BPCL divestment

NEW DELHI: The government may take a fresh look at Bharat Petroleum Corporation Limited (BPCL) privatisation, including revising the terms of sale, an official said.

"We need to go back to the drawing board on BPCL. There are issues in terms of consortium formation, geopolitical situation and energy transition aspects," an official said.

The government is selling its entire 52.98 per cent stake in BPCL for which three expressions of interest (EoIs), including one from billionaire Anil Agarwal-led Vedanta Group, have been received.

Financial bids are yet to be invited. The official said the transition towards green and renewable fuel has made privatisation difficult in existing terms.

"The total stake that may be offered to potential buyers too needs a rethinking in current conditions and easing of terms to help investors in forming a consortium," the official said.

An email sent to the Finance Ministry seeking comments on the story did not elicit a response.

At the current market price, the 52.98 per cent stake is valued at about Rs 45,000 crore.

The government invited Expression of Interest from bidders in March 2020 for selling BPCL and by November 2020 at least 3 bids had come in.

The three bidders — Vedanta, private equity firms Apollo Global and I Squared Capital's arm Think Gas — were thereafter allowed physical inspection of assets such as refineries and depots as part of the due diligence process.

The government was to seek financial bids once bidders completed due diligence and the terms and conditions of the share purchase agreement were finalised.

The government has pegged disinvestment receipts at Rs 65,000 crore in the current fiscal, up from Rs 13,531 crore mopped up last fiscal. PTI

India Keen on Long-term Oil Pacts with Brazil

New Delhi: India is keen on sourcing crude oil under long-term special contracts from Brazil, the two sides said in a joint statement following the meeting between the energy ministers of the two countries. Brazil's mines and energy minister Bento Albuquerque and oil minister Hardeep Singh Puri reviewed the bilateral cooperation across the entire spectrum of the energy sector, as per the statement.

—Our Bureau

India sends another 40,000 mt of diesel to Sri Lanka

India on Thursday said it delivered one more consignment of 40,000 million tonnes (mt) of diesel to Sri Lanka under the Indian credit line to help ease the acute power crisis in the island nation. The High Commission said that 40,000 mt of diesel under the Indian credit line reached Sri Lanka on Wednesday. Earlier, India delivered 40,000 mt of diesel to Sri Lanka on April 2. This was India's fourth consignment of fuel delivered to Sri Lanka under the Line of Credit. PTI

Manas Sharma is new director at OIL

Manas Kumar Sharma has taken charge as the director (exploration & development) at Oil India Limited (OIL).

Prior to this, Sharma was serving OIL as the executive director (basin manager-shelf), where he was involved in various E&P activities within the operational areas in Assam and Arunachal Pradesh of OIL.

A statement from OIL said that he carries with him more than 30 years of experience in the oil and gas industry,

Sharma has conceptualized action plan for various exploration activities leading to identification of prospects for continued hydrocarbon exploration, appraisal of discoveries as well as formulation of revitalization plan for existing brown fields within operational areas in Assam and Arunachal Pradesh.

RITURAJ BARUAH

Sitharaman calls for global policy coordination at G20

Finance minister Nirmala Sitharaman on Thursday pressed for international policy coordination and proactive collective efforts to protect economies amid a threat to growth and recovery prospects from geopolitical events. >P2

Sitharaman calls for global policy coordination at G20

The FM flagged issues due to inflation, supply chain disruption and volatility in energy markets

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BENGALURU

Finance minister spoke at the G20 finance ministers' and central bank governors' meeting in Washington D.C. on Thursday. @FINMININDIA

Finance minister Nirmala Sitharaman on Thursday pressed for international policy coordination and proactive collective efforts to protect economies amid a threat to growth and recovery prospects from geopolitical events.

Speaking at the G20 finance ministers' and central bank governors' meeting in Washington D.C., Sitharaman flagged economic challenges arising from prolonged inflation, supply chain disruption, volatility in energy markets and investor uncertainty for all countries.

Indonesia is the current president of the influential grouping that is made up of the world's economic powerhouses.

"FM Sitharaman said that the G20 is well placed to catalyze international policy co-ordination to deal with macroeconomic consequences and called for proactive collective efforts towards protecting economies," the ministry of finance tweeted.

The G20 meeting agenda included the global economic outlook and risks, international financial architecture, and global health.

Sitharaman's statement comes in the context of rising global crude oil and commodity prices following the Russia-Ukraine war, causing a sharp spike in inflationary pressures across the globe, including India, and impacting economic recovery. The response -- monetary tightening by central banks in advanced economies -- threatens to cause huge capital outflows from developing countries, in turn leading to currency depreciation and further inflationary expectations.

Sitharaman also met US secretary of commerce Gina Raimondo and discussed ways to strengthen economic cooperation in the bilateral and global contexts.

ECONOMIC COOPERATION IN FOCUS

G20 meet agenda included global economic outlook, health and financial architecture

SITHARAMAN'S statement comes in the context of rising global crude oil and commodity prices

THE FM discussed ways to strengthen cooperation with the US secretary of commerce

The International Monetary Fund in its World Economic Outlook report released on Tuesday cut India's GDP growth forecast for this fiscal to 8.2% from 9% estimated earlier citing the impact of high global oil prices on domestic demand and private investment. It estimated India's inflation to average 6.1% in 2022-23, higher than the Reserve Bank of India's upper tolerance band of 6%. India's retail inflation climbed to a 17-month high of 6.95% in March and wholesale inflation accelerated to a four-month high of 14.55% in the same month, remaining in double digits for about a year.

International oil prices have been highly volatile over the last two months, with Brent crude touching $105 per barrel on Thursday compared with near $100 per barrel in the beginning of April, and a 14-year high of $139.13 per barrel in March.

The finance minister, in a meeting with IMF's first deputy MD Gita Gopinath, discussed India's upcoming G20 presidency among other issues.

Sitharaman also met John Neuffer, President and CEO of the Semiconductor Industry Association (SIA) on the sidelines of the IMF-World Bank annual spring meetings.

Uncertainty over LIC listing delays IPOs of 3 more PSUs

Share sales of Export Credit Guarantee Corp. of India, WAPCOS, National Seeds Corp take a back seat

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NEW DELHI

Uncertainties over the Life Insurance Corp. of India's (LIC's) initial public offering (IPO) are likely to delay the Centre's plans to list three other state-run companies, Export Credit Guarantee Corp. of India (ECGC), WAPCOS and National Seeds Corp. Ltd, according to a senior government official.

While the LIC IPO was planned for March, the volatility in the Indian stock market amid the escalating Russia-Ukraine crisis prompted the Centre to postpone it to April-end or early-May, *Mint* had reported earlier.

This decision will have a cascading effect on the government's listing plans for the other public sector enterprises, which, in turn, may affect its divestment target for FY23, the official said, seeking anonymity.

The initial plan was to start the listing processes for the three public sector enterprises in the first quarter, soon after LIC's market debut, but with the delay in the insurance behemoth's IPO, the smaller IPOs have taken a back seat, he added.

"The market conditions (for LIC) are not right due to volatility, so the others will also take time (to be listed)."

Queries sent to finance ministry did not elicit a response as of Thursday.

Department of investment and public asset management (DIPAM) secretary Tuhin Kanta Pandey said after the Union budget announcements in February that the Centre will begin the listing process of the three public sector enterprises, starting with WAPCOS, wherein the government is likely to offload a 25% stake.

The department had already floated tenders for engaging a registrar and an advertising agency for the divestment process in February 2021.

WAPCOS operates under the Jal Shakti ministry and was incorporated in June 1969. It is a consulting and engineering, procurement and construction (EPC) company offering solutions for the sustainable development of water, power and infrastructure.

Last November, DIPAM also started the process of divesting a 25% government stake in National Seeds Corp. The category-I agro-based central public sector enterprise is a profit-making mini-ratna under the administrative control of the agriculture ministry and has a net worth of ₹646.37 crore.

The first leg of the process for listing Export Credit Guarantee Corp. of India, which operates under the ministry of commerce, started in September, with the Union cabinet giving its approval.

The government also agreed to invest ₹4,400 crore in the Mumbai-based credit provider over a five-year period to support exporters as well as banks and grow the exports to ₹5.28 trillion. It also seeks to raise ECGC's underwriting capacity by ₹88,000 crore by 2027.

The LIC IPO will be the largest such offering to hit the Indian stock markets and is expected to help the government achieve its disinvestment target of ₹65,000 crore for FY23. As of 19 April, the government has collected ₹3,026 crore from the offer-for-sale of Oil and Natural Gas Corp. Ltd.

The government is also expecting to conclude the strategic sale of Bharat Petroleum Corp. Ltd, Shipping Corp. of India Ltd, Bharat Earth Movers Ltd and Pawan Hans, among others, this financial year to achieve its divestment goal.

The Centre failed to meet the FY22 divestment target of ₹78,000 crore by a huge margin, closing the year at just ₹13,530 crore through disinvestments with the offer for sale of four entities and the strategic sale of Air India.

LIC's share sale will have a cascading effect on the government's listing plans for the other public sector enterprises, which, in turn, may affect the divestment target for FY23. MINT

HITTING HURDLES

VOLATILITY in the markets following the Ukraine war led to postponement of LIC's IPO

DIPAM had initiated the process for divesting the other three PSEs in February 2021

THE government also expects to close strategic sale of BPCL, among others, this financial year

THE Centre failed to meet its FY22 divestment target of ₹78,000 crore by a huge margin

Millenniumpost

Corporate Kaleidoscope

Apr 22, 2022 | Delhi | Pg No.: 10 | | Sq Cm:155 | AVE: 1392388 | PR Value: 6961938

CORPORATE KALEIDOSCOPE

GAIL has bagged the National Award for Excellence in Cost Management from the Institute of Cost Accountants of India (ICAI) for the fourth consecutive year. The award, presented by Piyush Goyal, Minister, Commerce & Industry, Textiles, Consumer Affairs and Food & Public Distribution, was received on behalf of GAIL by R K Jain, Director (Finance) and Deepak Gupta, Director (Projects) on Wednesday. GAIL got second position in the 17th National Award for Excellence in Cost Management 2019 in Manufacturing - Public Sector - Mega whereas Jamnagar Loni Pipeline (JLPL) got first position in Service Sector -Transportation and Logistics. MPOST

Preparing the Roadmap for Doubling West Bengal Exports under the Guidance & Leadership of Chief Minister of West Bengal Smt Mamata Banerjee. (L to R): M Senthilnathan, Chairman & Managing Director, ECGC Ltd; Vandana Yadav, IAS, Secretary-Industries, Commerce & Enterprises & Managing Director, WBIDC & Export Commissioner, Government of West Bengal; Sanjay Budhia, Co-Chairman, CII National Committee on EXIM, Co-Chair, International Trade Committee, BGBS and Managing Director, Patton Group; H K Dwivedi, Chief Secretary, Government of West Bengal and Dr Subrata Gupta, IAS, Additional Chief Secretary, Department of Food processing & Horticulture, Govt of West Bengal. MPOST

The Hindu
Refiners said to skip Rosneft oil sale tenders
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Refiners said to skip Rosneft oil sale tenders

REUTERS
NEW DELHI

India's state refiners did not submit bids in tenders issued by Russia's top oil producer Rosneft as the terms were "one-sided," two sources familiar with the matter said.

Rosneft issued tenders to sell a total of 6.5 million tonnes of Urals, Siberian Light, Sokol and ESPO Blend crude for loading in May-June and had asked for roubles and full prepayments, sources told Reuters. The terms echoed demands from Russian President Vladimir Putin for roubles-only trade in natural gas. One of the sources said the terms of the tenders, which closed on Thursday, were "very biased" towards the seller.

World Bank welcomes India's move to sell oil from its reserve

World Bank President David Malpass told reporters that allowing more trade and opening of markets were 'very important' steps

One of the solutions for the world is to recognise that markets are forward looking, he said. If you announced policies today, it has an immediate impact on where people begin to invest

WASHINGTON: World Bank President David Malpass has welcomed India's move to begin selling oil from its stockpiles, asserting that the world needs to take important steps to address the current set of crises.

Speaking on the sidelines of the annual Spring meeting of the IMF and the World Bank held here, Malpass told reporters that allowing more trade and opening of markets were "very important" steps.

"I was intrigued to see and welcomed India's moves yesterday and today to begin to sell from its stockpiles. I think market opening steps by many of the advanced economies could add a lot to the global supplies and alleviate some of the impact on the poor countries, he said on Wednesday.

"And they themselves need to build up their systems to produce more. One of the drawbacks is that, in recent years, there's been a shortage of investment, especially in the developing world. We need to find policies going forward that will add investment, he said.

One of the solutions for the world is to recognise that markets are forward looking, he said.

If you announced policies today, it has an immediate impact on where people begin to invest. I think the world can take steps to say that the capital allocation of global resources can be improved. What we have now is a capital allocation that leads to deep inequality, Malpass said.

The inequality is growing worse. That means more countries falling further behind, not making advancements, and not having the investment that is needed. Some of that owes to the macro policies of the advanced economies. They've been borrowing very heavily from the global capital markets, which leaves less for other countries. That can be improved, he asserted.

As central banks raise interest rates, it's important for them to use all their tools and not be undercut by the government demand stimulus, Malpass said, adding that the central banks can use tools that add to supply and that allow capital allocation to be improved.

"I think that's going to be vital. They've been talking about, not just interest rates, but also shrinking the balance sheet, which I think would have a stimulative effect on the global investment climate, because it would occupy less of the capital at the central banks from the current situation. Also, they have regulatory policy tools that can be used to allow and encourage more investment in small businesses, in new businesses, that will be the dynamic portion of a new economy, he said.

Stressing that markets are forward looking, he said announcements on currency stability have an impact and announcements on capital allocation have a positive impact, as the world tries to confront various crises. Malpass said it was vital in global growth that there continue to be trade and cross-border trade flows and cross-border investment flows.

"Neighbours are some of the best trading partners, and that openness is important. I wanted to give that background, because trade and investment needs to cross borders, and fragmentation would subtract from the productivity of global capital, he said.

The World Bank president said there will be a strong effort to have less dependency on Russia for energy supplies and on China for the supply chain. PTI