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# NITI bats for pricing freedom on natural gas

SHINE JACOB

Chennai, 26 April

In a step towards India's goal of achieving a gas-based economy, the NITI Aayog has lined up a proposal to give complete marketing and pricing freedom to all natural gas produced in the country, including nominated gas fields.

The planning body is batting for selling all natural gas through the Indian Gas Exchange (IGX), the country's first natural gas exchange, where the buyer and

seller can decide on prices in a transparent manner, said sources aware of the development.

The move, if it gets cleared by the government, will be advantageous to companies like Oil and Natural Gas Corporation (ONGC) and Oil India (OIL), sitting on a majority of nominated fields.

At present, the notified gas price of \$6.1 per metric million British thermal unit (mmBtu) is up from \$2.9 per mmBtu during the October-March period.

Based on estimates, the break-even price for the ongoing and planned projects of ONGC are in the range of \$5-9 per mmBtu.

"The move will be helpful to not just ONGC and the nomination fields, but to the entire natural gas segment

in the country. When all the natural gas produced in the country is sold on the IGX, it will boost domestic production," said R S Sharma, former chairman and managing director, ONGC.

IGX was set up by the Indian Energy Exchange two years ago.

There are concerns, however, around the free pricing plans.

"They will impact the subsidy on fertilisers, in turn shooting up if prices are market-driven.

The city gas segment, which is getting natural gas

based on the Rangarajan formula, may also feel the squeeze. From the oil and gas sector, the big beneficiaries will be ONGC and OIL since most of their production is from the nomination fields," said Prashant Vasishth, vice-president and co-group head, ICRA.

The Aayog's plans also recommend the creation of a special purpose vehicle, with a pool of funds to be created by state-run companies and equal share by the government to boost the exploration sector. This may also include the engagement of an international partner as an executing agency. On successful exploration, this partner may be given participating interest in the block. This pooling of funds is to reduce risk by only one company.

**NITI Aayog favours selling all natural gas through the Indian Gas Exchange**

# India could better carbon neutral goal: IRENA chief

**REUTERS**

Mumbai, 26 April

India's focus on decarbonising its steel sector and developing offshore wind power will help it become carbon neutral ahead of its promised goal of 2070, the director-general of the International Renewable Energy Agency (IRENA) said.

IRENA's Francesco La Camera told the Reuters Global Markets Forum late Monday India was "very serious" about meeting the challenges and was very interested in developing offshore wind power. He said India was "on track" to reach its 2030 commitment to produce 50 per cent of its energy from non-fossil fuels. PM Narendra Modi has raised India's nationally determined contribution target of non-fossil energy capacity to 500 Gw by 2030, from just over 151 Gw.

# Oil prices weigh on India's growth: IMF

Dilasha Seth

dilasha.seth@livemint.com

**H**igh oil prices—a fallout of the Ukraine war—will weigh on India's growth prospects, increase its current account deficit and push up inflation, the International Monetary Fund said on Tuesday. It recommended monetary tightening to control inflationary expectations.

The multilateral institution in its latest World Economic Outlook estimated India's growth at 8.2% in 2022-23, down 0.8 percentage points from the January forecast, in view of geopolitical tensions and pandemic-induced slowdown in China.

“We see the difficult policy trade-offs with policymakers supporting growth, while controlling inflation. We have seen that inflation has spilled out of the tolerance band, which is an outcome of war as the country is dependent on oil and commodity imports,”

said Anne-Marie Gulde-Wolf, acting director of the IMF's Asia and Pacific department.

She added that in the short run, an accommodative fiscal stance -- higher spending -- is appropriate, supporting vulnerable households and putting focus on infra investments. At the same time, she said, “well communicated monetary policy actions are needed, probably some monetary tightening” -- which

would mean raising interest rates.

The multilateral agency has projected India's growth for 2023-24 to slow to 6.9% from 7.2% estimated earlier.

Gulde-Wolf added that to

enhance India's growth potential it was important to address structural weakness and bottlenecks. “These bottlenecks pertain to land, labour market, better education outcomes, and getting a higher share of females in the labour force. Some potential is there but requires policy actions,” she added.

**The IMF has recommended monetary tightening to control inflationary expectations**



# Reliance, TA'ZIZ ink pact for \$2 bn UAE chemical project

PTI

feedback@livemint.com

NEW DELHI

**B**illionaire Mukesh Ambani's Reliance Industries Ltd has signed a formal shareholder agreement for the \$2 billion TA'ZIZ chemical joint venture in the UAE and inked a pact to collaborate with ADNOC in finding and producing conventional and unconventional resources.

"Abu Dhabi Chemicals Derivatives Company RSC Ltd (TA'ZIZ) and Reliance Industries Ltd (RIL), have signed the formal shareholder agreement for the TA'ZIZ EDC and PVC project," the company said in a statement.

TA'ZIZ is joint venture between Abu Dhabi National Oil Co (ADNOC) and sovereign wealth fund ADQ.

Under the terms of a strategic agreement, Reliance and TA'ZIZ will build plants with the capacity to produce 940,000 tonnes per annum of Chlor-alkali, 1.1 million tonnes a year of ethylene dichloride and 360,000 tonnes per year of polyvinyl chloride at the TA'ZIZ Industrial Chemicals Zone.

Chlor-alkali is used in water treatment and manufacture of textiles and metals, while ethylene dichloride is typically used to produce PVC, which



RIL and TA'ZIZ will build plants with the capacity to produce 940,000 tonnes per annum of Chlor-alkali.

has a wide range of applications across housing, infrastructure and consumer goods.

"The TA'ZIZ EDC & PVC joint venture will construct and operate a Chlor-Alkali, Ethylene Dichloride (EDC) and Polyvinyl Chloride (PVC) production facility, with a total investment of over \$2 billion."

"These chemicals will be produced in the UAE for the first time, unlocking new revenue streams and opportunities for local manufacturers to 'Make it in the Emirates'," the statement added.

The formal shareholder agreement was signed by senior executives during a visit of Ambani, chairman and managing director of Reliance, to ADNOC headquarters.

During the visit, Ambani met Sultan Al Jaber, minister of Industry and Advanced Technology and ADNOC managing director and group chief executive officer, and discussed opportunities for partnership and growth in upstream, new energies and decarbonization across the hydrocarbon value chain, the statement said.

"Dr Al Jaber and Mr Mukesh Ambani exchanged a signed framework agreement between ADNOC and Reliance to explore collaboration in the exploration, development and production of conventional and unconventional resources in Abu Dhabi as well as in decarbonization of operations, including in carbon dioxide (CO2) sequestration," it said.

# RIL puts pen to paper on \$2-bn TA'ZIZ deal

Reliance Industries (RIL) and the Abu Dhabi Chemicals Derivatives Company RSC (TA'ZIZ) on Tuesday signed a shareholder agreement for a chemical project in Ruwais, Abu Dhabi. RIL derives over 60 per cent of its revenue and nearly 55 per cent of its operating profit from its oil-to-chemicals (O2C) business.



# RIL inks pact for \$2-bn UAE deal; in talks with ADNOC

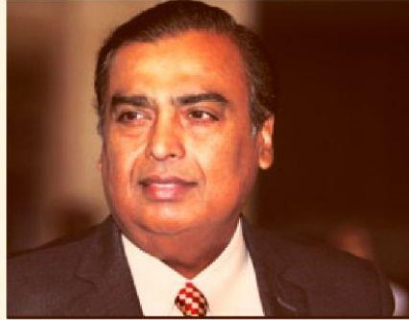
VIVEAT SUSAN PINTO  
Mumbai, 26 April

Reliance Industries (RIL) and the Abu Dhabi Chemicals Derivatives Company RSC (TA'ZIZ) on Tuesday signed a shareholder agreement for a chemical project in Ruwais, Abu Dhabi.

The development acquires significance as it will focus on chlor-alkali, ethylene dichloride (EDC) and polyvinyl chloride (PVC) production, which is used in a wide range of industrial applications. This is expected to unlock new revenue streams for RIL as well as the Abu Dhabi National Oil Company (ADNOC) and ADQ, an Abu Dhabi-based investment and holding company, who are strategic partners in TA'ZIZ, a joint venture company.

For the uninitiated, RIL derives over 60 per cent of its revenue and nearly 55 per cent of its operating profit from its oil-to-chemicals (O2C) business. This includes refining, petrochemicals and fuel retail. Retail and telecom, on the other hand, contribute 29 per cent and 17 per cent each to revenue, respectively, said analysts tracking RIL.

The investment in the TA'ZIZ chemical project is estimated at over \$2 billion, though RIL clarified that the final investment decision was expected later this year and was subject to regulatory



“ I AM LOOKING FORWARD TO IMPLEMENTATION OF THE PROJECT AT AN ACCELERATED PACE, TAKING A STEP FURTHER IN ENHANCING THE LIVES OF OUR PEOPLE IN THE REGION”

**MUKESH AMBANI**

Chairman, Reliance Industries

approvals.

Chlor-alkali enables the production of caustic soda, crucial to the alumina refining process. While EDC is used in the production of PVC, which is used to manufacture a wide range of products including pipes, windows fittings, cables, films and flooring.

RIL said that a formal shareholder agreement was signed by senior executives during a visit of Ambani, who is chairman and managing director (MD) of RIL, to the ADNOC headquarters.

The company said that Sultan Al Jaber, Minister of Industry and Advanced Technology and ADNOC MD and Group CEO exchanged a signed framework agreement with RIL for the exploration, development and production of conven-

tional and unconventional resources in Abu Dhabi as well as in decarbonisation of operations.

Experts said that the TA'ZIZ project would benefit from the free trade agreement between India and the United Arab Emirates (UAE), which was signed in February this year. Chemicals was a priority sector for the UAE, with RIL considering investing in more such projects.

“This joint venture is a testimony to the strong and growing ties between India and the UAE and will be a benchmark for more such projects built on the strengths of the two nations. I am looking forward to implementation of the project at an accelerated pace, taking a step further in enhancing the lives of our people in the region,” Ambani said.

# RIL, TA'ZIZ sign pact for \$2-bn project

FE BUREAU

Mumbai, April 26

**RELIANCE INDUSTRIES (RIL)** and Abu Dhabi Chemicals Derivatives Company RSC (TA'ZIZ) have entered into a formal shareholders' agreement for the development of an ethylene dichloride (EDC) & polyvinyl chloride (PVC) project in Ruwais, Abu Dhabi. State-run Abu Dhabi National Oil Company (ADNOC) and investment firm ADQ hold stakes in TA'ZIZ. The joint venture will construct and operate a chlor-alkali, ethylene dichloride and polyvinyl chloride production facility, with a total investment of over \$2 billion.

RIL signed a strategic partnership agreement with ADNOC last year in June to set up a joint venture for the development of a chemicals project at the TA'ZIZ Industrial Chemicals Zone in Ruwais.

Chlor-alkali is used to produce caustic soda, crucial for refining alumina, while EDC is used to produce PVC, used to make consumer products.

**Continued on Page 2**



## RIL, TA'ZIZ sign pact for \$2-bn project

This includes pipes, windows fittings, cables, films and flooring. "Chlor-Alkali, EDC, and PVC will create opportunities for export to target markets in Southeast Asia and Africa, as well as provide local industry with a source of critical raw materials manufactured in the UAE for the first time, strengthening In-Country Value," RIL said in a statement.

The final investment decision for the chemical project is expected later this year and is subject to relevant regulatory approvals, it said. The chemicals project is expected to strengthen Abu Dhabi's domestic supply chain and support UAE's national strategy to empower the industrial sector and become robust domestic economy over the next 50 years, RIL said in a statement.

It is expected that the TA'ZIZ complex will benefit from the free trade agreement between India and the United Arab Emirates, which was signed in February of this year. Bilateral trade between both nations will be boosted as new trade and development opportunities, such as TA'ZIZ, are further unlocked, the statement added. "The project is making solid progress towards the detailed design phase in

advance of the final investment decision (FID) which is expected to be taken later this year," the company said.

The companies are also looking at opportunities in the exploration, development and production of conventional and unconventional resources in Abu Dhabi as well as in decarbonization of operations, including in carbon dioxide sequestration.

Mukesh Ambani, chairman and managing director of RIL and Sultan Al Jaber, minister of industry and advanced technology and ADNOC managing director and group CEO, in their meeting at ADNOC headquarters discussed opportunities for partnership and growth in upstream, new energies and decarbonisation across the hydrocarbon value chain. Ambani also met with Mohamed Jameel Al Ramahi, CEO of Masdar, to explore potential opportunities for collaboration in renewable energy and green hydrogen. The UAE has ambitious plans to grow its renewable energy portfolio and strengthen its clean hydrogen production capabilities.

As per the "Hydrogen Leadership Roadmap" announced in December 2021, the UAE will create a global clean energy powerhouse, under the Masdar brand, consolidating the efforts of ADNOC, TAQA and Mubadala in renewable energy and green hydrogen to create a new world-class entity, it said.

# RIL, TA'ZIZ sign pact on EDC, PVC unit

## SPECIAL CORRESPONDENT

MUMBAI

Abu Dhabi Chemicals Derivatives Company RSC Ltd. (TA'ZIZ) and Reliance Industries Ltd. (RIL), have signed a formal shareholders agreement for the TA'ZIZ EDC & PVC project, both companies said.

Reliance is a strategic partner with Abu Dhabi National Oil Company and ADQ in TA'ZIZ EDC & PVC, a world-scale chemicals development project at the TA'ZIZ Industrial Chemicals Zone in Ruwais.

The TA'ZIZ EDC and PVC joint venture would construct and operate a Chlor-Alkali, Ethylene Dichloride (EDC) and Polyvinyl Chloride (PVC) production facility at a total investment of more than \$2 billion.

# Small towns ride past metros in electric two-wheeler sales

SHINE JACOB & SHALLY SETH MOHILE  
Chennai/ Mumbai, 26 April

Of all the news about electric two-wheelers catching fire over the last month, only one has come from Chennai. All the other incidents occurred in smaller towns. It is places such as Warangal, Coimbatore, Trichy and Nizamabad that have seen multiple incidents of electric two-wheelers going up in flames and stoking concerns about the safety of their lithium-ion batteries.

Data from the Council of Energy, Environment and Water tells us why. In the country's biggest electric two-wheeler buying states, towns with less than a million people accounted for the majority of the sales: 56 per cent in Maharashtra, 75 per cent in Karnataka, and 78 per cent in Tamil Nadu.

It helps that the charging infrastructure needed for electric two-wheelers is much simpler than what electric cars need. "As electric two-

## DRIVING DEMAND

Small towns' contribution to electric two-wheeler sales



EVs sold for every 1,000 non-EVs



Note: Figures as of FY22  
Source: Council on Energy, Environment and Water

wheelers don't really require sophisticated charging infrastructure, small towns may be equally well-placed to participate in the transition," said Gagan Sidhu, director, CEEW Centre for Energy Finance.

This means small towns are buying electric two-wheelers with the same fervour that they have for two-wheelers

running on internal combustion engines and burning petrol. So far, EVs were considered as urban or big city vehicles due to the lack of charging facilities in small towns and various other reasons.

For all two wheelers, 69 per cent of the purchases in Maharashtra are in small towns. The figures are 79 per cent for Karnataka, and 82 per cent for Tamil Nadu.

Manufacturers of electric two-wheelers agree. Ather Energy, for instance, kick-started its journey in Tier 1 markets, but soon expanded into Tier 2 and 3 towns. "The demand in small towns was phenomenal," said Ravneet S Phokela, Ather's chief business officer.

"This yet again challenges the stereotype that Tier 2 and 3 markets are predominantly price-driven. Consumers see electric vehicles as an upgrade and as the technology of the future. The attractive total cost of ownership drives the willingness to pay a premium."

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## Small towns ride past...

The sustained rise in petrol prices has sharply increased the overall cost of ownership for traditional two-wheelers, squeezing household budgets in small towns where average incomes are lower than in the metros. "Buyers over there are lapping up electric two-wheelers," said Nikunj Sanghi, who owns J S Four Wheel, a dealer for Hero MotoCorp and Mahindra and Mahindra, in Alwar, Rajasthan.

Coimbatore-based Boom Motors, which was part of a fire incident, told Business Standard recently that more than 60 per cent of its orders were coming from Tier 2 and 3 towns, such as Coimbatore, Kanchipuram, Chittoor, Ernakulam, Mysuru, and Visakhapatnam.

A report by JMK Research

says overall EV sales in March 2022 bounced back to their growth trajectory, clocking 77,128 units – a 196 per cent increase over March 2021. This was driven by a three-fold rise in the demand for electric two-wheelers.

At the national level, EVs crossed 1 per cent of total vehicle sales in January 2021, 2 per cent in August 2021, and 3 per cent in December 2021. For March 2022, they were more than 4 per cent.

# Focused on diplomacy, not sanctions: Blinken

U.S. wants countries to voluntarily give up Russian oil rather than forcing them

SRIRAM LAKSHMAN  
WASHINGTON DC

The U.S. is focused on voluntarily getting countries to move away from purchasing Russian oil at discounted prices and not imposing secondary sanctions now, Secretary of State Antony Blinken told the Senate Foreign Relations Committee on Tuesday, at a hearing on the FY2023 State Department Budget.

Questioned by Senator Chris van Hollen (Democrat,

Maryland) on why the U.S. was not imposing secondary sanctions on countries purchasing Russian oil at a discount, following Russia's invasion of Ukraine, Mr. Blinken said that where preferable, the U.S. wanted to "get countries to voluntarily not engage" in the practice.

Imposing sanctions could also have the opposite of the desired effect, and end up being profitable for Russian President Vladimir Putin, the Secretary said.

"...We want to make sure that we are not taking actions in the near term that may have the result of spiking energy prices, and thus lining Putin's pockets instead of taking resources away," Mr. Blinken said.

## China singled out

"We have to do it in a deliberate way so that we don't have an effect contrary to the one that we're trying to achieve," he said.

While China was singled

out during this exchange, there was no direct mention of India. The U.S. has been pressuring India, which imports a few percentage points of its total energy import bill from Russia to not increase its purchases of oil from Moscow. New Delhi has purchased discounted oil from Moscow, with Finance Minister Nirmala Sitharaman saying that India's national interest comes first and the country would buy fuel at lower prices, if available.

# 'Scrap coal import duty to bolster power supply'

## Need more rail rakes, says Assocham

**PRESS TRUST OF INDIA**

NEW DELHI

Assocham has made a case for duty-free import of coal, greater availability of railway rakes to transport the dry fuel and a different rate of diesel for captive generators for dealing with the power supply issue this summer.

“We urge States and discoms not to differentiate against commercial consumers in power supply. This is critical because growth in industrial production remains muted despite the overall economic recovery,” the association’s Secretary General Deepak Sood said in a statement.

Assocham has suggested key measures, including duty-free imports of coal along



with increased availability of railway rakes for movement of coal and a differential rate of diesel for captive generator sets for tackling challenges of power supply in several States, amidst unprecedented early onset of heatwave conditions in several parts of the country.

“Although the import duty on coal is 2.5%, we would urge scrapping the duty for now in view of the pressing situation,” he stated.



## एसोचैम का कोयले पर आयात शुल्क हटाने का सुझाव

नई दिल्ली। उद्योग मंडल एसोचैम ने बढ़ते तापमान के कारण बिजली की मांग से निपटने के लिए कोयला पर लगने वाले आयात शुल्क को शून्य करने की वकालत की है। एसोचैम ने शुष्क ईंधन के परिवहन के लिए रेलवे रैक की उपलब्धता बढ़ाने पर जोर देने के साथ और कैप्टिव जनरेटर के लिए डीजल की अलग दर रखने का सुझाव दिया है। एसोचैम के महासचिव दीपक सूद ने मंगलवार को एक बयान में कहा, हम रज्यों और वितरण कंपनियों (डिस्कॉम) से बिजली आपूर्ति में वाणिज्यिक उपभोक्ताओं के साथ भेदभाव नहीं करने का आग्रह करेंगे। यह महत्वपूर्ण है क्योंकि समग्र आर्थिक पुनरुद्धार के बावजूद औद्योगिक उत्पादन में वृद्धि सुस्त बनी हुई है। एसोचैम ने देश के कई हिस्सों में बढ़ते तापमान के बीच बिजली की मांग से निपटने के लिए कोयले के आयात पर शुल्क हटाने के साथ-साथ रेल के जरिए कोयले की आपूर्ति बढ़ाने के उद्देश्य से रैक की उपलब्धता बढ़ाने का सुझाव दिया है। केंद्र सरकार ने आयातित कोयले को घरेलू कोयले के साथ 10 प्रतिशत तक मिलाने की अनुमति दी है। वहीं वैश्विक आपूर्ति बाधाओं और अंतरराष्ट्रीय बाजारों में कीमतों में तेज वृद्धि से बिजली उत्पादन कंपनियों को दिक्कतों को सामना करना पड़ रहा है।