ONGC News, 22.10.2020 Print

The Economic Times
'Fuel Demand, Work on Sites to Reach Pre-Could Level by Dec'
Oct 22, 2020 | Delhi | Pg No.: 8 | | Sq Cm:252 | AVE: 2581313 | PR Value: 12906563

HPCL will stick to ₹12,000-cr capex plan for the year, says its chairman

'Fuel Demand, Work on Sites to Reach Pre-Covid Level by Dec'

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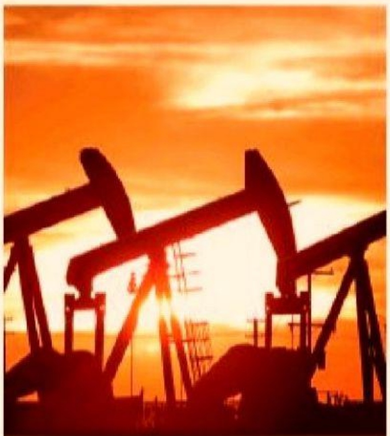
Mumbai: State-run oil refiner and oil marketing company HPCL has seen a pickup in fuel demand and construction work at its project sites and expects it to reach pre-Covid levels by December, chairman Mukesh Kumar Surana told **ET**.

Despite the disruption in construction work at its projects due to the pandemic, the company is confident of meeting its target of ₹12,000 crore capital expenditure in 2020-21.

"Petrol demand is already at pre-Covid levels; diesel demand is expected to reach those levels by the end of the current quarter. Diesel demand in this month, so far, is higher than the same period last year," said Surana, who is also the managing director.

The nationwide lockdown to check the coronavirus outbreak resulted in significant contraction in demand, due to which refiners had to regulate operations and ended up with surplus inventory. But the situation is now easing.

"If we compare on a month-on-month basis, sales have picked up. If we compare year-on-year, things are coming back on track. But because we have lost sales in the initial period of the current fiscal year, on an annual basis, we will have to see if we can make up for what we have lost," Surana said.



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MUKESH KUMAR SURANA
HPCL Chairman

HPCL had to halt work at project sites — it faced flight of labour during the Covid-19 lockdown and the monsoon season that followed.

"We are sticking to our ₹12,000 crore capex plan for the year. We had to close down the sites during the lockdown, but gradually the work restarted from April-end. Now, work on all sites is on; it may still not be at pre-Covid levels, but it has picked up substantially. We have around 40,000 people working across sites," Surana said.

HPCL was acquired by state-run oil explorer ONGC in 2018. ONGC is in the process of merging ONGC Mangalore Petrochemicals (OMPL) and Mangalore Refinery and Petrochemicals (MRPL). The process is expected to be completed by June 2021.

"The merger activity is being done in two stages — the first step will be the merger of OMPL with MRPL, for which the approvals are in place and process has started. Once that is completed, then we will go ahead with the merger of MRPL with HPCL," Surana said.

The Hindu Business Line
The drill to get ONGC future-ready
Oct 22, 2020 | Delhi | Pg No.: 8 | | Sq Cm:370 | AVE: 683971 | PR Value: 3419854

BABU BEAT

The drill to get ONGC future-ready

RICHA MISHRA

Earlier this month, while addressing ONGC's shareholders at its Annual General Meeting, Chairman and Managing Director Shashi Shanker said a strategic restructuring of the group by 2025 was on the anvil. This was to make the organisation future-ready, he said.

Like any other corporate house, the PSU energy behemoth is looking at opportunities for optimising its capital and operational expenditures. The pandemic has prompted it to look at not only its businesses but working conditions as well.

"The Covid-19 crisis has clearly highlighted the need for centralisation of services and decision-making wherever possible for a more agile and future-ready organisation," the CMD said. So what is the organisation doing?

Shared service model

At the heart of the new structure is a shared service model.

As the CMD explained, "One ambitious project is creating an 'Integrated Shared Service Centre' that will facilitate standard services, seamless data flow, improved processes, centralised information and pooling of resources to deliver efficient services to end users with optimised resources." Simply put, a more centralised way of working.

But is the organisation waking up too late?

According to Alka Mittal, Director (Human Resource) at ONGC, the restructuring thought process had started a couple of years back. A reputed consulting group was roped in and brainstormed, along with an internal team. Recommendations made by this group were discussed in-depth at various levels in the organisation. ONGC was preparing itself to become a diversified energy company by 2040, with the idea that 45 per cent of its young workforce would still be part of the organisation two decades later.

But the Covid pandemic has accelerated the process, with work from home being put to force and the organisation using its digital and technological strength to the maximum. Mittal asserts that the organisational and human performance was not impacted during the lockdown, with field personnel performing extended duties both at offshore and on-land field locations, and targets met.

The big crew change

Over the last three years, around 2,000 people have retired annually from ONGC while around 1,000 were recruited every year. "We refer to this as the big crew change," says Mittal. The average age is now 42.8 years.

Today, for the same service being offered in different set-ups of the organisation, there will be no new team but an integrated team at the central or sectoral level. Mittal is also quick to point out that this doesn't mean less recruitment or layoffs, but work force induction would be for a different job profile.

For example, the tendering process — one of the most sensitive areas of ONGC — is going to be completely faceless. The organisation is also working towards sectoral rationalisation — movement of field personnel within the region.

According RS Sharma, former Chairman and Managing Director, ONGC, "shared services concept is now a new normal across all corporates globally. Back offices are nothing but shared services of large MNCs. It definitely brings efficiency. But the organisations have to put in proper checks and balances and ensure timely responses."

Under the current set-up, local bosses can monitor everything and there is a personal intervention. However, this won't be so once "shared services" are brought in.

Offshore oil rig of ONGC (file pic)

It will be a centralised, technology-driven system where, for example, all HR issues or procurement issues will be handled by one set of people.

ONGC has the software, what needs to be ensured is efficiency, says Sharma. Yes, it also means reduced manpower, and uniformity in interpretation of rules, Sharma adds.

Stuck in binaries

Aashish Chandorkar, a public policy commentator, feels that the discussion on India's Central Public Sector Enterprises (CPSEs) is stuck in binaries. "What we need to accept is that not all CPSEs need to be run by the government as well as the fact that some areas do need a public sector footprint. Upstream oil and gas firm like ONGC is one such example. That said, I would say a public sector firm should also be run efficiently and like a business. It is hence a positive step that ONGC is setting up a shared services centre to bring in operational efficiencies across various business lines," he said.

It is a fairly standard industry practice to look at synergies between component businesses and subsidiaries in the areas of supply chain operations, procurement, accounts payables and receivables, human resources and legal operations, he said.

Even global firms like BP are doing this right now — they announced a shared services centre in Pune in June 2020.

It is in India's best interests to run the key CPSEs as competitive businesses, creating the right strategic focus and financial capacity to achieve the national goals for which they are being operated.

Bharat Petroleum Employee Trust buys 2% stake from treasury for ₹1,500 crore

BLOOMBERG
October 21

A newly formed employee trust of Bharat Petroleum Corporation spent about ₹1,500 crore ($204 million) to purchase treasury stock of the State-run refiner in a block deal. Bharat Petroleum sold 4.34 crore treasury shares at Tuesday's closing price of ₹343.35 to the trust, N Vijayagopal, Director, Finance, said on Wednesday. The trust Employee Stock Purchase Scheme has been formed to provide stock at a discount to eligible employees.

Interest-free loan

Shares of BPCL climbed 1.81 per cent to ₹349.55 on the BSE. They have declined 29 per cent this year. The State-run refiner at its annual shareholder meeting held in September decided to allocate 2 per cent of its paid-up capital to employees at discounted rates.

About 9.3 per cent is held as treasury shares. The trust, which has senior employees as its three trusties, has been given an interest-free loan by Bharat Petroleum of about ₹1,500 crore to buy the treasury stock.

Privatisation

The trust will hold the shares for six months before transferring it to eligible employees. The money will be used to repay the loan. Any discount will be absorbed by the state-run refiner. Vijayagopal said, "the Centre is offering Bharat Petroleum employees shares at a discounted price as an incentive to allow the firm to be privatised. The company is yet to decide on the remaining 7.33 per cent of paid-up capital that is left as treasury stock.

It plans to announce a decision before request for proposal for disinvestment is issued. "If November 16 is the last day for Expression of Interest and there is no further extension, then by the end of December we will come to a final decision."

"We have three options — we can either hold it, share it or cancel it," Vijayagopal said, referring to the remaining treasury shares. The BPCL board has the permission of the government, its largest shareholder, for both options of either selling or cancelling remaining treasury shares.

Business Standard
BPCL employee trust buys 2% stake from treasury
Oct 22, 2020 | Delhi | Pg No.: 6 | | Sq Cm:23 | AVE: 55940 | PR Value: 279698

BPCL employee trust buys 2% stake from treasury

A newly formed employee trust of Bharat Petroleum spent about ₹15 billion to purchase treasury stock of the state-run refiner in a block deal. Bharat Petroleum sold 43.4 million treasury shares at Tuesday's closing price of 343.35 rupees to the trust, N Vijayagopal, director of finance, said on Wednesday. **BLOOMBERG**

CPCL reports net profit of ₹291 cr in Sept quarter

CHENNAI PETROLEUM Corporation (CPCL), an IndianOil company, has reported a net profit of ₹290.58 crore for the second quarter of FY21 against a net loss of ₹212.97 crore in the corresponding quarter of last fiscal.

Business Standard
Essar Oil UK names Stein Ivar Bye as new chief executive
Oct 22, 2020 | Delhi | Pg No.: 2 | | Sq Cm:22 | AVE: 55045 | PR Value: 275224

Essar Oil UK names Stein Ivar Bye as new chief executive

The board of Essar Oil UK has announced the appointment of Stein Ivar Bye as chief executive officer (CEO). Bye will be based at the firm's Stanlow manufacturing complex in Ellesmere port, Cheshire. He was with ExxonMobil for 25 years and was later chief operating officer at Sweden's largest fuel company Preem. **PTI**

Business Standard
Israel, UAE open talks over secret oil pipeline
Oct 22, 2020 | Delhi | Pg No.: 10 | | Sq Cm:41 | AVE: 102305 | PR Value: 511526

Israel, UAE open talks over secret oil pipeline

Israel and the United Arab Emirates have opened talks over an oil pipeline linking the Red Sea with the Mediterranean, whose operations Israeli officials treat as top secret. Europe Asia Pipeline, controlled by Israel's government, and UAE-based MED-RED Land Bridge signed a memorandum of understanding to collaborate on the transportation of crude and oil products between the Persian Gulf and Western markets, according to an EAPC statement on Tuesday.The agreement comes after the UAE and Israel announced in August they would normalise ties. **BLOOMBERG**

MINT SHORTS

Abbott quarterly profit rises 28.3% on strong sales of covid-19 tests

BLOOMBERG

Abbott Laboratories posted a 28.3% rise in third-quarter profit on Wednesday, helped by strong sales of covid-19 tests and strength in its nutrition and diabetes businesses. The company's net earnings rose to $1.23 billion, or 69 cents per share, in the quarter ended 30 September, from $960 million, or 53 cents per share, a year earlier. **REUTERS**

ILO says garment industry should do more to help workers

Mito (Japan): The ILO issued a report on Wednesday noting that imports from major garment-exporting countries in Asia plunged by up to 70% in the first half of 2020 and are still well below levels before the crisis hit, costing many workers their jobs as factories closed or cut back on production. While that has had dire consequences for those working in the industry, most of them women, the pandemic is an opportunity for fashion brands to make their supply chains more resilient, sustainable and "human centred", said Christian Viegelahn, a senior economist at the ILO's regional office in Bangkok. **AP**

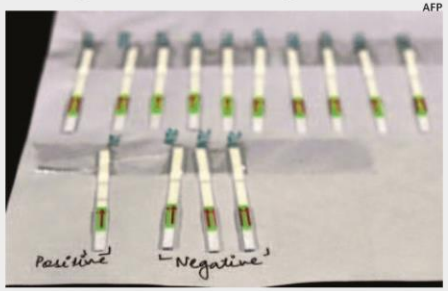
StanChart to rent offices in India for one of its largest campuses

Standard Chartered Plc will rent space in an Indian project being developed by a local builder and Singapore's sovereign wealth fund to create one of its biggest campuses. The London-based bank's Standard Chartered GBS unit will lease 770,000 square feet for 15 years in Chennai, in a project being developed by DLF Ltd and GIC Pte, DLF's Executive Director Amit Grover said by phone on Wednesday. He declined to share a deal value citing client confidentiality. Standard Chartered could pay as much as ₹1 billion ($14 million) each year, according to the *Economic Times*, which reported the deal earlier without saying where it got the information. Construction began in January 2020 and is scheduled to be completed over three to six years, according to DLF's website. **BLOOMBERG**

MINT

IIT-Kharagpur develops low-cost, portable testing device

AFP



New Delhi: The Indian Institute of Technology (IIT)-Kharagpur has developed a low-cost portable covid-19 testing device that can deliver results within an hour and it has also received certification from the Indian Council of Medical Research (ICMR). According to IIT-Kharagpur officials, 'COVIRAP' is a cuboid-shaped portable testing device that can deliver results in an hour, making it an effective tool to scale up coronavirus screening in peripheral and rural areas. **PTI**

Bharat Petroleum Employee Trust buys 2% stake from treasury


HT

A newly formed employee trust of Bharat Petroleum Corp. spent about ₹15 billion to purchase treasury stock of the state-run refiner in a block deal. Bharat Petroleum sold 43.4 million treasury shares at Tuesday's closing price of ₹343.35 to the trust, N. Vijayagopal, director of finance, said in a phone interview Wednesday. **BLOOMBERG**

IMF cuts Asia's growth forecast, warns of pandemic-driven risks

Tokyo: The International Monetary Fund (IMF) slashed this year's economic forecast for Asia, reflecting a sharper-than-expected contraction in countries such as India, a sign the coronavirus pandemic continues to take a heavy toll on the region. In its report on the Asia-Pacific region released on Wednesday, the global organization, among other things, said India's economy is likely to shrink 10.3% this year in stark contrast to China, which is all set to expand at 1.9%. **REUTERS**

एनटीपीसी समर्थित रत्नागिरि गैस को ऋणों के एकमुश्त निपटान की दरकार

अभिजित लेले
मुंबई, 21 अक्टूबर

पूर्व में दाभोल पावर के नाम से चर्चित रत्नागिरि गैस ऐंड पावर प्राइवेट लिमिटेड (आरजीपीपीएल) ने 1,461 करोड़ रुपये के बकाया ऋणों के लिए एकमुश्त निपटान (ओटीएस) के अनुरोध के साथ अपने ऋणदाताओं से संपर्क किया है। ताप विद्युत उत्पादक ने सितंबर 2020 में बकाया ऋणों के अपने मूल हिस्से की अदायगी में विलंब किया, जबकि उसने उस महीने के लिए बकाया ब्याज चुका दिया।

आरजीपीपीएल एनटीपीसी (25.51 प्रतिशत), गेल (25.51 प्रतिशत), एमएसईबी होल्डिंग कंपनी लिमिटेड (एमएसईबीएचसीएल-13.51 प्रतिशत) और वित्तीय संस्थानों - आईडीबीआई बैंक, एसबीआई, आईसीआईसीआई बैंक (31.55 प्रतिशत की संयुक्त शेयरधारिता के साथ) द्वारा प्रवर्तित है। इसका गठन दाभोल पावर कंपनी लिमिटेड

(डीपीसीएल) के स्वामित्व वाली पावर प्रोजेक्ट की आंशिक रूप से संपूर्ण परिसंपत्तियों के अधिग्रहण के मकसद से किया गया था। विद्युत संयंत्र की क्षमता 1,967.08 मेगावॉट है। रेटिंग एजेंसी केयर के अनुसार, कंपनी ने अपने ऋणदाताओं के लिए ओटीएस का प्रस्ताव रखा था जिसके लिए प्रमुख ऋणदाता ने 1 सितंबर 2020 की आखिरी तारीख के साथ सैद्धांतिक मंजूरी दी। अन्य ऋणदाता जरूरी मंजूरियां लेने की प्रक्रिया में हैं। एक वरिष्ठ बैंकिंग अधिकारी ने कहा कि कंपनी के प्रवर्तक ऋणदाताओं के बकाया चुकाने और कर्ज-मुक्त कंपनी बनने के लिए वित्तीय सहायता मुहैया करा रहे हैं।

केयर ने कंपनी की दीर्घावधि बैंक देनदारियों की रेटिंग 'बीबी-' से घटाकर 'डी' कर दी है। आरजीपीपीएल की दीर्घावधि रेटिंग में संशोधन उसकी मूल देयताओं के भुगतान में विलंब की वजह से किया गया है। कंपनी का परिचालन ईंधन की कम उपलब्धता की वजह से प्रभावित हुआ है। कंपनी ने प्रतिस्पर्धी दरों पर एलएनजी हासिल करने के लिए अगले पांच साल (1 अप्रैल, 2017 से) गेल (इंडिया) लिमिटेड के साथ दीर्घावधि ईंधन समझौता किया है। हालांकि, पिछले 12 महीनों में गैस की उपलब्धता सामान्य जरूरत के मुकाबले काफी कम रही है। कंपनी अपने विद्युत संयंत्र कम गैस उपलब्धता और एमएसईडीसीएल में मौजूदा विवाद की वजह से कम उपयोगिता स्तर पर चला रही है। आरजीपीपीएल के तीन विद्युत ब्लॉकों में से सिर्फ एक ही परिचालन में है और दूसरे को बैक-अप के तौर पर रख गया है।

ECONOMIC AFFAIRS SECRETARY TARUN BAJAJ OUTLINES PLANS TO LIFT BONDS MARKET

PM to Meet Global Fund Houses' Brass

Govt also working with RBI to enter global bond indices, move expected to bring depth to domestic G-Sec market

Our Bureau

New Delhi: Prime Minister Narendra Modi will soon meet officials of 15 leading global fund houses amid heightened interest from foreign investors seeking stable returns in India, according to Tarun Bajaj, economic affairs secretary.

The government is also working with the central bank to get India included in global bond indices, which would lift flows into bond market.

"Fund houses from all over the world are getting in touch with us and saying if you can provide us with some good assets which require patient capital and give not very high returns but stable returns," Bajaj said at a virtual conference hosted by the Confederation of Indian Industry (CII) Wednesday.

"That is another area we are looking at and the prime minister is soon, himself, going to meet about 15 leading (fund) houses from the world... to get their views," he said.

Pension funds from Canada, the US, Europe and Australia have reached out to the government, Bajaj said. The Centre is also working with domestic insurance and pension fund regulators to tweak regulations, so that more stable capital flows towards infrastructure projects.

"The EPFO has been more than active, I would say, to actually consider tinkering with some of their regulations to see what money they can put into this (infrastructure) sector. So are we trying with the insurance regulator and pension regulator," Bajaj said.

GLOBAL BOND INDICES

The government was also trying to get India included in the global bond indices. "The Reserve Bank of India and we are actually working towards that and I am sure, in some time, we should be able to gain entry into that and that will provide further depth, especially to the G-Sec bond market," Bajaj said.

ADDITIONAL GOVERNMENT SPENDING

The government was also working on ways to increase its expenditure to boost the economy and any additional support would be provided in the revised estimates of this year's budget, Bajaj said.

"The finance minister, yesterday (Tuesday), in our interaction, or day before, has mentioned that. She has told us to work on that (additional expenditure)," Bajaj said.

"We have actually mentioned it to the departments to push such capex that has a multiplier effect, it touches the last mile where actual work happens on the ground. And if there is more money needed, we would be providing that in our revised estimates also," he added.

PRIVATISATION OF PSUS

Bajaj expects Cabinet nod for privatisation of public sector units to come through soon. "Though it's an open secret but till it gets the stamp of the Cabinet, we are not satisfied about it. It should happen very soon," he said.

So far, the government has come out with privatisation plans for PSUs like Concor, AI and BPCL.

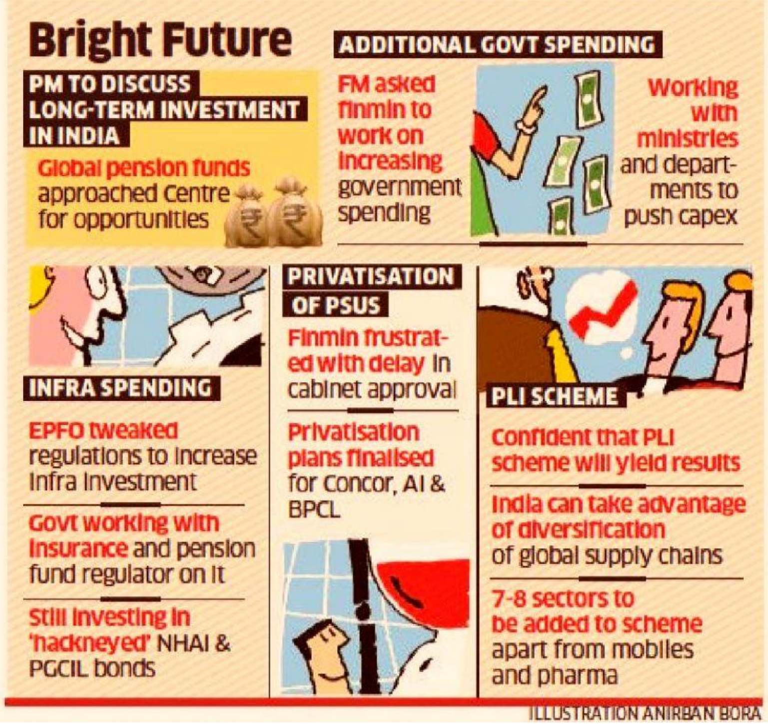


ILLUSTRATION ANIRBAN BORA

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Reining in monopolies

Anti-trust suit against Google could have lessons for India

The US Department of Justice has launched an anti-trust suit against Google, accusing the search engine giant of deploying anti-competitive practices and using market dominance to muscle out rivals. As of now, 11 states have joined the federal lawsuit. The implications could be far-reaching. In an extreme scenario, Google could be forced to break up business divisions and spin them off into different companies after erecting "Chinese Walls" to ensure fair access to rivals. At the very least, it will spend time, headspace, and expensive legal resources to fight these charges. It is also likely that the regulatory contours of the search engine business will change as a consequence, whether Google is exonerated or not.

Although the timing of the suit, initiated by a Republican Administration two weeks before a presidential election, has led to conspiracy theories, there is bi-partisan support. Senior Democratic Party leaders have made similar charges. The suit follows up on a recent joint-party report by Congress, which accuses Google, Amazon, Apple, and Facebook of monopolistic actions. Anti-trust suits can be protracted. The most famous case for business historians was the break-up of energy behemoth Standard Oil into 34 companies by a US Supreme Court decree, back in 1911. Telecom monopoly AT&T was broken up into the seven regional "Baby bells" in 1984. The last such US lawsuit was in 1998, when Microsoft was accused of misusing its dominance in operating systems to force-feed the Internet Explorer browser. Prior to that, IBM endured an anti-trust suit between 1969 and 1982. IBM and Microsoft emerged legally unscathed. But both companies lost market share as they focused on legal battles. In the 1980s, IBM allowed Microsoft and Apple to grab the nascent home PC market; Microsoft was overtaken by Mozilla and Google in the browser wars.

Google has long been under the scanner for allegedly monopolistic behaviour. It holds an overwhelming market share in search and, hence, in search-related advertising. Advertising contributed about $135 billion in 2019, which was 84 per cent of Google's revenues. Google's licensed operating system, Android, also rules the smartphone market, while the Chrome browser has a dominant market share in desktops and mobiles. The Android dominance allows Google to charge a whopping 30 per cent commission on apps listed in the Android Play Store. This suit accuses Google of using that dominance to promote other businesses it controls. It was fined a record €4.3 billion in the EU for anti-competitive practices, and told to offer a choice of four default browsers on the Android. The tech giant turned that EU decree into a revenue-generator. It holds auctions every quarter where other search engines bid to be installed on Android smartphones.

This suit could open the floodgates for similar action against Apple, Facebook, Amazon, and others. That US Congress report referenced above alleges Amazon mistreats third-party sellers; Apple's app-store fees and policies are anti-competitive; and Facebook has tried to eliminate rivals via targeted acquisitions. In principle, reining in monopolies is a good thing. India's experience is a pointer. Consumers have benefited as government monopolies have been removed in sectors such as banking, aviation, and telecom. Whenever any sector turns into a monopoly, or becomes highly concentrated in market share, regulators must also ensure competition is not wiped out by unethical means. India's own Competition Commission needs to consider being more active in the regulation of sectors like telecom, retail, ports, and airports, where such concentrations are occurring.

Consumers may get relief on petrol, diesel prices this festive season

IANS ■ NEW DELHI

Consumers can cheer as oil marketing companies (OMC) may actually bring down the retail prices of petrol and diesel this festive season.

Oil sector experts said that with global oil prices under pressure from slowing demand in the second wave of Covid-19 pandemic sweeping several western countries, crude price could fall in coming days. If this holds on for a week or so, there could be positive gains for auto fuel consumers in India by way of a fall in retail price of petrol and diesel.

Global crude prices are holding close to $ 42 a barrel now. It has been hovering between $ 40-42 a barrel for over a month now. But with lower oil demand and rising inventory, there is fear a song oil producing companies that crude prices may start falling again.

OMCs in India have been holding on to the retail price of petrol and diesel for close to a month now. Even on Wednesday, the price of two petrol products remained unchanged. With this, petrol prices have now been unchanged for 29 days at a stretch while diesel prices were the same for the 19 consecutive days.

Price of petrol in the national capital was at Rs 81.06 per litre. In Mumbai, Chennai and Kolkata, the fuel was sold for ₹87.74, ₹84.14 and ₹82.59 per litre, respectively.

Diesel prices in Delhi, Mumbai, Chennai and Kolkata were at ₹70.46, ₹76.86, ₹ 75.95 and ₹73.99, respectively.But with fresh indications on global oil prices, domestic oil companies could revise the retail price downwards. However, their margins would be protected as oil demand in the country had picked up latterly getting over even the last years numbers. Retail sales have picked up with the gradual reopening of the economic activities. First time since lockdown, diesel sale in the country has crossed over the pre-covid level with the country's most widely consumed fuel witnessing a nine per cent year-on-year growth in the first 15 days of Oct .The surge in demand after months of subdued sales is the direct result of an increase in the transport activities ahead of the festival season as consumers move out to make those necessary purchases.

Rashtriya Sahara

Apne shehron ko hum pradushan mukt banane ke liye nishthapurvak kaam kar rahe hai ....

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अपने शहरों को प्रदूषण मुक्त बनाने के लिए हम निष्ठापूर्वक काम कर रहे हैं। इसके अलावा नागरिकों के लिए जीवन की गुणवत्ता भी सुनिश्चित कर रहे हैं। भारत को गैस आधारित अर्थव्यवस्था में बदलने के लिए पहले ही 4 लाख करोड़ से अधिक का निवेश किया जा चुका है

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