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August diesel sales 12% less than July

FE BUREAU

New Delhi, September 9

CONSUMPTION OF DIESEL in August was 12% lower than the levels recorded in July, signalling that the re-imposition of lockdown curbs in many areas has slowed industrial and commercial consumption.

On a year-on-year basis, diesel consumption was down 20.7% to 4.9 MT in August. Diesel sales itself contribute to around 40% of the total consumption of petroleum products in the country.

While rural agricultural demand is mainly driving diesel consumption, floods in Bihar and northeastern states has moderated the speed of demand recovery. Muted sales of commercial vehicles is also not letting diesel sales rise.

According to provisional data by the government's petroleum planning and analysis cell (PPAC), petrol sales were down 7.5% annually in August, but the consumption volumes were 5.4% higher than the preceding month.

Demand for the aviation turbine fuel (ATF) fell 61.6% annually in this period, but recorded a 9.9% rise from July levels with the gradual opening of the domestic aviation sector.

Sales of liquefied petroleum gas (LPG) was the only major product to register growth in the lockdown period



due to government scheme of free cylinder refills for poor households. However, LPG sales dipped 5.3% year-on-year in August.

Consumption of bitumen, mostly used in road construction, increased 36.8% annually in the month, mainly on a lower base of abnormally low sales in August, 2019.

Consumption of petroleum products had moderated even before the lockdown due to extended monsoon and weak industrial activity. Domestic sales of petroleum products in FY20 had inched up 0.2% year-on-year to 213.7 MT.

Similarly, power consumption in the country fell 1.6% year-on-year to 109.7 billion units in August and industrial and commercial activities remained muted in the aftermath of the nationwide lockdown imposed to contain the coronavirus outbreak.

Electricity consumption in the month was even 2.2% lower than July, with the advent of the monsoon reducing domestic home-cooling demand.

BPCL divestment is 'event risk' due to little info, says Fitch

Fitch Ratings on Wednesday said the privatisation of BPCL is an 'event risk' as there is little information about bidders and transaction structure. The agency affirmed Bharat Petroleum Corporation's (BPCL) long-term foreign-currency issuer default rating at 'BBB-'. The outlook is 'Negative'. "Fitch equalises BPCL's rating with that of its largest shareholder, the India sovereign (BBB-/Negative)... due to the strong likelihood of government support," it said.

The rating incorporates weak petroleum product demand and gross refining margins in the near-term, followed by a gradual recovery and strong marketing margins, reflecting

BPCL's ability to reap some benefits from low oil prices in its marketing segment, without a full cost pass-through to consumers.

However, the improvement is subject to risks of weak industry conditions persisting beyond baseline scenario, or capex or shareholder returns that are higher-than-expected.

"We continue to treat the potential divestment of BPCL by India as an event risk, as there is little information about bidders, valuation, and transaction structure, especially as BPCL owns assets across many verticals and bidders may not be interested in all of them," Fitch said.

PTI

BPCL privatisation 'event risk' due to little info: Fitch

PRESS TRUST OF INDIA
New Delhi, September 9

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BPCL privatisation is an 'event risk' as details are not yet out: Fitch

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The deadline of September 30, 2020 for the submission of expressions of interest has been extended thrice since the initial an-

nouncement in November 2019.

While the government is selling its entire 52.98 per cent stake in BPCL, it intends to sell the firm's 61.7 per cent owned subsidiary, Numaligarh Refinery Ltd (NRL), to another state-owned enterprise as part of BPCL's divestment process.

NRL has negligible debt, although the refinery contributes 6-8 per cent of BPCL's throughput and generates better GRMs than BPCL's other refineries given its higher complexity and tax benefits, contributing 18 per cent of BPCL's EBITDA.

The valuation at which NRL is sold will determine the credit impact on BPCL, should NRL's sale proceeds be used to reduce debt at BPCL. "However, BPCL's credit metrics could slightly weaken if it pays out NRL's sale proceeds as dividends," it said.

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LETTERS TO THE EDITOR

Send your letters by email to bleditor@thehindu.co.in or by post to 'Letters to the Editor', The Hindu Business Line, Kasturi Buildings, 859-860, Anna Salai, Chennai 600002.

Loan moratorium

This refers to 'Is interest waiver on moratorium fair?' (September 9). In the current scenario, banks are under threat from the inevitable rise in stressed and bad assets as well as of the related cost on the loan losses.

Besides, banks have to ensure the transmission of the effect of the monetary policy rate cuts to the end-beneficiaries of the economy through a similar reduction in the lending rate. As such, to control the cost of funds, banks are under pressure to reduce the interest rates on deposits and ultimately the stooges are the depositors who are contributing the resources to the bank.

The moratorium on the payback of loan instalment and interest has been allowed to the borrowers to ease repayments in consonance with the generation of cash flows. Waiving the interest is not financially feasible and it is against

prudent banking practice. Recovering interest on loans and on the defaulted interest is essential to compensate the time value of money and, thereby, sustain the profitability, creditworthiness and credibility of the lenders. The government must stick to that.

VSK Pillai
Changanacherry

Interest waiver

When it comes to waiving interest, one must say that whatever interest had accumulated during the moratorium period on the deferred EMIs needs to be paid. At the same time, it would be logical to expect waiver on interest on interest accrued. Banks arguing against interest waiver need to answer a question.

What about funds locked in NPAs to the tune of ₹7.27-lakh crore? Most of them have been, or are in the process of, getting written off. Here, both interest and

principal are at risk of being lost. Who should be held accountable for this mismanagement?

Further, in this case, is it fair for PSBs to get government support in terms of capital infusion out of taxpayers' money for their survival? Banks cannot be choosy and project themselves as epitome of virtue when it comes to the issue of collecting interest on funds under moratorium.

Srinivasan Velamur
Chennai

Kamath committee

Apropos 'Prudent framework' (September 9), the KV Kamath-led committee's sector-specific, rather than one-size-fits-all, approach needs to be commended. While coming out with various financial ratios for each of these sectors, it has taken into account that past errors of lenders do not occur again. For an overall and balanced revival, the issues of each stake-

holder in the whole supply chain have to be resolved.

The idea of an ongoing committee, which on a regular interval can guide banks to course correct, would be helpful.

Bal Govind
Noida

Covid vaccine

This is with reference to 'No safety shortcuts for Covid vaccine' (September 9). Vaccine makers around the world should no doubt work with a sense of urgency to tackle the pandemic crisis. However, safety and efficacy of the vaccine should be paramount and all standard protocols need to be duly followed. Vaccine makers should ensure that their communications on the status of vaccine trials are fact-based and the same need to be widely disseminated by the media agencies.

Nandakumar V
Chennai

PSU disinvestment

This refers to 'Postpone BPCL, Air India stake sales' (September 9). Disinvestment of PSUs will unlock tremendous value by way of enhanced professionalism, new global markets, maximising value to shareholders, access to advanced technologies, and so on.

It will create a level-playing field between public and private players and lessen the monopoly of public companies and, thereby, make the market competitive.

Companies like BPCL are doing fairly well, but in a protected environment with no competition. As for Air India, it is devouring taxpayers' money and its disinvestment will benefit the government. As the world is moving towards non-conventional sources of energy, the future of the oil sector is bleak. Hence, the divestment of BPCL should be fast-forwarded.

Deepak Singhal
Chennai

BPCL stake sale is 'event risk', too little data: Fitch

'No light on bidders and valuation'

PRESS TURST OF INDIA

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SECTOR WATCH CITY GAS DISTRIBUTION

Cost rationalisation: PNGRB set to release framework for unified gas transport tariff

KARUNJIT SINGH
NEW DELHI, SEPTEMBER 9

THE PETROLEUM and Natural Gas regulatory Board (PNGRB) is set to release a unified gas transport tariff framework to reduce the cost of transportation of gas, a senior government official said. Many industry players had opposed the PNGRB proposal to rationalise transport tariffs on integrated gas pipeline networks such as those of GAIL and Gujarat State Petronet Ltd, pointing out that the move to reduce tariffs for customers further away from the source of gas would lead to cross-subsidisation with customers near sources of gas having to pay more for in gas transport costs.

Petroleum Secretary Tarun Kapoor said that studies by the PNGRB had shown that the hike in tariff for customers near sources of gas would not be too much. The current framework requires gas consumers to pay per pipeline used for the transport of gas, while the proposed framework would allow for a simplified structure offering a single rate for transport of gas done within 300 km and that done beyond 300 km on the same pipeline network regardless of the number of pipelines used to transport gas.

“It turns out that the impact is not too much and in the long run, volumes will increase and with increasing volumes, the tariff may also be rationalised further,” said Kapoor, noting that the regu-

Many industry players had opposed the PNGRB proposal to rationalise transport tariffs on integrated gas pipeline networks

lator would come out with the unified tariff framework soon.

He also said the government was keen to bring competition for city gas distribution (CGD) companies in geographies where the period of marketing exclusivity for such companies had expired. The move to allow competition is set to impact three CGD companies — Indraprastha Gas Ltd, Mahangar Gas Ltd and Gujarat Gas Ltd — for whom the period of marketing exclusivity has ended. PNGRB had released a consultation paper on regulations to open up part of the infrastructure capacity of these firms for marketing of CNG and PNG by third parties.

Kapoor said that PNGRB would release the final framework for opening up of these geographies to competition soon. In response to concerns by stakeholders that the ability of these companies to expand PNG availability to households if they lose market share in the sale of CNG, Kapoor said the regulations had only sought 25 per cent of CGD capacities to be opened up for third parties and that CGD firms would benefit from higher volumes as the gas market grows.

ASSAM

Engineer dies at OIL blowout site in Tinsukia

Guwahati: An Oil India Limited (OIL) engineer died on Wednesday while working at one of its natural gas wells in Baghjan in Assam's Tinsukia district. Well number 5 suffered a blowout in May and efforts to control it and douse the fire are on. "Arnab Kishore Bordoloi, a dynamic young electrical engineer of OIL while working with some equipment at Baghjan Blowout well site, suddenly fell down and lost consciousness. He was provided emergency health care by doctor at site and was taken to AMC where he was declared dead," OIL said in an official tweet. **ENS**

OIL engineer dies at Assam blowout site

SPECIAL CORRESPONDENT

GUWAHATI

Exploration major Oil India Limited (OIL) lost a 25-year-old engineer in an accident at the Baghjan blowout site on Wednesday evening.

OIL officials said Arnab Kishore Bordoloi could have been electrocuted while testing an electrical cable connected to a generator set to supply power for welding fire-fighting gear.

He was the third OIL employee to die after two fire-fighters who were engaged after the blowout-hit Well Number 5 in eastern Assam's Baghjan burst into flames on June 9.

“Mr. Bordoloi was rushed to the Assam Medical College and Hospital (in Dibrugarh) after doctors at the site provided emergency healthcare. Unfortunately, he was declared dead at the hospital,” OIL spokesperson Tridiv Hazarika said.

BPCL bid: Prior security clearance may be required to end Chinese links

New Delhi: The Government has decided to get prior security clearance of entities placing a price bid for Bharat Petroleum Corporation Ltd. as it looks to prevent any last leg disruption in the bidding process while eliminating any chance of bidders with even any indirect Chinese linkage from being declared the winner.

Sources privy to the development said security clearance of all bidders before placing the financial bid or simultaneously with the price bids has been made mandatory to weed out unwanted entities and allow only companies or consortiums passing muster, to qualify in the process.

Also, such process would prevent delays in the event a winning candidate fails to get security clearance. In such a scenario, the next best candidate with proper security clearance could be declared the winner if it matches the bid of the disqualified winning candidate.

IANS

एक दिन सारी दुनिया में मुफ्त हो जाएगी बिजली!

नई दिल्ली (एसएनबी)।

केंद्रीय वाणिज्य एवं उद्योग तथा रेल मंत्री पीयूष गोयल ने कहा है कि भारत एक सामूहिक सोच के साथ स्वच्छ ऊर्जा मिशन पर काम कर रहा है। उन्होंने कहा कि विभिन्न विभागों द्वारा अलग-अलग काम करने संबंधी प्रक्रियाओं को समाप्त किया जा रहा है और भावी पीढ़ियों के स्वच्छ भविष्य के लिए हम एक दूसरे को समर्थन दे रहे हैं। उन्होंने कहा कि भारत में अकेले सौर ऊर्जा का उत्पादन 745 गीगावाट तक जाने की क्षमता है और एक दिन पूरी दुनिया में बिजली लगभग मुफ्त हो जाएगी।

केंद्रीय वाणिज्य एवं उद्योग तथा रेल मंत्री पीयूष गोयल ने अंतरराष्ट्रीय सौर गठबंधन (आईएसए) द्वारा आयोजित पहले विश्व सौर प्रौद्योगिकी शिखर सम्मेलन के समापन सत्र को संबोधित किया। इस दौरान गोयल ने कहा कि सौर ऊर्जा और नई प्रौद्योगिकियां निश्चित रूप से हमारे

भविष्य को बेहतर बनाएंगी और दुनिया को स्वच्छ तथा जीवन जीने के लिए बेहतर स्थान बनाने के लिए शक्ति प्रदान करेंगी। उन्होंने कहा कि ऊर्जा के स्रोतों में शुद्धता के अलावा हमारे पास कोई दूसरा विकल्प नहीं है और हमें यह सुनिश्चित करना है कि हम सभी इसे पूरा करने में भाग लें और हमारे बच्चों के लिए बेहतर भविष्य सुरक्षित करें। उन्होंने भारत में गैस

आधारित अर्थव्यवस्था की शुरुआत करने के लिए पेट्रोलियम और प्राकृतिक गैस मंत्रालय द्वारा की गई पहल की सराहना की। उन्होंने कहा कि महत्वपूर्ण बदलाव और परिवर्तनकारी पहल, देश को जीवाश्म ईंधन से नवीकरणीय ऊर्जा स्रोतों की ओर जाने में मदद करेंगे। उन्होंने कहा कि स्वच्छ ऊर्जा के साथ भारत के जुड़ाव के बारे में सबसे अच्छी बात यह है कि हम एक सामूहिक सोच के साथ काम कर रहे हैं, विभिन्न विभागों द्वारा अलग-अलग काम करने संबंधी प्रक्रियाओं को समाप्त किया जा रहा है।

गोयल ने हुए कहा कि एक दिन पूरी दुनिया में बिजली लगभग मुफ्त हो जाएगी। उन्होंने कहा कि भारत में अकेले सौर



भारत में सौर ऊर्जा उत्पादन 745 गीगावाट तक पहुंचाने की क्षमता : पीयूष गोयल

ऊर्जा के 745 गीगावाट तक जाने की क्षमता है, और हमारा देश दुनिया के अन्य हिस्सों को अपने पीक आवर में बिजली प्रदान करेगा। उन्होंने कहा कि मैं दुनिया भर में आपस में जुड़े एक ग्रिड की कल्पना करता हूं और महासागरों के अन्दर से जाने वाली पारेषण लाइनों के साथ एक विश्व ग्रिड की कल्पना करता हूं, जिसके जरिए हम दुनिया भर में ऊर्जा का वितरण कर सकते हैं। उन्होंने कहा कि सूर्य हमेशा दुनिया के किसी एक हिस्से में चमकता है, पवन हमेशा दुनिया के किसी एक हिस्से में ऊर्जा के रूप में अपनी उपयोगिता का विकल्प देता है और जल, दुनिया के विभिन्न हिस्सों में ऊर्जा का स्रोत है।

SHELL LUBRICANTS, HOOPY OFFER TWO-WHEELER SERVICING

When you have doorstep delivery of your favourite pizzas and delicious gourmet, why cannot you have doorstep servicing of your two-wheeler in the country? You need not fret any more. Lubricants giant Shell Lubricants has partnered with Hoopy, a unique technology-driven business to bring contactless, easily accessible, and immensely reliable two-wheeler doorstep servicing to India. Shell and Hoopy, as partners, are keen to help with the safe recovery of the mechanic community as they gradually return to their workspace. In the coming days, the partnership will be focused on training and generating business for up to 5,000 mechanics, with an aim to support them in overcoming adversities that have risen due to the pandemic's impact on their livelihoods. This would help in creating a community of empowered, self-sustaining mechanics equipped with the latest know-how from experts in the automotive industry. The partnership and programme will also ensure a steady business flow for mechanics with the possibility of making 30-40% higher income than they would in garages.

