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8 mp RETROSPECT

BAGHJAN BLOWOUT

Time for sustainable growth?

The Baghjan blowout and its tragic consequences must serve as a lesson for the state of Assam in the follies of chasing quick, lucrative development that comes at the cost of the environment and future of the State



TITURAJ KASHYAP DAS

Baghjan oil well blowout has raised many relevant questions for people of Assam. Most of them are addressed, save one. How does Assam — as a developing and primary products economy — achieve sustainable development & growth? Even though its lucrative desirability as a guiding mantra for prosperity, has the society committed to a widely accepted definition of development that meets the needs of the present, without compromising the ability of future generations to meet their own? Was Baghjan the point of inflexion for Assam to move towards the ideal definition of sustainable development, the most aspired growth model in the world? Is the Assamese society finally ready to consider the economic cost for sustainable growth? Are we ready to pay for the environment by foregoing the increasingly obsolete energy sector fuelled development and growth?

The foundation of modern Assamese economy can be traced back to colonial commercial interest, i.e., natural resources like coal, oil and commercial crops like tea and jute. Since the time McKillop, Stewart & Co struck oil near Makum in 1867, the petroleum industry in Assam has grown leaps and bounds. So much so that it remains a major fuel for the running of 350 tea gardens in the upper Assam region till today; the other major economic driver for Assam economy is diversification from its heavy dependence on petroleum and tea. Assam missed a huge opportunity of early 90s globalisation due to either political indecisions, policy inertia or prolonged period of insurgency. This thwarted the attempt to bring the then-booming service sector to act as economic differentiator. I am not sure if there was a conscious attempt made by Assam until recently when the Sarbananda Sonowal government made a pitch to woo Indus Inc. to invest in the state through Advantage Assam. While the state secured a commitment of investment worth over Rs 65,000 crores, then most of it is linked to the petroleum industry. The state-run petroleum PSUs with a strong presence in the State like ONGC pledged to invest Rs 13,000 Crores, the Oil, to invest Rs 10,000 crores, IOCL to invest Rs 3,432 crores and NRI, to invest Rs 3,410 crores. The diversification beyond petroleum remains a distant cry for now.

Over the years, while the development of the petroleum sector grew unabated, the cost of it was borne by the environment. The state has been reaping the benefits through revenue, employment and forward linkages without much hullabaloo. However, with the growing population, the pressure on finite natural resources like land, energy etc. has been also increasing manifold. The natural calamities like the floods have only added to the misery and accentuated the cost on the environment. This has further impaired chances of a new industry to thrive.

CONTINUING DEPENDENCY
Financial contribution made by the petroleum companies to Assamese state exchequer. In the last three years, the contribution by the petroleum companies has ranged between 27.20 per cent and 19.05 per cent of the budget, the single largest sector (refer to the table).



The blowout is just the latest episode in the tangled history of corporates being allowed to carry out operations in ecologically sensitive areas, a practice with heavy collateral

The total consumption of 4,610 MMT petroleum products in FY 2019-20 is more than the production of crude oil at 4,294 MMT in the same year.

LOGIC BEHIND BANDHS
A major bane in providing a convenient business environment is the start of protest and bandhs by any organisation. While there are many excuses used to push forth an agenda through these bandhs, one allegation has always stood out that the natural resources are being exploited and exported to other parts of the country without adequate revenue return except for a meagre royalty of Rs 2,000-2,300 crore every year.

We failed to realise that with rapid urbanisation Assam has increased consumption of petroleum as well. When we review our exact balance of trade, the consumption of petroleum products is more than the production of crude oil in the region. Of the total consumption of 4,610 per cent consumption is attributed to Assam. The total consumption of 4,610 MMT petroleum products in FY 2019-20 is more than the production of crude oil at 4,294 MMT in the same year. While there is an import of crude to make up for optimal utilisation of the State's refining capacity, the 'exploit' narrative is nothing but political propaganda that has only denied the economic proposition of Assam. We must put to rest this redundant dated idea of bandhs.

NECESSARY DIVERSIFICATION
While the cost of sustainable development kept increasing, the onus of financing this depended on the good old petroleum industry of Assam. Of course, the collateral damage to the environment was ignored until the oil well blew out and caught fire at Baghjan. We are not living in a fool's paradise to imagine that industry is accident-proof. Whether we like it or not, there is always a chance of error or accident in an industrial site. This premise remains true universally and there is no walking out from this. So, where does this leave us, the State of Assam?

We must educate ourselves from Baghjan blowout. That, all the primary products like minerals, petroleum, natural gas, are in finite supply. The 'easy money' by exploring them and selling them is going to be over someday. For a landlocked and low-income economy like Assam, we have long depended on a narrow range of products. Traditionally, both petroleum and minerals are relatively volatile products bringing a shroud of uncertainty over their economic contribution. Ideally, export diversification from primary products is a good solution for such economic growth.

However, it is easier said than done. Assam's comparatively lesser economic progress with limitation to optimally utilise economies of scale poses a challenge to move into a new product. The easier route

Petroleum revenue contribution

Year	Royalty	Sales Tax / VAT / SGST	Port of Central Taxes	Total Revenue from Oil sector	Total revenue in state budget	% of State Budget
2017-18	1887.06	3224.66	9614.52	14726.24	54136	27.20
2018-19	2492.76	4437.97	9747.6	16678.33	76665	21.75
2019-20	2312.87	4116.26	9608.35	16037.48	84196	19.05

out of this puzzle is to start with diversification within existing products and their ancillaries. With a rich natural gas potential in the Assam-Arakan belt, there is a huge potential there. We must not take our eyes off the challenge here that petroleum, as source energy to drive the global economy, is fast eroding its credibility due to huge environmental cost. With pollution and climate change becoming more than a talking point, an attempt has been made to slowly move away from fossil-based fuel to more renewable energy sources. The doom of the fossil fuel-based industry can be recognised when Norway's Sovereign Wealth Fund decided to divest, and eventually phase out, from its earlier stance to keep invested heavily in petroleum companies into renewable energy source companies. More than their concern for the environment, it was essential to reduce their exposure

of the petroleum sector grew unabated but the cost was borne by the environment. The state has been reaping benefits through revenue, jobs & employment and forward linkages without much hullabaloo

SUPPORTING SUSTAINABLE DEVELOPMENT
Presently, the energy requirement of Assam is largely fulfilled via thermal (gas-based) and hydropower plants. There is some potential for the state for renewable energy sources like solar, wind and biomass but not even close to that of fossil fuel. While diversification in renewable

Assam's petroleum industry has grown leaps & bounds. So much so, that it remains a major fuel for the running of 350 tea gardens in the upper Assam region till today

energy may be desirable, we must factor in the opportunity cost in investing in sources like solar or wind via a vis hydropower. Yet, we can't ignore the fact that energy — along with human and material infrastructure — is a pivotal ask for any economy. The buoyant petroleum industry can stave this demand, until a time when it can be phased wise replaced by a more environmentally friendly energy source. This will serve the twin purpose of rejuvenating environment and obtain the much-needed impetus to grow the economy in a diversified manner. With the advent of groundbreaking technology, the traditional limitations for a landlocked economy like Assam are on the wane. However, to reap the maximum out of this, we need a strong educational system that produces human resources. A conscious effort must be made to design public investments and policy reforms crucial for bringing in structural and policy changes in this regard by the State. There is a huge ask for infrastructure to facilitate growth. However, the smartest way to build a sovereign fund to finance such infrastructure, without compromising the fiscal health of the State. It must be integrated with the existing institutions to achieve this objective.

The Micro, Small & Medium Enterprises (MSME) is another sector where Assam can look at exploring for some diversification. While policy decisions like recently announced stimulus package as a counter of COVID-19 losses is a welcome step, structural changes to stride ahead in economic rejuvenation through MSME units is a necessity. But make no mistake, these industries in Assam are very heavily on the capital base of the petroleum industry to scale up. The scope of MSMEs to drive potential technological, managerial or preferential support will boost the economy to diversify without affecting the overall economic health of the state.

With the onset of COVID, the deceleration of economic growth at the world stage has already been set. The economies are paying the price of not investing in universal health coverage. The sudden spike in health expenses has thrown the whole economic situation off balance. The situation in Assam is also not that bleak but has not had yet. So far, there is an opportunity at hand for Assam to do what it has not done until now. Diversification in primary goods as well as in the service industry. This is not a new concept as illustrated earlier. Economies across the board have been trying to build the foundation on multiple pillars to achieve sustainable development. But, it will have a flurry of challenges from economic, fiscal and social sectors. Are we as a state ready to accept the new realities and build our economy on redraft priorities?

Assam needs a springboard to jump into this uncharted territory. It has to have the comfort of a steady flow of income until the time other sectors or ancillary industries are developed to provide employment and attain sustainable growth. There is a need to move beyond the dependence of the public sector. A private business enterprise with an intent to make profits is poised to bring in more productivity from resources. While the need to decentralise government and public sector employment avenues, it should, at the same time, offer incentives for setting up business enterprises in the state that can provide for employment. While the state must take measures and implement safeguards stringent enough to prevent any future mishaps like Baghjan, then it can never be made sure that an industrial accident would not occur.

Oddly, Assam is no longer evenly poised. There is a growing threat to the oil-dependent economies with few differentiations. The push for environmentally viable renewable energy sources are making a huge stride and Assam is yet to harness its hydropower potential again caught in the paradox of economic development and environmental cost. With an exposure of one-third of the state's budget, we are surely a lopsided economy. There is no doubt that the pressure on the environment is humongous. While the resources are getting scarce, the pressure to utilise them is growing to accommodate a growing population. As a welfare state, Assam must strike a balance between the two.

To make our growth story a sustainable one, there is a need to strike a balance between the two sides: industrialisation and environmental safeguards. Let the Baghjan blowout be used as learning for both the State and the industry to acknowledge the cost and benefit one draws from each well.



डीजल के दाम में तेजी का दौर जारी

नई दिल्ली। देश में शनिवार को डीजल के दाम में लगातार दूसरे दिन बढ़ोतरी की गई। इंडियन ऑयल के अनुसार, दिल्ली में शनिवार को डीजल 17 पैसे महंगा होकर 81.52 रुपये प्रति लीटर के नए रिकॉर्ड स्तर पर पहुंच गया।



Oil prices slip as COVID cases surge	Indian Express	9	Reuters	Neutral
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CRUDE WATCH

OIL PRICES SLIP AS COVID CASES SURGE

New York Oil prices edged lower on Friday as concerns about the surge in coronavirus cases sapping fuel demand while major crude-producing nations ready increases in output. Brent crude futures fell 23 cents a barrel to settle at \$43.14 per barrel. **REUTERS**

Diesel now more than rupee expensive than petrol in Delhi

The Pioneer

8

Bureau

Neutral

Diesel now more than rupee expensive than petrol in Delhi

New Delhi: Diesel has further extended its gain over petrol prices in the national capital with oil marketing companies raising its price by 17 paise a litre on Saturday while keeping retail gasoline prices unchanged.

Unexpected rise in diesel prices for the past couple of weeks despite slower demand has made the transport fuel take

the numero uno position in Delhi while substantially reducing the gap with petrol in other metros. Last month, diesel prices overtook that of petrol in the national capital, in an unprecedented development.

Diesel was priced at ₹81.52 per litre on Saturday in the capital, higher than the previous level of ₹81.35 a litre. Petrol prices, however, remain

unchanged at ₹80.43 a litre, the same level as June 29 when its pump price rose marginally by 5 paise over previous days price.

Along with the Capital, diesel prices marginally increased in other metro cities as well but there the price of transportation fuel is still between ₹6-8 per litre lower than petrol. **IANS**

Refinery to shut down for maintenance & 'COVID screening'	The Statesman	9	Pradip	Neutral
Pradhan takes a subtle dig at state administrators	The Statesman	9	Bureau	Positive

Refinery to shut down for maintenance & 'COVID screening'

STATESMAN NEWS SERVICE
PARADIP, 18 JULY

The district administration announced that Paradip Refinery of Indian Oil Corporation (IOCL) will be shut from 25 July to 15 August for 'maintenance' work.

It is learnt that over the last two years maintenance related shut down had not been done.

With the pandemic, the shut down will help both in maintenance as well as sanitisation and screening of workers and employees, particularly since quite a few contract workers engaged by a construction company at the site of the refinery had tested COVID 19 positive.

District collector Sangram Keshari Mohapatra informed that Paradip Refinery of IOCL will be shut down for a tem-

porary period for 22 days during which prohibitory orders under Sec 144 will be imposed; Employees including engineers and others needed for maintenance related work will be allowed while two health teams will be engaged to collect swabs for COVID tests.

The IOCL has quarantine facility and the suspect cases will stay at the centre.

During shut down, nearly 800 persons from neighboring villages will be engaged in maintenance work and IOCL will provide them with gloves, masks etc.

All the shops near the plant site will remain closed.

It is learnt that rising number of COVID 19 cases had prompted the administration and IOCL to resort to such measures.

Pradhan takes a subtle dig at state administrators

STATESMAN NEWS SERVICE
BHUBANESWAR, 18 JULY:

In a subtle dig at the officialdom in Odisha, Union Minister Dharmendra Pradhan called for greater patience and understanding in the long drawn battle with COVID 19 and said arrogance or trying to instil fear will not help.

Pradhan juxtaposed his 'appeal to people' with certain 'loaded lines' - one of which was his implicit reference to arrogance and the other to the smooth conduct of Puri Rath Yatra which, he asserted, was due to the people who displayed remarkable patience and discipline.

Wielding power or the 'red eyes' of the administration was certainly not the reason behind the success of the rath yatra, he said.

One needs to exhibit a great deal of calm, take criticism in ones stride and work with empathy, pontified Pradhan.



People of Odisha have obeyed and cooperated over the last four months, he said while appealing to them to continue doing so during the lockdown period till 31 July and beyond.

He also spoke on striking the right balance between life and livelihood.

There is no alternative to adhering to the guidelines like wearing masks, maintaining social distancing norms.

Till a vaccine is developed, everyone has to remain patient and calm, he added.

Ahmedabad gas leak: Four dead	Millennium Post	1	Bureau	Neutral
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Ahmedabad gas leak: Four dead

OUR CORRESPONDENT

AHMEDABAD: Four people have reportedly died due to an alleged gas leak in Dholka tehsil in Ahmedabad district on Saturday. It is being said that the gas leak occurred from the premises of Chiripal Group of Companies, although no official confirmation regarding the same has been received yet. Currently, police and fire brigade teams are at the spot, trying to control the situation.

According to a national news agency, a poisonous gas leak allegedly occurred in the Chiripal Group of Companies near Simiz-Dholi (Simej-Dholi) villages of Dholka tehsil, killing four people. The team of police, fire brigade and Health department reached the spot and conducted a rescue operation. Currently more information is awaited. The National Green Tribunal



According to a national news agency, a poisonous gas leak allegedly occurred in the Chiripal Group of Companies near Simiz-Dholi (Simej-Dholi) villages of Dholka tehsil, killing four people

(NGT) has sought compensation for the victims of two separate incidents of gas leak in Andhra Pradesh.

A tweet from the news agency stated: "Four labourers were cleaning a chemical waste tank. They died after inhaling poisonous gas released from the chemical waste. The process to register the FIR is underway: Deputy Superintendent of Police Nitesh Pandey."

On July 7, three people fainted and several others became ill due to a leak in an old cylinder of chlorine gas in the Jal Sansthan campus at Bhelupur in Varanasi city.

Recently, a gas leak, reminiscent of the 1984 Bhopal tragedy, claimed at least 11 lives and affected thousands of residents in five villages in Visakhapatnam in Andhra Pradesh. The source of the leak was a styrene plant owned by South Korean electronics giant LG, located at RRV Puram near Gopalapatnam, about 15 kms from the coastal city.

WITH AGENCY INPUTS