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Domestic natural gas output falls 11% in June

FE BUREAU

New Delhi, July 13

DOMESTIC NATURAL GAS production fell 11.3% to 2,333 million metric standard cubic metre (MMSCM) in June. The 2.5 million tonne (MT) of crude oil produced in the country in the month was also 5.7% lower than the production from a year-ago period.

Indigenous crude oil production caters to about only 15% of the country's requirements, while for natural gas, 51% of requirement has to be imported.

Domestic natural gas output fell 5.1% year-on-year to 31,184 MMSCM in FY20, reversing the growth trend recorded since FY18. Also, the 32.2 MT of crude oil produced in the country in the fiscal was 5.8% lower than the output from a year-ago period.

The development coincides with domestic consumption of petroleum products falling 7.8% year-on-year to 16.3 MT in June. Consumption has of course improved from April, when only 9.9 MT of products were sold with the lockdown to contain the spread of the coronavirus being implemented throughout the month.

Domestic production has been falling with the ageing of existing fields and muted response from the industry

to take up new projects, mainly due to lack of adequate incentives. Other reasons for lower output in FY20 include lack of buyers, inadequate evacuation infrastructure, technical constraints in hostile geographical terrains and protests against the Citizenship (Amendment) Bill in upper Assam oilfields. Lack of environmental permissions is also making new drilling difficult.

For the eleven oilfields offered under the fifth round of Open Acreage Licensing Programme (OALP) auctions, the Union government has received bids from only one private firm and two state-owned companies.

State-run Oil and Natural Gas Corporation (ONGC) was the only bidder for eight blocks while Oil India was the sole bidder for two blocks. For the smallest oil field offered, the director general of hydrocarbons has received bids from Invenire Petrodyne and ONGC.

Huge Gains for OMCs on Record Mkting Margins

Analysts say this, along with inventory gains and higher refining margins, make up for sales lost in Q1

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New Delhi: State-owned oil refiners are expected to report a surge in earnings as record marketing margins, inventory gains and higher refining margins more than make up for sales lost during the first quarter, analysts said. Bharat Petroleum (BPCL) and Hindustan Petroleum (HPCL) are expected to more than triple earnings per share, while Indian Oil may see a 37% increase on-year, according to estimates by ICICI Securities.

A record net auto fuel marketing margin of ₹6.11 per litre in April-June, up 3.3 times from the year-ago period, will drive the earnings surge, the brokerage said.

Gross refining margin for BPCL and HPCL is estimated to rise 2.1-9.3 times to \$5.9-6.9 per barrel, while it may decline 9% to \$4.3 a barrel for Indian Oil.

HPCL and BPCL would make a product inventory gains of ₹550-850 crore during the quarter against a loss of ₹20-130 crore in the year-ago period, according to the brokerage. Indian Oil may make a smaller product inventory gain of ₹256 crore.

The state refiners are likely to have a crude inventory gain of \$0.6 per barrel while Indian Oil will have a loss of \$0.1 per barrel during the quarter. Indian Oil, with a larger refining capacity than its peers,



holds a far higher level of inventory. IOC's refineries operated at a lower capacity than those at BPCL and HPCL.

Higher fuel marketing and refining margins would easily offset the 26-28% on-year decline in sales volume for state refiners during the quarter.

Refineries are fast recovering from their low utilisation rate during the April lockdown. Recovery in domestic oil demand has also gained momentum. Fall in sales narrowed to 12% in June on-year. In April, decline was 46%.

Gas Exchange Stake Cap at 15%



New Delhi: No shareholder can have more than 15% stake in a natural gas exchange, as per the draft regulations by the Petroleum and Natural Gas Regulatory Board (PNGRB). The draft, hosted on the PNGRB's website, is the maiden attempt by India to build a regulatory framework for a gas exchange that would trade physical contracts. The draft lays out in detail the regulations regarding the setting up and operation of an exchange, membership, shareholding and settlement of trades.

— Sanjeev Choudhary

Oil drops on talks of OPEC+ mulling production cuts

BLOOMBERG

July 13

Oil edged lower ahead of an OPEC+ meeting this week at which the group may announce plans to start tapering historic production cuts even as the coronavirus surges unabated in many parts of the world.

Futures in New York fell below \$40 a barrel. The producer bloc will review the state of the market at an online meeting on Wednesday amid expectations it will soon begin unwinding the output curbs that have helped haul oil back from its plunge in April. Russia's top oil companies are preparing to increase output next month in the absence of other guidance from the Energy Ministry, according to two people from the industry.

"It seems like OPEC+ will stick with the plan of a bit more production in August," said Bjarne Schieldrop, chief commodities analyst at SEB AB.

SAUDI ARABIA

Houthis say hit oil facility, Saudis say bid thwarted

Dubai: Yemeni Houthi forces hit a large oil facility in the southern Saudi Arabian city of Jizan in drone and missile attacks overnight, a Houthi military spokesman said on Monday. But the Saudi-led coalition fighting the Houthis said earlier it had intercepted and destroyed four missiles and six explosive drones fired by the Houthis over the border towards Saudi Arabia. Oil company Saudi Aramco operates a 400,000-barrel-per-day refinery in the Red Sea city of Jizan, which lies around 60 km from the Yemen border. Aramco did not immediately reply to a request for comment.

Iran, China set to clinch 25-year deal

Beijing will get larger role in Chabahar

SUHASINI HAIDAR
NEW DELHI

Iran and China are close to finalising a 25-year Strategic Partnership which will include Chinese involvement in Chabahar's duty-free zone, an oil refinery nearby, and possibly a larger role in Chabahar port as well.

According to leaked versions of the 18-page "Comprehensive Plan for Cooperation between Iran and China", being finalised by officials in Tehran and Beijing, the cooperation will extend from investments in infrastructure, manufacturing and upgrading energy and transport facilities, to refurbishing ports, refineries and other installations, and will commit Iranian oil and gas supplies to China during that period.

Railway project

The proposed tie-up comes even as Iran decided last week to go ahead on its own with the construction of a railway line from Chabahar port to Zahedan, in Afghanistan for which an MoU had been signed with the PSU Indian Railways Construction Ltd (IRCON) four years ago.

The MoU, signed during Prime Minister Narendra Modi's visit to Tehran in 2016, was to construct the Chabahar-Zahedan railway as "part of transit and transportation corridor in trilateral agreement between India, Iran and Afghanistan".

However, despite several

site visits by IRCON engineers, and preparations by Iranian railways, India never began the work, ostensibly due to worries that these could attract U.S. sanctions.

The U.S. had provided a sanctions waiver for the Chabahar port and the rail line to Zahedan, but it has been difficult to find equipment suppliers and partners due to worries they could be targeted by the U.S., said officials.

The Ministry of External Affairs and IRCON declined to comment. However, asked if the MoU with IRCON had been cancelled, an official said India could still join at a "later date."

Iranian officials denied a report that also suggested Chabahar port, where India took charge of operations at one terminal last December, would be leased to China.

However, Iran proposed a tie-up between the Chinese-run Pakistani port at Gwadar and Chabahar last year, and has offered interests to China in the Bandar-e-Jask port 350km away from Chabahar, as well as in the Chabahar duty-free zone.

Each of those possibilities should be watched closely by New Delhi, said former Ambassador to Iran, K.C. Singh. "[The Iran-China deal] impinges on India's "strategic ties" with Iran and the use of Chabahar port," he cautioned.

(With inputs from Yuthika Bhargava)

खुदरा महंगाई दर 6% के पार

[विशेष संवाददाता | नई दिल्ली]

खाने-पीने की चीजें महंगी होने से खुदरा महंगाई दर जून में 6.09 फीसदी पर जा पहुंची। सरकार ने लॉकडाउन के कारण अप्रैल और मई में महंगाई के आंकड़े जारी नहीं किए थे। जून में देशभर में इस दौरान आर्थिक गतिविधियां काफी हद तक बंद थीं, इसके बावजूद खुदरा महंगाई दर में यह तेजी आई है। सरकार द्वारा जारी आंकड़ों के अनुसार, खुदरा महंगाई दर बढ़ने की सबसे बड़ी वजह खाने-पीने की चीजों के दाम बढ़ने और ट्रांसपोर्टेशन की महंगाई है। सोमवार को मिनिस्ट्री ऑफ स्टैटिस्टिक्स एंड प्रोग्राम इंप्लीमेंटेशन की तरफ से जारी डेटा के मुताबिक, जून 2020 में कंज्यूमर प्राइस पर आधारित खुदरा महंगाई 6 फीसदी को पार कर गई। आगे की चाल: इकॉनमिस्ट डा. सारथी आचार्य के अनुसार, खुदरा महंगाई का बढ़ना दो मोर्चों पर ज्यादा खतरनाक है। एक तो लोगों को महंगाई का सामना करना पड़ेगा, दूसरे ब्याज दरों में कटौती करने पर रिजर्व बैंक को इसके चलते दिक्कतें आ सकती हैं। सबसे अहम बात यह है कि खुदरा महंगाई दर में तेजी खाने-पीने की चीजें महंगी होने के कारण आ रही है। इस मोर्चे पर स्थिति कुछ ठीक नहीं है। आने वाले समय में खाने-पीने की चीजें और महंगी हो सकती हैं।

बढ़ेगी मार: डीजल की बढ़ती कीमत से परेशान इंडस्ट्री का मानना है कि दिल्ली समेत देश के कई शहरों में डीजल के दाम रेकॉर्ड लेवल पर पहुंच गए हैं, जिनका असर अब मैन्युफैक्चरिंग लागत पर दिखने लगा है। लिहाजा इसका बोझ अब कंज्यूमर पर भी पड़ने वाला है। इसके चलते इलेक्ट्रिक उपकरण हों, प्लास्टिक के सामान हों, घर के बर्तन, खिलौने, कपड़े, हैंडीक्रॉफ्ट से जुड़े सामान महंगे हो सकते हैं।

पेट्रोल-डीजल पर लगने वाले वैट में कमी करे सरकार: कांग्रेस

■ प्रमुख संवाददाता, नई दिल्ली:
दिल्ली प्रदेश कांग्रेस कमिटी के अध्यक्ष चौधरी अनिल कुमार ने केंद्र की मोदी सरकार और दिल्ली सरकार पर आरोप लगाया कि दिल्ली में डीजल के दाम 81.05 रुपये प्रति लीटर होने से दिल्लीवालों पर अतिरिक्त बोझ पड़ेगा, जबकि लॉकडाउन के कारण पहले से लोग आर्थिक संकट से जूझ रहे हैं और इससे रोजमर्रा की जरूरत की चीजों के दामों में और अधिक वृद्धि होगी। अनिल कुमार ने कहा कि पेट्रोल और डीजल के दामों में वृद्धि के विरोध में जब 29 जून को प्रदेश कांग्रेस ने विरोध प्रदर्शन किया था तब से पेट्रोल के दाम तो नहीं बढ़ाए गए, परंतु डीजल के दामों में वृद्धि हुई और अब राजधानी में पहली बार डीजल, पेट्रोल से अधिक दामों में विक्रम रहा है। उन्होंने कहा कि यदि दिल्ली सरकार शराब पर टैक्स घटा सकती है, तो पेट्रोल और डीजल पर लगने वाले 30 प्रतिशत वैट में कमी क्यों नहीं कर सकती। इससे दिल्लीवासियों को बहुत बड़ी राहत मिलेगी।

वहीं दूसरी ओर प्रदेश कांग्रेस अध्यक्ष अनिल कुमार ने सीएम केजरीवाल और पुलिस आयुक्त एस.एन. श्रीवास्तव को पत्र लिखकर यह अपील की कि पत्रकार तरुण सिसोदिया द्वारा आत्महत्या करने की जांच होनी चाहिए, क्योंकि उनकी आत्महत्या ने कई सवाल खड़े किए हैं। अनिल कुमार ने मुख्यमंत्री को लिखे पत्र में कहा है कि तरुण सिसोदिया की आत्महत्या की सचाई को सामने लाने के लिए जांच होनी चाहिए।

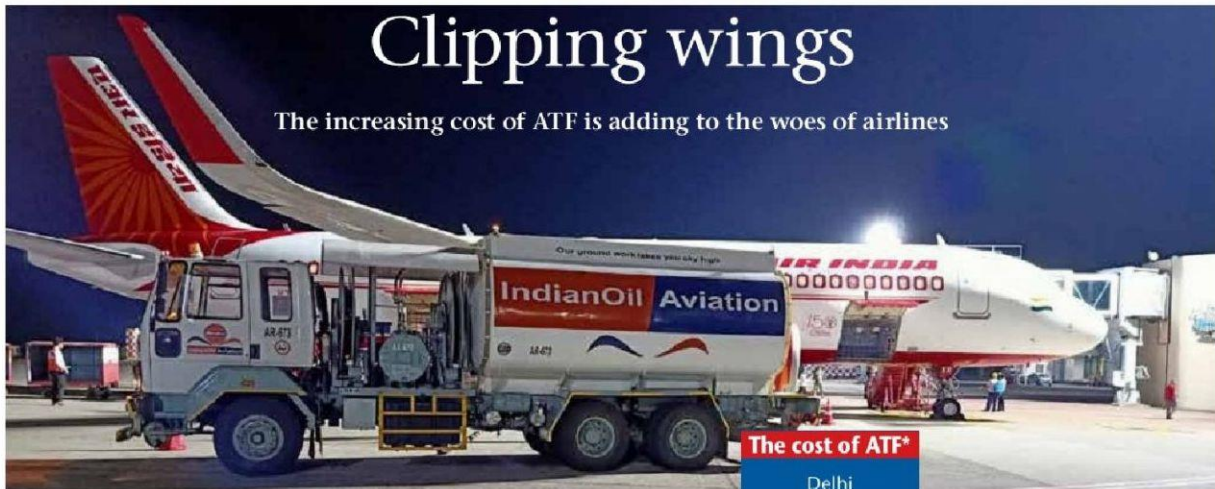
‘सस्ती शराब बेच सकते हैं तो पेट्रोल क्यों नहीं’

जनसत्ता संवाददाता

नई दिल्ली, 13 जुलाई।

दिल्ली कांग्रेस का आरोप है कि दिल्ली और केंद्र की सरकारें सस्ते दरों पर शराब तो बेच सकती हैं। पर पेट्रोल-डीजल सस्ते दामों पर उपलब्ध नहीं कर सकतीं। दिल्ली प्रदेश अध्यक्ष चौधरी अनिल कुमार का कहना है कि दिल्ली में डीजल के दाम रिकॉर्ड 81.5 रुपए प्रति लीटर पर पहुंच गया है। इसका सीधा असर दिल्ली की जनता पर पड़ रहा है। एक ओर जहां जनता कोरोना की मार झेल रहे हैं। वहीं, दूसरी ओर पेट्रोल-डीजल के दाम लोगों के जेब खाली करवा रही हैं।

अनिल कुमार ने कहा कि पेट्रोल और डीजल के दामों में वृद्धि के विरोध में जब 29 जून को प्रदेश कांग्रेस ने विरोध प्रदर्शन किया था, तब से पेट्रोल के दाम तो नहीं बढ़ाए गए। परंतु डीजल के दामों में वृद्धि हुई और दिल्ली में पहली बार डीजल के दाम पेट्रोल से अधिक दामों में बिक रहा है।



Clipping wings

The increasing cost of ATF is adding to the woes of airlines

The cost of aviation turbine fuel (ATF) has registered a 7.5 per cent increase – a third increase in the span of a month. Despite this hike, the cost of ATF is lower than what it was in February and the consumption too has registered an increase with the operation of repatriation flights under the Vande Bharat mission.

The 7.5 per cent hike would translate into ₹2,922.94 per kilolitre (KL). The cost of one kilolitre is ₹41,992.81, according to data released by the oil marketing companies.

The 7.5 per cent hike is the third hike in June. Rates were increased by 56.6 per cent (₹12,126.75 per kl) on 1 June, followed by ₹5,494.5 kl (16.3 per cent increase on 16 June).

When domestic flights resumed operations on 25 May, the Directorate General of Civil Aviation (DGCA) had capped the fares till August in a bid to keep flight tickets economically viable for passengers. However, with the hike in the cost of ATF, and low passenger loads it would be a challenge for airlines to control their losses.

However, this present hike is still much lower compared to the prices that existed prior to the outbreak of Covid-19. During February, the prices in Delhi ranged between ₹60,000 and ₹65,000 per kl.

“With the partial opening of the domestic aviation sector – 33 per cent capacity at present – with repatriation flights operating under the Vande Bharat Mission for international passengers, ATF consumption has

witnessed a fourfold increase from approximately 52 trillion metric tonnes (tmt) in April to 201 tmt in June,” said an official from IOCL.

However, domestic airlines are a worried lot. “When the cost of ATF was low, there was lockdown and we weren’t flying any scheduled flights. Now when the demand is barely 45 per cent there has been a hike. Survival would become a challenge if the government doesn’t support us with sops,” said a domestic airline official.

Increase in losses

India’s only profitable airline, IndiGo reported a loss of ₹870.8 crore in January-March 2020. The airline had reported a profit of ₹595.8 crore during the corresponding period of the previous year. The losses are likely to have increased for all airlines during lockdown and even now when they aren’t flying full capacity.

Aviation experts fear that as a result of losses, many domestic carriers face the risk of a closure. Meanwhile, there is something to cheer about for oil marketing companies as with unlockdown-2 the economy is opening up as a result of which there has been an overall increase in petroleum products consumption in India.

“India’s overall consumption of petroleum products had declined drastically during the lockdown. However, we can safely say that things are limping back to normal,” said an

The cost of ATF*

Delhi	₹41,992.81
Kolkata	₹46,604.85
Mumbai	₹41,575.94
Chennai	₹43,332.53

*per kl

official from the ministry of petroleum and natural gas.

India is the world’s third largest consumer of petroleum products. With the resumption of industrial activity the total consumption has now reached 11.8 million metric tonnes – which is

slightly lower than 13.4 mmt of the corresponding period of 2019.

The demand of industrial fuels such as sulphur, petcoke and naphtha has reached 89.3 per cent, 118 per cent and 80.7 per cent respectively (of the demand in the same period in 2019). The demand for marine fuels (used by ships) is high at 138.5 per cent. “The crude oil throughput of oil marketing companies’ refineries has crossed 85 per cent now from the earlier low of 55 per cent in April,” said an official from IOCL.

On an industry basis, in June the petrol consumption reached 85 per cent of last year’s at 2 mmt. In June 2019 it was 2.4 mmt. With agricultural activities picking up, the consumption of diesel has increased and reached 82 per cent of the previous year at 5.5 mmt (compared to 6.7 mmt in June 2019).

So, things are limping back to normal with the opening up of the economy and one hopes that it helps create jobs or at least retain the jobs of the companies who were fearing closure!

♦ YESHI SELI

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