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# Centre sets up six-member panel to review production sharing contracts

SHINE JACOB

New Delhi, 10 May

The ministry of petroleum and natural gas has set up a six-member expert committee to review the existing production sharing contracts (PSCs) owing to the fall in crude oil prices and the Covid-19 lockdown.

Because of lower oil and gas price environment, there is a need to find ways of attracting investment in exploration and production of oil and gas.

The committee's scope includes suggesting methodology for increased production and activities and changes required in the existing policies. The panel has members from ONGC, Oil India, directorate general of hydrocarbons (DGH), ministry of petroleum, and former DGH officials, with expertise in the operational



	2017-18	2018-19	2019-20
Crude production (mt)	35.70	34.20	32.20
Import share (%)	82.90	83.80	85.00
Gas production (MMSCM)	32,649	32,875	31,180

Source: PPAC

aspects of hydrocarbon industry.

"Industry needs relief from cess, royalty, and other incentives. The first decision should come in the form of cess by removing it, because the

Hydrocarbon Exploration and Licensing Policy (HELP) has no cess component. The government may not tamper with royalty because it goes to the state. The committee should also consider giving a relief on

profit petroleum by offering a moratorium," said P Elango, managing director, Hindustan Oil Exploration Company.

The Covid-19 pandemic has curtailed activities and downsized the global energy demand, resulting in excess supply and low prices. However, this lower price regime is denting the profits of domestic producers. Based on industry estimates, domestic producers save the country more than ₹1.7 trillion annually with their production and consequent reduced imports.

"We are happy that the government is looking into enhance the production from domestic sources. We expect some positive recommendations on fiscal front," said Ashu Sagar, secretary general, the Association of Oil and Gas Operators.

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## Fuel demand halves in Apr, lowest sales since 2007

TIMES NEWS NETWORK

**New Delhi:** Fuel sales nearly halved in April from a year ago as the countrywide lockdown and travel curbs imposed since March 24 to check the spread of the coronavirus kept vehicles off roads, confined people to their homes and severely curtailed economic activities.

Total fuel consumption fell to almost 10 million tonnes, or about 46% less than April 2019, marking the lowest sales since 2007, official data showed. Consumption of diesel, the main fuel for transportation and farming sectors, was down more than 55% at 3.3 million tonnes.

Petrol sales dived more than 60% to less than a million tonnes. Cooking gas, or liquefied petroleum gas, sales thrived at more than 2 million tonnes, up 12% from the year-ago period, as consumption rose with families staying indoors. The government's move to provide free refills to 8 crore poor households that were given Ujjwala connections also pushed consumption.

Sales have started picking up gradually after the government relaxed some curbs, allowing industrial activities outside municipal areas to resume and trucks carrying essential items and other items began plying. The International Energy Agency has projected India's annual fuel consumption, the measure of oil demand, will drop 5.6% in 2020.

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# As OMCs pass on crude price slide, jet fuel down but no pass-through for auto fuels

**KARUNJIT SINGH**  
NEW DELHI, MAY 10

THE PRICE of aviation turbine fuel (ATF) has fallen by about 65 per cent to Rs 22.54 per litre in the Capital since the beginning of the year, as the price of crude oil has crashed. The price of ATF, used by the aviation industry, has kept face with the collapse in international crude prices — with the price of Brent crude having fallen by 55.1 per cent since January — even as the price of petrol in the Capital has fallen by only 5 per cent and that of diesel has risen by 2.1 per cent due to higher levies by the central and state governments.

Experts say that the demand for ATF has collapsed as it is only being used for cargo transport, relief and rescue work, as well as emergency services.

Domestic flights have been suspended since March 25, after

## TREND OF FUEL PRICES SINCE JAN

Date	Crude (in US\$)	Crude/litre* (in ₹)	ATF/litre	Petrol/litre in Delhi	Diesel/litre in Delhi
Jan 1	66.00	31.36	64.32	75.14	67.96
Feb 1	58.16	27.64	63.45	73.19	63.2
Mar 1	50.52	24.01	56.86	71.71	64.3
April 1	24.74	11.76	35.49	69.59	62.29
May 8	29.64	14.08	22.54	71.26	69.39

\*Based on \$1=₹75.55 and Barrel = 159 litres

Prime Minister Narendra Modi announced a lockdown to control the spread of the COVID-19 pandemic. They are expected to resume operations at 25-30 per cent of their pre-lockdown capacity by mid-May. National carrier Air India is currently conducting operations to repatriate Indians stranded in 16 countries.

An official at a leading oil marketing company (OMC), who did

not wish to be named, said that the demand for ATF had fallen by about 90-95 per cent compared to demand levels before the global COVID-19 outbreak and lockdown.

According to Abhijit Bora, senior analyst at brokerage firm Sharekhan by BNP Paribas, the price of ATF was linked with Asian benchmark prices for the fuel.

"We are in an unprecedented

situation where OMCs are making losses and lower margins in the refining business. With the demand for ATF going away, these companies may be making negative margins," said Bora, adding that OMCs were using higher marketing margins on petrol and diesel to make up for refining losses as there was still 30-40 per cent of pre-lockdown demand for petrol and diesel.

The central and state governments have also increased levies on both diesel and petrol to boost revenues and make up for the revenue lost due to the nationwide lockdown.

The Centre has hiked excise duty on petrol by Rs 13 per litre and on diesel by Rs 16 per litre, while a number of state governments have hiked the value added tax (VAT) on petrol and diesel, with Delhi, Haryana and Tamil Nadu hiking the VAT on automotive fuels this month.

# India's fuel consumption dips 46% in Apr

**PRESS TRUST OF INDIA**  
NEW DELHI, MAY 10

INDIA'S FUEL consumption fell almost 46 per cent in April as all petroleum products, except LPG (liquefied petroleum gas), saw massive demand erosion following the nationwide lockdown that halted economic activity and travel.

The demand, which showed signs of pick up in the last 10 days of April after the government allowed resumption of economic activity beyond the urban municipal limit, is likely to rebound in second half of May as more areas are opened.

India's fuel consumption fell 45.8 per cent to 9.929 million tonnes in April, down from 18.32 million tonnes fuel consumed in the same month a year back, according to official data released by the Petroleum Ministry.

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## Assocham for bringing petrol, diesel under GST

NEW DELHI, 10 MAY

Industry body Assocham has asked for bringing petrol and diesel under the GST to ensure uniformity in automobile fuel in the country.

Sooner petrol and diesel are brought under the GST, better it would be for the Indian economy because changes in the GST are brought only after wider deliberations by the GST Council, said Assocham secretary-general Deepak Sood. When the GST was introduced, petrol and diesel were kept out of its purview given the revenue dependence of state governments on this sector.

Mr Sood said the industry has been seeking a bold stimulus package for providing immediate relief as it is reeling under the lockdown due to Covid-19 crisis.

One of the main reasons for the stimulus is to revive the demand by way of tax reductions. "But, on the contrary, if taxes are raised, demand would be further depressed, giving a jolt to the economy," he said.

Last month, Brent crude oil dropped to \$18.10 per barrel as coronavirus wiped away demand, creating large surpluses around the globe. ■

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## RIL sets May 14 as rights issue record date

OUR SPECIAL  
CORRESPONDENT

**Mumbai:** Reliance Industries Ltd (RIL) on Sunday said that it has fixed May 14 as the record date for its Rs 53,125-crore rights issue.

The largest share offering will help RIL achieve its goal of being a zero net debt firm by March 2021. However, with other deals, the oil-to-digital services giant is expected to attain the goal before the end of this calendar year.

RIL said in a statement that it has obtained in-principle approvals from the BSE and the NSE for the proposed rights issue of 42,26,26,894 equity shares. The company had earlier set a price of Rs 1,257 per share for the issue at a ratio of 1:15

### COMING UP



- **On offer:** 42,26,26,894 equity shares
- **Price:** Rs 1,257 apiece
- **Issue size:** Rs 53,125cr
- **Moody's says:** Issue credit positive as company's debt will decline after the offer

"The rights issue committee set up by the board of directors of the company has, at its meeting held on Sunday, fixed Thursday, May 14, 2020, as the record date for the purpose of determining the equity shareholders entitled to receive the rights entitlement in the rights issue," it added.

Recently, Moody's Investors Service had said that the rights issue was credit positive.

Apart from the rights issue, RIL has announced three transactions in its digital services subsidiary which include investments by Facebook, Silver Lake and Vista Equity Partners.

"This is in line with the company's target to reduce its net debt to zero by March 31, 2021. The proceeds from the rights issue will reduce RIL's net debt by about \$7.8 billion and is credit positive," Moody's had said in the note.

The RIL share has been one of the few stocks that has stood out amid a bearish market because of worries over the impact of the coronavirus on the domestic and global economy.

On Friday, its shares had settled at Rs 1,561.80, a gain of 3.62 per cent over its last close. It now has a market cap of over Rs 9.90 lakh crore.

# लाकडाउन में लोगों के घर पर रहने से एलपीजी की मांग बढ़ी

नई दिल्ली (भाषा)।

देश में ईंधन की मांग में अप्रैल महीने में 46 प्रतिशत की गिरावट आई है। कोरोना वायरस की वजह से लाकडाउन (बंद) के चलते एलपीजी को छोड़कर अन्य सभी पेट्रोलियम उत्पादों की खपत में भारी गिरावट आई है। राष्ट्रपत्यापी बंद के कारण आर्थिक गतिविधियां रुकी हुई हैं और यात्रा पर अंकुश है।

इसलाकि, अप्रैल के आखिरी दस दिनों में कुछ सुधार हुआ है क्योंकि सरकार ने शहरी नगर निगम की सीमा के बाहर आर्थिक गतिविधियों की अनुमति दी है।

चूंकि अब कुछ और क्षेत्रों को खोलने की अनुमति दी गई है ऐसे में उम्मीद की जा रही है कि मई के दूसरे पखवाड़े में मांग में और सुधार होगा। पेट्रोलियम मंत्रालय की ओर से जारी आधिकारिक आंकड़ों के अनुसार अप्रैल में देश की ईंधन की खपत 45.8 प्रतिशत घटकर 99.29 लाख टन रह गई।

एक माल पहले इसी महीने में यह 1.83 करोड़ टन से अधिक थी। मार्च में ईंधन की खपत 1.60 करोड़

टन रही थी। उस समय ही कोरोना वायरस को फैलने से रोकने के लिए अकुशों की शुरुआत हुई थी।



अप्रैल में पेट्रोल की बिक्री 60.43 प्रतिशत घटकर 9,73,000 टन रही। अप्रैल के पहले पखवाड़े

में पेट्रोल की बिक्री 64 प्रतिशत घटी थी, लेकिन दूसरे पखवाड़े में कुछ कार्यालय खुलने और मड़क

- अप्रैल में वाहनों के ईंधन की मांग 48 फीसद तक घटी
- मई में ही इसकी मांग में खासा इजाफा होने के आसार
- लाकडाउन के अगले चरण में कुछ और वील कर उम्मीद
- इससे वाहनों के ईंधन की मांग में होगा और इजाफा

पर कुछ वाहनों के आने से बिक्री में कुछ बढ़ोतरी हुई। देश में सबसे अधिक खपत

काले ईंधन डीजल की बिक्री अप्रैल के पहले पखवाड़े में 61 प्रतिशत घटी। इसलाकि, दूसरे पखवाड़े में इसमें कुछ सुधार हुआ। अप्रैल में कुल मिलाकर डीजल की बिक्री 55.6 प्रतिशत घटकर 32.5 लाख टन रही। इन आंकड़ों में सार्वजनिक और निजी क्षेत्र की कंपनियों के बिक्री

के आंकड़े शामिल हैं। पहले सिर्फ सार्वजनिक क्षेत्र की कंपनियों के आंकड़े ही उपलब्ध हो पाते थे।

उड़ान सेवाओं पर रोक की वजह से अप्रैल में विमान ईंधन एटीएफ की बिक्री 91.3 प्रतिशत घटकर 56,000 टन रह गई। आंकड़ों के अनुसार माह के दौरान सिर्फ रशोई गैस सिलेंडर या एलपीजी एकमात्र ईंधन रह जिसकी बिक्री में इजाफा हुआ।

सरकार ने कोरोना वायरस संकट के दौरान गरिव परिवारों को रशोई गैस सिलेंडर मुफ्त में वितरित किया। अप्रैल में एलपीजी की बिक्री 12.2 प्रतिशत बढ़कर 21.3 लाख टन पर पहुंच गई। इसकी एक वजह यह भी है कि लाकडाउन के दौरान देशभर के लोग अपने अपने घरों पर रहे।