

Oil PSUs get new directors

OUR BUREAU

New Delhi, August 2

The Appointments Committee of Cabinet (ACC) has approved the proposals of the Ministry of Petroleum and Natural Gas and recommended directors to the boards of Oil India, IndianOil and ONGC.

According to the order dated August 1, Rajesh Kumar Srivastava has been appointed as the Director (Exploration) at ONGC. He was a Group General Manager at the company. In another order, Harish Madhav, Executive Director at OIL, has been appointed to the post of Director (Finance).

The ACC has also appointed Sandeep Kumar Gupta, Executive Director at IndianOil, to the post of Director (Finance).

In other orders, the ACC has approved the proposal from the Ministry of Power, following which Kandikuppa Sreekant, Director (Finance) at Power Grid Corporation, has been appointed to the post of Chairman and Managing Director.

Ready to move to clean, affordable fuels: Pradhan

SHINE JACOB
New Delhi, 2 August

Amid talk of India going aggressive on electric vehicles (EVs), Union Petroleum Minister Dharmendra Pradhan on Friday said the country was ready to switch to clean and affordable fuels to circumvent the problem of volatility in oil prices.

The minister said with city gas distribution too gathering momentum, the country would see investments of around \$75 billion in gas infrastructure in the next eight years.

Addressing a Bloomberg NEF Summit in New Delhi, Pradhan said India would promote EVs, but the promotion would be through a “holistic and integrated” approach, in which all forms of transportation, clean and affordable, would be considered in India’s energy policy.

On Friday, a Bloomberg NEF forecast stated India was likely to be the fourth-largest EV market by 2040 — after China, the United States, and Germany — with sales expected to touch around 2.6 million by that year.

However, sales in India are estimated to be around 400,000 by 2030.

Pradhan said the country’s energy sector was attractive for foreign investors. “It has repeatedly received funding from sovereign wealth funds, pension funds, long-term strategic investors from western countries, Asian countries, and (West Asia),” he

Petronet joins hands with IGL, GSPC to sell LNG

India’s largest natural gas importer Petronet LNG is set to come up with joint infrastructure with city gas distribution players such as Indra prastha Gas (IGL) and Gujarat State Petroleum corporation (GSPC) to set up 12 liquefied natural gas dispensing units along the Delhi–Mumbai route. Company Chief Executive Officer (CEO) Prabhat Singh said it was in the final stages of inviting bids to set up Liquefied natural gas (LNG) outlets. As part of this, Petronet has given orders for four LNG buses from Tata Motors to ply on the route.

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said. The statement comes at a time when a few sovereign funds including Norway’s State Pension Fund have decided not to invest in fossil fuel-based projects. He added many companies had raised funds through overseas bond markets and this funding route was likely to grow manifold.

The Pradhan Mantri Ujjwala Yojana (PMUY), a scheme for providing free cooking gas connections to the poor, has reached 75 million people. This has resulted in enhancing liquefied petroleum gas (LPG) penetration in India to around 95 per cent as against 56 per cent in May 2014.



● ROSY PICTURE

Dharmendra Pradhan, minister, petroleum & natural gas
India's growing energy sector is attractive for foreign investors. It has repeatedly received funding from sovereign wealth funds, pension funds, long-term strategic investors from Western countries, Asian countries and the Middle East.



*India's growing energy sector is
attractive for foreign investors*

DHARMENDRA PRADHAN
UNION MINISTER

Oil PSUs urged to raise funds from foreign mkts



ENS ECONOMIC BUREAU @New Delhi

\$300mn
was raised by power finance corp via a loan in July this year

\$900mn
was raised by IOCL via overseas bond markets

\$550mn
was raised by OIL, \$500 million by BPCL and \$450 million by NTPC via the same route

WHY OVERSEAS?

Indian public sector companies have been able to get attractive rates overseas due to the sub-sovereign nature of their bonds and the fall in global bond yields

THE Centre has urged oil sector PSUs to tap the overseas markets for their capex needs, with oil minister Dharmendra Pradhan observing that the Indian energy sector has become an attractive one for foreign investors. "Many companies have successfully raised funding through overseas bond market and this funding route is likely to grow manifold going forward," Pradhan said at an energy summit here on Friday.

The government has nudged state-run firms like Indian Oil Corporation (IOCL), Oil India (OIL), and Bharat Petroleum Corporation (BPCL) to increase their external borrowings, both through dollar bond issues and loans. The RBI, for its part, had already increased the External Commercial Borrowings limit for state-run oil marketing companies in October last year to \$10 billion for 3-5 years for working capital purposes, while also waiving the individual limit of \$750 million and mandatory hedging requirements.

Several PSUs have already taken the foreign currency borrowings route this year.

According to analysts, Indian PSUs have been able to get attractive rates overseas due to the sub-sovereign nature of their bonds (since the GoI is the majority shareholder) and the fall in global bond yields. "... this is a new trend among PSUs, to borrow in foreign markets since rates are cheaper and their sovereign guarantees makes the rates very attractive," Amit Bannerjee, an independent merchant banker, had told *TMS* earlier.

But, while the Centre had raised the possibility of floating sovereign overseas bonds during the Budget, the plan seems to have taken a back seat after several economists raised concerns about the risks involved, especially since these would become extremely expensive to service if Rupee falls in value.

Delhi will get cleaner CNG by year-end, says Oil Minister

A blend of hydrogen and CNG expected to lower emission level

OUR BUREAU

New Delhi, August 2

Delhi will have access to cleaner, gas-based auto fuel by this year-end, Minister for Petroleum and Natural Gas Dharmendra Pradhan said on Friday.

Speaking at a summit here, Pradhan said, "In Delhi, by the end of this calendar year, we will be infusing hydrogen with existing CNG (compressed natural gas) retailing network."

Compared with petrol and diesel, CNG emits less air pollutants — carbon dioxide, carbon monoxide, nitrogen oxides and particulate matter. Pradhan was speaking about H-CNG, a blend of hydrogen and CNG. It is estimated that the ideal mix with CNG will have up to 18 per cent hydrogen.



Compared with petrol and diesel, CNG emits less air pollutants

Two things will happen, one, emission level will be lowered and efficiency levels will increase," he added. Pradhan also said there will be more steps to boost bio-diesel blending. "I am confident that we will soon be rolling out initiatives to enable achievement of 5 per cent bio-diesel blended diesel across the

country," he said. Commenting on instances of State governments reopening agreements, Pradhan said, "We are mindful of the difficulties being faced by investors in some instances where State governments are trying to renegotiate some of the executed contracts."

"Our government has reques-

ted State governments to reconsider their decisions, as this will jeopardise future investment in not only the concerned State but also in the country as a whole," he added. Speaking at the event, Chairman and Managing Director at NTPC, Gurdeep Singh, said that India's dependence on coal will continue for generating power. He said, "Overall, coal is here to stay for another 2-3 decades if not more. It is estimated that the country may need another 40-50 GW of coal-based power plants to meet the accruing demand."

Singh also said that NTPC is considering setting up a solar power project without signing a power purchase agreement (PPA) with State discoms. Currently, NTPC has 11 solar power projects with a combined generation capacity of 870 MW. The total power generation capacity of the NTPC group is 55,126 MW.

Energy cos not facing any funding woes: Pradhan

Statement significant as reports say some sovereign funds like Norway's State Pension Fund have decided not to invest in or finance fossil fuel-based projects & businesses

NEW DELHI: Indian energy companies are not facing any challenge in securing finances especially from overseas markets, Union minister Dharmendra Pradhan said on Friday.

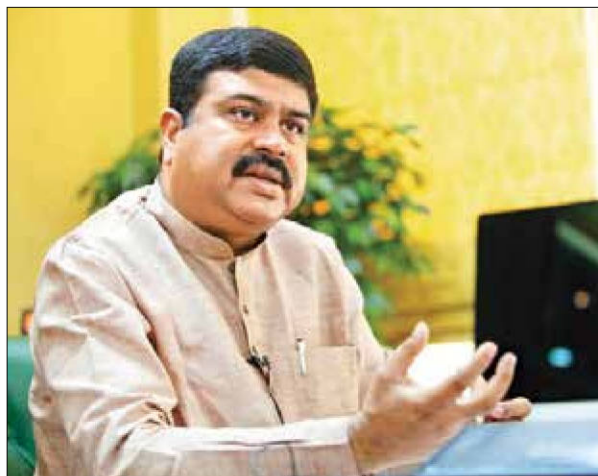
The statement assumes significance as there are reports that some sovereign funds, including Norway's State Pension Fund, have decided not to invest or finance fossil fuel-based projects and businesses.

"There is no challenge... I have mentioned in speech that pension funds and others are keen (to invest)," the oil minister said at the BNEF Summit here. He was replying to a query that whether Indian energy firms are facing challenges in getting funding particularly from overseas markets.

"India's growing energy sector is attractive for foreign investors. It has repeatedly received funding from sovereign wealth funds, pension funds, long-term strategic investors from western countries, Asian countries and the Middle East," the minister said.

Pradhan further said, "The economy is projected to grow at more than 7 per cent, which will attract more funding. Many companies have successfully raised funding through overseas bond market and this funding route is likely to grow many fold going forward."

India is expected to get



investments of over \$75 billion in gas infrastructure in the next eight years, the minister said, adding that Indian refineries have invested over Rs 30,000 crore for upgrading to BS-VI quality fuel production.

India will become \$3 trillion economy this year and aims to achieve a \$5 trillion target in the near future, the oil minister said.

To achieve this target, Pradhan said, India needs secure, affordable and sustainable energy to sustain high growth and energy access to 1.3 billion people. It is important to tap every source of energy, he added.

About incidents of states backing out on concluded power purchase agreements and demanded for renegotia-

tion of tariff (lowering that), the minister said, "We are mindful of the difficulties being faced by investors in some instances where state government is trying to renegotiate some of the executed contracts."

Recently, Andhra Pradesh has asked state-run power giant NTPC and Solar Energy Corporation of India (SECI) for lowering the tariff of power supplied from some solar projects.

Pradhan said, "Our government has requested state governments to reconsider their decision, as this will jeopardise future investment in not only the concerned state but also the country as a whole."

About renewables, the minister said, "This is the right time to think of sale options

Govt puts restrictions on import of ethyl alcohol

NEW DELHI: Importers of ethyl alcohol will now require a licence from the commerce ministry with the government putting restriction on its import. "Import policy of ethyl alcohol and other spirits, denatured of any strength has been changed from free to restricted," according to a circular of the directorate general of foreign trade (DGFT). Now, the prospective importers of this product shall have to apply for a licence from the DGFT, it said.

PTI

like blending electricity generated from gas power plants with renewable energy. This will further aid the process of emission reduction."

He was of the view that this option has the merits of balancing the grid and optimum utilisation of the transmission infrastructure by complementing the uncertain nature of renewable energy generation with gas-based power, which will also aid in optimum utilisation of our gas power plants.

The Central Electricity Authority (CEA) has projected 65 per cent electricity generation capacity from non-fossil fuel sources by 2030.

The minister also informed that hydrogen will be infused into compressed natural gas in Delhi by December, which

would be even more cleaner fuel.

The minister was talking about H-CNG (hydrogen infused compressed natural gas) which would not only reduce pollution compared to CNG but also increase efficiency of vehicles.

He also told that at the end of eight years, 40 million households will be connected with PNG (piped natural gas) compared to 2.5 million in 2014.

Further, Pradhan said, "We are studying the challenges facing the take-off of the bio-diesel programme, and I am confident that we will soon be rolling out initiatives to enable achievement of 5 per cent bio-diesel blended diesel across country."

PTI

IT'S THE SLOWDOWN

Government should use its political capital to push through difficult reforms, instead of tightening CSR norms

ON TUESDAY, PARLIAMENT passed amendments to the Companies Act to tighten the norms pertaining to corporate social responsibility (CSR). Failure to comply with these new norms — for an activity that should ideally be voluntary — will not only attract fines but could also lead to imprisonment. Provisions such as these, which pave the way for the exercise of greater bureaucratic discretion, are unlikely to go down well with India Inc. More disquietingly, rather than revive animal spirits, these moves, which go against this government's stated belief in minimum government, will only further dampen sentiment, and distract even more from the pressing need to address the slowdown in economic activity.

Multiple indicators suggest that, despite various initiatives of the government, the Indian economy is the midst of a structural slowdown. With income growth slowing down, households have been dipping into savings and borrowing to finance their consumption. This is unsustainable. As it is, demand in both rural and urban areas is falling, as most high frequency indicators such as car and two-wheeler sales suggest. In such a situation, the temptation to squeeze the rich for short-term revenue considerations should have been avoided. Exports continue to remain subdued and are unlikely to perk up as global growth and trade are expected to moderate. The corporate sector, which is in the midst of deleveraging, is unlikely to ramp up investments quickly. The earnings season so far has been lacklustre. The issues in the NBFC segment are yet to be contained. The government's tax revenues in the first quarter of the current financial year provide a clear indication of how deep the slowdown is. Growth forecasts for the current financial year are already being pared down.

At this juncture, a business as usual approach will not suffice. With tax revenues growing at less than nominal GDP, the space for counter cyclical policy seems to be exhausted. Instead, the government may end up cutting its expenditure. Monetary policy has little capacity to reverse this decline in growth in the short term. With the limits of state-led growth being realised, it underscores the need to carry out deeper structural reforms. The hard-won political capital is better spent on pushing through contentious but necessary factor market reforms rather than expending it on misguided policies such as tightening CSR norms. An ambitious reform agenda is needed to create conditions conducive for a revival of private demand, investments and exports. Failure to course correct will undoubtedly dampen the hopes of achieving the \$5 trillion target.

पेट्रोलियम कंपनियों को वित्तपोषण पाने में नहीं हो रही दिक्कत: प्रधान



वैभव न्यूज ■ नई दिल्ली

केंद्रीय पेट्रोलियम मंत्री धर्मेन्द्र प्रधान ने शुक्रवार को कहा कि देश की पेट्रोलियम क्षेत्र की कंपनियों को विशेषकर विदेशी बाजारों से वित्तपोषण पाने में किसी तरह की चुनौती का सामना नहीं करना पड़ रहा है। ऐसी खबरें हैं कि नॉर्वे के सरकारी पेंशन कोष समेत कुछ स्वायत्त कोषों ने हाइड्रोकार्बन क्षेत्र से जुड़ी परियोजनाओं और कंपनियों में निवेश नहीं करने का निर्णय लिया है। ऐसे में प्रधान का यह बयान महत्वपूर्ण हो जाता है। प्रधान ने बीएनईएफ शिखर सम्मेलन में यहां कहा, कहीं कोई चुनौती नहीं है। मैंने अपने संबोधन में कहा है कि पेंशन कोष एवं अन्य कोष इच्छुक बने हुए हैं। उन्होंने वित्तपोषण पाने विशेषकर विदेशी बाजारों से वित्तपोषण पाने में भारतीय तेल एवं गैस क्षेत्र की कंपनियों को

हो रही दिक्कत को लेकर पूछे जाने पर यह टिप्पणी की। प्रधान ने कहा, भारत का बढ़ता ईंधन क्षेत्र विदेशी निवेशकों के लिए आकर्षण है। इस क्षेत्र को पश्चिमी देशों, एशियाई देशों और पश्चिम एशियाई देशों के स्वायत्त कोषों, पेंशन कोषों तथा दीर्घकालिक रणनीति निवेशकों ने लगातार निवेश मिलता रहा है। उन्होंने कहा, अर्थव्यवस्था के सात प्रतिशत से अधिक दर से वृद्धि करने का अनुमान है, जो अधिक वित्तपोषण आकर्षित करेगी। कई कंपनियों ने विदेशी बांड बाजार से सफलतापूर्वक पूंजी जुटाई है और वित्तपोषण के इस तरीके में आने वाले समय में कई गुना वृद्धि होने का अनुमान है। उन्होंने कहा कि अगले आठ साल में गैस के बुनियादी संरचना क्षेत्र में देश को 7.5 करोड़ डॉलर से अधिक का निवेश मिलने का अनुमान है।



ईधन कंपनियों को वित्तपोषण पाने में कोई दिवक्त नहीं : प्रधान

नई दिल्ली, 2 अगस्त (एजेंसी):
केंद्रीय पेट्रोलियम मंत्री धर्मेन्द्र प्रधान
ने कहा कि भारतीय ईधन कंपनियों
को वित्तपोषण पाने में किसी तरह की
दिवक्त नहीं आ रही है। ऐसी खबरें
हैं कि नॉर्वे के सरकारी पेंशन कोष
समेत कुछ स्वायत्त कोषों ने जीवाश्म
ईधन से संबंधित परियोजनाओं और
कंपनियों में निवेश नहीं करने का
निर्णय लिया है। प्रधान ने कहा, " भारत
का बढ़ता ईधन क्षेत्र विदेशी निवेशकों
के लिए आकर्षक है।