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## CCI approves IL&FS' stake sale in ONGC Tripura Power to GAIL

MINT



**New Delhi:** The Competition Commission of India (CCI) has approved state-run GAIL (India) Ltd's acquisition of bankrupt Infrastructure Leasing and Financial Services Ltd's (IL&FS) 26% stake in ONGC Tripura Power Company Ltd. showed. The Tripura power project was planned as it was economically unviable to transport gas from the North-East to other parts of the country.

**STAFF WRITER**

# Aramco may open \$110-bn gas project to foreign investors

**DINESH NAIR & MATTHEW MARTIN**

9 September

Saudi Aramco is considering a bold move to open up one of the world's largest unconventional gas fields to foreign investors, as it looks to fund a \$110-billion project to help it diversify from oil sales, people familiar with the matter said.

The state-controlled producer is working with an adviser as it explores raising new equity or debt for its vast Jafurah site, the people said, asking not to be identified because the information is private. It has started preliminary talks with potential investors including large commodity traders, the sources said.

Deliberations are in the early stages and Aramco could decide to pursue other

ways of gathering money to fund the Jafurah development, the people said. A representative for Aramco declined to comment.

Any deal involving Jafurah would mark a rare example of Aramco allowing external investors the chance to hold stakes in its upstream oil and gas assets. Previous attempts in the late 1990s to bring in Big Oil firms to help develop reserves failed. The firm began a review of its upstream business earlier this year as a precursor to such a potential move.

Saudi Arabia's gas reserves are the largest in the Arab world after Qatar, according to BP. The Jafurah field is a priority for the kingdom's rulers as they look to reduce a reliance on crude exports.

**ECONOMY & PUBLIC AFFAIRS P6**

# Expect inflation moderating: Das

The Reserve Bank of India (RBI) does not see a possibility of a sustained rise in inflation above 6 per cent, and there is no evidence to suggest that the liquidity overhang in the system has fed into generalised inflation, Governor Shaktikanta Das said on Thursday. "Our expectation is that from now onwards inflation will moderate," Das said. On the subject of private cryptocurrencies, the RBI governor said the central bank had "serious and major concerns" about it.

# Das sees inflation moderating

Says RBI has serious concerns about cryptocurrencies from the point of view of financial stability

ANUP ROY  
Mumbai, 9 September

The Reserve Bank of India (RBI) does not see a possibility of a sustained rise in inflation above 6 per cent, and there is no evidence to suggest that the liquidity overhang in the system has fed into generalized inflation, Governor Shaktikanta Das said on Thursday.

"Our expectation is that from now onwards inflation will moderate," Das said.

On the subject of private cryptocurrencies, the RBI governor said the central bank had "serious and major concerns" about it.

"We have serious concerns, major concerns from the point of view of financial stability. I think we need more credible answers as to what contribution private cryptocurrencies will make to the Indian economy going forward. We need to be convinced more, and we have expressed those concerns to the government. It is now for

“THEY (CORPORATIONS) HAVE INVESTMENT PLANS, BUT THERE'S A LOT OF SLACK IN CAPACITY UTILISATION AND DEMAND. AGGREGATE DEMAND IS STILL BELOW THE PRE-PANDEMIC LEVEL,”

SHAKTIKANTA DAS, RBI GOVERNOR



the government to take a decision," Das said in a conversation with Financial Times and Indian Express.

Inflation at 6 per cent is "a matter of concern," he said, "but the possibility of sustained increase in inflation above 6 per cent is very less now." Nevertheless, the RBI remains watchful, he said, adding that the central bank is committed to achieve the medium-term target (4 per cent) over a period of time in a very non-disruptive manner.

"We are monitoring the situation very closely. RBI is an inflation focused organisation, but in the pandemic time we have decided to focus on growth. Instead of the target of 4 per cent, the monetary policy committee (MPC) has decided to operate within the band of 2-6 per cent," Das said in the event, streamed online.

The RBI governor said there was no evidence of high asset prices, such as stock prices feeding into inflation.

Most of the recent perk up

in inflation was because of supply side reasons, such as high pump prices of petrol and diesel, edible oil and pulses prices.

Expressing confidence about meeting the central bank's growth projection of 9.5 per cent for the current fiscal, he said, "it all depends on the severity of the third wave of the pandemic should it happen."

RBI's accommodative stance started even before the pandemic set in because the growth was faltering. Now, "whether we will continue with the accommodative stance is something that the MPC will take a call on," Das said. However, he also said that given the growth concerns, it is not a good time now to withdraw accommodations.

Currently, the banking sector NPA looks "quite manageable," as the gross bad debts at the end of June came at 7.5 per cent of the advances for the banks.

More on [businessstandard.com](https://businessstandard.com)

# Improving outlook for gas trading, transmission augur well for GAIL

Ujjval Jauhari  
 ujjval.j@livemint.com

**G**AIL (India) Ltd, the country's largest gas pipeline operator, has benefited from the lifting of the second covid wave restrictions. Demand for natural gas has increased, which means the pipeline operator is in demand for its services. Natural gas being a cleaner and cheaper fossil fuel also helps.

Domestic gas production has also increased, so have imports. The city gas distribution (CGD) network expansions and new circle additions will accrue benefits to GAIL. The increasing pipeline infrastructure is positive for volumes, and rising regasification capacities bode well for higher imports.

The National Green Tribunal (NGT) has been stressing on the need to reduce pollution, which

means an increased push for natural gas. Analysts at Motilal Oswal Financial Services Ltd expect a 90% rise in the length of trunk pipelines over the next few years. They also expect a 57% increase in the availability of liquefied natural gas or LNG and a 30% increase in domestic gas availability.

All this augur well for GAIL and the gas sector in general.

The brokerage expects GAIL to see at least a 5% compounded annual growth rate in gas transmission volumes over the next five years. Another upside to gas volumes is the commissioning of fertilizer plants in the country.

"The volumes already have increased 4-5% (currently 115 mmscmd), with 4.5 mmscmd gas

from Reliance Industries, and Ramagundam fertilizer plant drawing 2.5 mmscmd," analysts at Credit Suisse wrote in their 6 August note. Moreover, full commissioning of four more fertilizer plants in east India should add another 7.5-9.5 mmscmd by

mid FY23, they point out. Mmscmd stands for million standard cubic metres per day of gas.

The starting of supplies to five fertilizer plants will also improve the placement of

imported gas contracts. Besides improved demand, higher gas prices also bode well for increased placement of imported gas cargoes and the company's gas trading segment.

But the flip side of rising gas prices is the impact on the profitability of the LPG (liquefied petroleum gas) and petchem segments. This is because the company uses domestic gas as feedstock for both segments. That said, petchem prices have begun to inch up, providing some respite.

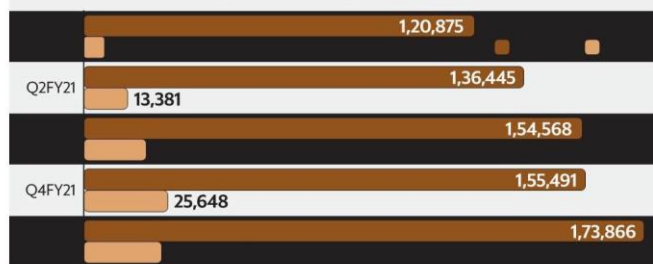
Last month, the company also announced that it would foray into hydrogen generation and scale up its renewable portfolio.

Despite these positives, shares of GAIL have hardly moved in the past month. As such, they have underperformed the broad market so far in 2021.

**Rising demand for natural gas has provided India's largest pipeline operator a window to boost its services**

## Robust outlook

Improved performance in gas trading, LPG and liquid hydrocarbon businesses is boosting GAIL's earnings.



Note: LPG is liquefied petroleum gas ; Ebitda is earnings before interest, tax, depreciation and amortization.

Source: Motilal Oswal Financial Services Ltd

SATISH KUMAR/MINT

# In a first, China taps strategic reserves to cool down oil prices

ALFRED CANG AND JAVIER BLAS

9 September

China made an unprecedented intervention in the global oil market, releasing crude from its strategic reserve for the first time with the explicit aim of lowering prices.

The announcement comes amid surging energy costs in China, not just for oil but also for coal and natural gas, and electricity shortages in some provinces that have forced some factories to cut production. Inflation is rapidly rising too, a political headache for Beijing.

In a late statement on Thursday, the National Food and Strategic Reserves Administration said the country had tapped its giant oil reserves to “to ease the pressure of rising raw material prices.” It didn’t offer further details, but people familiar with the matter said the statement referred to millions of barrels the government offered in mid-July.

The Chinese stockpiling agency also said a “normalised” rotation of crude oil in the state reserves is “an important way for the reserves to play its role in balancing the market”, indicating that it may continue to release barrels. The agency said that putting national reserve crude oil on the market through open auctions “will better stabilize domestic market supply and demand”.

No one answered calls to the press offices of China’s State Council and the National Development and Reform Commission seeking comments outside the regular business hours.

China, the world’s largest oil importer, has built up a 220 million barrel reserve of the commodity over the past decade, according to Energy Aspects.

**Brent crude remained flat despite China’s move. At 9.06 pm IST, it traded at \$69.29 a barrel, down 0.01%**

**BLOOMBERG**

# Kerala to kick-start India's ambitious green hydrogen mission

SHINE JACOB & SHREYA JAI  
Chennai/New Delhi, 9 September

India's aggressive push for hydrogen energy will see its commencement from the state of Kerala since it has initiated talks with leading energy companies, such as Indian Oil Corporation (IOC), NTPC, GAIL (India), Bharat Petroleum Corporation, and Air Products USA, for producing green hydrogen from Cochin International Airport's (CIAL's) solar power facility.

This comes ahead of the Centre not coming out with any policy, despite the announcement of a National Hydrogen Mission. This paper reported recently that the Centre is planning to issue tenders, based on the 'demand aggregator' model.

The Ministry of New and Renewable Energy, in its latest Cabinet note, has proposed that the demand for green hydrogen

from key sectors, such as fertiliser, steel, and refinery, would be aggregated and offered as a mega tender. It is yet to be finalised.

Kerala, however, has already drafted a road map to push hydrogen manufacturing in the state. It has also started discussions with the world's largest fuel cell makers like Ballard Power Systems Inc. and HyGen.

"We are in talks with all those players, including IOC, NTPC, GAIL (India), and Air Products USA to manufacture hydrogen in Kerala. This is to fully utilise the 9.1-gigawatt renewable potential that we have in producing hydrogen. We are the first state in India to come up with a road map on using hydrogen as a fuel," said K.R. Jyothishilal, principal secretary (transport), Government of Kerala.

A senior IOC official confirmed the talks with Kerala to set up two

hydrogen production and refuelling stations for the pilot programme on fuel cell vehicles.

Kerala is planning to issue a global tender to develop a green hydrogen manufacturing unit at CIAL. Kochi is the world's first fully solar-powered airport with a total capacity of 40 megawatt-peak, helping it produce around 160,000 units of power a day, against its daily consumption of nearly 130,000 units.

CIAL also installed a floating solar power plant recently, with a capacity to produce 452 kilowatt-hour. The hydrogen produced from CIAL will be used to run Kochi Metro's feeder buses.

Jyothishilal said the state is in an advanced stage of talks with IOC regarding the CIAL plan, although the company's board is yet to take up the proposal. After the meeting on Friday, the state may take a call on whether to invite a bid for the

## GOING GREEN

■ Kerala drafts a road map for green hydrogen manufacturing

■ Cochin Airport solar facility to be used for green hydrogen production

■ State in talks with IOC, GAIL, NTPC, BPCL, etc

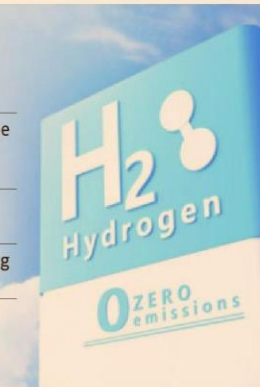
■ Hydrogen to be used in running Kochi metro's feeder buses

■ PM announced National Hydrogen Mission in his 1-Day speech this year

CIAL project, so that it gets aggressive pricing.

Interestingly, Air Products USA is working on the world's largest green hydrogen project in Saudi Arabia now.

"We are doing the first pilot at



CIAL since it is generating solar, and excess power can be converted into hydrogen. We want to fully utilise Kerala's water bodies and dams to generate solar power from floating facilities," added Jyothishilal. This comes close to the heels of

Mukesh Ambani-led Reliance Industries announcing its '1-1-1 vision' to bring down the cost of hydrogen to under '\$1 per 1 kilogram in 1 decade'.

"This is almost like the initial days of solar power. We believe the prices of hydrogen and fuel cells will come down by 2030," he added.

On the other hand, the research and development (R&D) to be conducted with the help of Toyota will look into factors like viability, roads, and climate conditions. As part of the first phase of the road map and R&D, a hydrogen vehicle by Toyota to be run on a trial basis between Thiruvananthapuram and Kochi is expected to arrive in the state on September 22.

Green hydrogen is produced using renewable energy and electrolysis to split water. This is different from grey hydrogen, which is produced from methane and releases greenhouse gases

into the atmosphere, and blue hydrogen, which captures those emissions and stores them underground to prevent them from causing climate change.

Prime Minister (PM) Narendra Modi in his Independence Day (1-Day) speech this year announced the National Hydrogen Mission, and said India would become the new global hub and exporter of green hydrogen.

"Not only will green hydrogen be the basis of green growth through green jobs, it will also set an example for the world towards a clean energy transition," he said.

The prime minister also set the country a target of 2047 — when India would celebrate its 100th I-Day — to achieve self-reliance in energy production through a mix of electric mobility, gas-based economy, and doping ethanol in petrol to make the country a hub for hydrogen production.



**ECONOMY & PUBLIC AFFAIRS P4**  
**Manufacturing firms  
struggle to grow**

India's industrial sector has seen a recovery from the lows of the first wave of the pandemic last year but the revival is being led by commodity producers such as metals and oil & gas companies while manufacturers such as auto firms and makers of consumer goods continue to struggle. The listed manufacturers' combined revenues were down 16 per cent quarter-on-quarter in April-June FY22.

# Industrial sector grows, manufacturers struggle

Their revenue share in listed space declined to record low of 27.2% in Q1FY22

KRISHNA KANT

Mumbai, 9 September

India's industrial sector has seen a recovery from the lows of the first wave of the pandemic last year but the revival is being led by commodity producers such as metals and oil & gas companies while manufacturers such as auto firms and makers of consumer goods continue to struggle.

The listed manufacturers' combined revenues were down 16 per cent quarter-on-quarter (Q-o-Q) in April-June FY22 and were just 1.8 per cent higher than in April-June FY20. In comparison, the combined revenues of all 2,900 listed companies in the Business Standard sample were down 9 per cent Q-o-Q in April-June FY22 and were 5.3 per cent higher than the Q1 figure of FY20.

As a result, the share of manufacturing companies in the combined revenues of all listed firms declined to a record low of 27.2 per cent in Q1FY22 from 29.4 per cent in Q4FY21 and nearly 32 per cent five years ago in the April-June 2017 quarter.

The manufacturing companies are doing even worse on the earnings front. The listed manufacturers accounted for only 22.9 per cent of the combined net profits of all listed companies in Q1FY22. This is the lowest in at least five years with the exception of April-June FY21, when most of the manufacturing sector was shut due to lockdown.

For comparison, the manufacturing companies accounted for 29.6 per cent of India Inc's combined earnings in Q4FY21 and 29.1 per cent two years ago in Q1FY20. (See the adjoining chart.)

The manufacturing companies in our sample exclude commodity producers such as metal & mining companies.

Technically commodity producers also fall in the manufacturing sector but their growth dynamics are different from those using commodities such as metals, cement, energy, and petrochemicals.

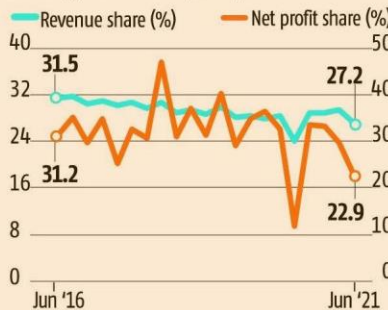
Analysts attribute the decline in manufacturing to weak consumer demand.

"If we look at firms except those that manufacture necessities such as food and personal care products, all others have suffered a drop in volumes in the past two years due to weak consumer demand," said G Chokkalingam, founder and man-



## FALLING SHARE

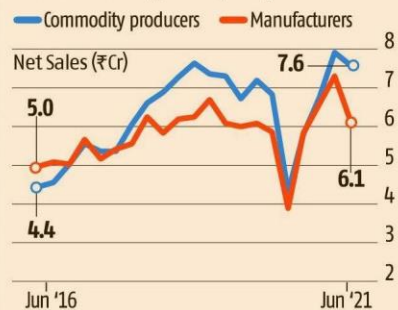
Historical trend in revenue and profit share of manufacturing companies among listed firms (in %)



Note: Manufacturing firms' sample excludes commodity producers such as metals, cement and oil & gas  
Source: Capitaline; Compiled by BS Research Bureau

## COMMODITY COS LEAD

Historical trend in net sales of commodity producers and manufacturing firms (₹trn)



aging director, Equinomics Research & Advisory Services.

According to him, the decline is most visible in the demand for passenger cars and two-wheelers. Sales of passenger vehicles were down 9.3 per cent in FY21 while those of two-wheelers declined 12.1 per cent last financial year, according to the data from Society of Indian Automobile Manufacturers (SIAM). The figures include exports.

As the auto and the auto-ancillary sector is the biggest manufacturing industry in the country, accounting for nearly a quarter of all manufacturing, the slowdown in the sector has hit the revenues and earnings of the sector.

Commodity producers such as steel and non-ferrous metal producers, cement makers, and paper makers have seen a much better recovery in their revenues

and earnings in the post-pandemic period.

The combined revenues of the listed commodity producers in the Business Standard sample in Q1FY22 were 4 per cent higher than in Q1FY20 and down only 5.6 per cent Q-o-Q.

The listed commodity companies accounted for 55 per cent of the combined revenues of all listed manufacturing companies in Q1FY22, up from 52 per cent in Q4FY21 and 48.5 per cent in April-June FY17.

Their profit share is even higher. The commodity producers accounted for 61.5 per cent of the combined profits all manufacturers in Q1FY22, up from around 44 per cent five-years ago.

Analysts say commodity companies are facing a slowdown in demand due to a poor showing by user industries but it has been more than compensated by a rise in price realisation.

# Release of China's strategic reserves worries oil market

Bloomberg

feedback@livemint.com

Oil declined after China announced that it has released supplies from its strategic reserves in an effort to alleviate pressure from rising prices for raw materials.

Futures fell by as much as 2.1% in New York. China's move, its most dramatic intervention yet in the oil market, primarily targets domestic refining and chemical integration firms. It follows similar action the government has already taken in several other commodities markets.

Crude in recent days has fluctuated between gains and losses amid supply disruptions in the US and uncertainty related to the pandemic's continuing risks to the global economic recovery. As of Wednesday, just over 20% of US Gulf of Mexico oil output was back online after Hurricane Ida hit Louisiana, marking a slower comeback than in the wake of Katrina in 2005.

"The release of China's Strategic Reserves could be seen as timely give the prolonged production outage in Gulf of Mexico," said Yuntao Liu, an analyst with London-based Energy Aspects Ltd. "As the outage time grows, Chinese buyers who are still waiting for their cargoes to set sail could draw from this local supply."

**In recent days, crude has fluctuated amid supply disruptions and covid-related uncertainty**



The oil market is grappling with mixed demand signals.

Physical markets have reacted to the hurricane-related Gulf of Mexico outages with a surge in the value of grades from US Mars Blend to Russia's Urals. Royal Dutch Shell Plc declared force majeure on a Mars shipment following hurricane-related disruptions, according to people with knowledge of the matter.

The market is grappling with mixed demand signals, with consumption rallying in some countries — even surpassing pre-pandemic levels in the US — but remaining precarious in some regions.

The American Petroleum Institute reported that US crude stockpiles dropped by 2.88 million barrels last week, according to people familiar with the data. A Bloomberg survey showed a 4.75 million-barrel drop, ahead of official government figures due later on Thursday.

# Scindia moots rationalisation of tax rates on aviation fuel

**EMPHASISING THE NEED** to rationalise tax rates on jet fuel, civil aviation minister Jyotiraditya Scindia on Thursday said lower rates will bring in more flights and act as an economic multiplier that will be “50 to 100 times more” than what states earn from a low level of revenue from VAT

“There are two solutions to the issue of VAT on ATF. Go to every state for rationalisation (of VAT) so that there is a

level playing field ... Today, there are eight to nine states that are ranging between 1% to 4%. Other states vary from 4% to 30%...,” Scindia said. “Second way is through the GST. For that too, it is the states that will decide on that ... Ultimately, the responsibility lies with the states. It is important for us to canvas with the right constituencies, which is states as well as the ministry of finance,” he said. — PTI

GUEST VIEW

# Sri Lanka's economic crisis poses challenges for India

SREJITA NANDY



is an economist with India Exim Bank

India's 'Neighbourhood First' policy towards Sri Lanka had resonated with Sri Lanka's 'India First' foreign and security policy in 2020. India is Sri Lanka's third largest export destination, after the US and UK. More than 60% of Sri Lanka's exports enjoy the benefits of the India-Sri Lanka Free Trade Agreement, which came into effect in March 2000. India is also a major investor in Sri Lanka. India's development partnership with Colombo has always been demand-driven, with projects covering social infrastructure like education, health, housing, access to clean water and sanitation, besides industrial development. Concessional financing of about \$ 2 billion has been provided to Sri Lanka through various Indian government-supported Lines of Credit across sectors for railway connectivity, infrastructure, supply of defence equipment, security, and counter-terrorism and solar projects, among others. Foreign direct investment (FDI) from India amounted to around \$ 1.7 billion over the years from 2005 to 2019 and went into retail

petroleum, hotels and tourism, real estate and manufacturing, apart from telecom, banking and financial services.

However, relations between the two neighbours seem to have plummeted since the beginning of this year. In February, Sri Lanka backed out from a tripartite partnership with India and Japan for its East Container Terminal Project at the Colombo Port, citing domestic issues. Later, the West Coast Terminal was offered under a public private partnership arrangement to Adani Ports and Special Economic Zones Ltd.

Last July, the Reserve Bank of India (RBI) had signed a currency-swap agreement with the Central Bank of Sri Lanka (CBSL) under the Saarc Currency Swap Framework 2019-22, for withdrawals of up to \$400 million. The CBSL settled the scheduled facility with RBI in February 2021. Even though the agreement was valid till 13 November 2022, India declined any further renewal of it in the absence of an International Monetary Fund programme to address Sri Lanka's current macroeconomic imbalances.

On 31 August 2021, Sri Lanka declared a state of economic emergency, as it is running out of foreign exchange reserves for essential imports like food. The CBSL was the first Asian central bank to increase policy rates

after the covid pandemic in response to rising inflation in August 2021 caused by currency depreciation. Tourism, a big dollar earner for Sri Lanka, has suffered since the Easter Sunday terror attacks of 2019, followed by the pandemic. Earnings fell from \$3.6 billion in 2019 to \$0.7 billion in 2020, even as FDI inflow halved from \$1.2 billion to \$670 million over the same period.

Sri Lanka's fragile liquidity situation has put it at high risk of debt distress. Its public debt-to-GDP ratio was at 109.7% in 2020, and its gross financing needs remain high at 18% of GDP, higher than most of its emerging economy peers. Following an international sovereign bond settlement of \$1 billion in July 2021, its gross official reserves slipped to \$2.8 billion, which is equivalent to just 1.8 months of imports. The external debt-to-GDP ratio stood at 62% in 2020 and is predominantly owed by its public sector. More than \$2.7 billion of foreign currency debt will be due in the next two years.

As of June 2019, China's loans to the Sri Lankan public sector amounted to 15% of the central government's external debt, making China the largest bilateral creditor to the country. Unable to service its debt, in 2017, Sri Lanka lost the unviable Hambantota port to China for a 99-year lease. Nevertheless, Sri Lanka has increasingly relied on Chinese credit to address its foreign debt burden.

Many loans have been negotiated between Colombo and Chinese institutions, including a recent syndicated loan for budgetary support of \$1.3 billion from China Development Bank and \$1.5 billion currency swap pact with the People's Bank of China this March. China's exports to Sri Lanka surpassed those of India in 2020 and stood at \$3.8 billion (India's exports were \$3.2 billion). Owing to Sri Lanka's strategic location at the intersection of major shipping routes, China has heavily invested in its infrastructure (estimated at \$12 billion between 2006 and 2019). In May, Sri Lanka passed

the Colombo Port City Economic Commission Act, which provides for establishing a special economic zone around the port and also a new economic commission, to be funded by China.

Sri Lanka's economic crisis may further push it to align its policies with Beijing's interests. This comes at a time when India is already on a diplomatic tightrope with Afghanistan and Myanmar. Other South Asian nations like Bangladesh, Nepal and the Maldives have also been turning to China to finance large-scale infrastructure projects. Nurturing the Neighbourhood First policy with Sri Lanka will therefore be important for India, albeit with due caution, to preserve its strategic interests in the Indian Ocean region. The Colombo port is crucial for India as it handles 60% of India's trans-shipment cargo. Regional platforms like the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation and the Indian Ocean Rim Association could be leveraged to foster cooperation in common areas of interest like technology-driven agriculture and marine sector development, IT and communication infrastructure, renewable energy, and transport and connectivity. Both countries could also cooperate on enhancing private sector investments to create economic resilience. *These are the author's personal views.*

QUICK READ

Our Neighbourhood First policy had led to increased economic cooperation with Sri Lanka but its economy is in deep trouble and India's relations with it have taken a turn for the worse this year.

While Beijing has enhanced its engagement of Colombo, which may be inclined to further align its policies with China's interests, New Delhi ought to consider formulating a counter plan.

# Third wave may not halt recovery: Finmin

SHRIMI CHOUDHARY

New Delhi, 9 September

India's economic recovery, impacted by the second wave of Covid-19, will be faster in the next three quarters even if a third wave hits the country, the finance ministry has said. This confidence, it said, was mainly due to the intensification of the vaccination drive and several economic parameters returning to pre-Covid levels. "Rapidly increasing vaccination coverage and richer experience with pandemic management provide the confidence that the recovery can continue even in the event of a third wave," the finance ministry's Department of Economic Affairs said in its monthly review for August.

However, the ministry raised concern about the high incidence of Covid cases in Kerala and Maharashtra, and emphasised the need for pandemic management in the two states.

The report noted that the momentum of economic recovery was disrupted by the second wave in the second half of 2020-21, but the rapid surge in vaccination in Q4 FY21 and in the first quarter of FY22 contained the sequential decline

## ECONOMY WATCH

▶ **Index of eight core industries rose 9.4% YoY in July**, with all sectors except crude oil and refinery products surpassing pre-Covid levels



▶ **IIP grew 13.6% in June 2021**, reaching 94.8% of June 2019 levels

▶ **Consumer durables and capital goods gradually picking up**, with recovery at 85% & 79% of 2019 levels

▶ **Power consumption clocked 17.1% growth in August** over previous year and 14.6% over pre-Covid levels

Source: Finance ministry

in output. India's gross domestic product (GDP) grew by 20 per cent in the first quarter of the current financial year, reaffirming the economy's resilient V-shaped recovery despite a more brutal second wave, it said. Turn to Page 6 ▶

## Recovery...

Talking about sectors, the report stated that the agriculture sector continued to grow strong. A sharp rebound in the manufacturing and construction sectors places them firmly as growth drivers demonstrate the structural strengthening of the economy, it said.

While the revival of contact-intensive services sectors remains gradual, it is poised to gain pace on the back of rapid inoculation and the government's targeted relief measures for the stressed sectors. Record-high paddy procurement and increasing tractor sales augur well for strengthened rural demand in the coming months, it said, adding that industry was steadily gaining lost ground with June's IIP witnessing a broad-based growth, having recovered close to 95 per cent of the pre-pandemic levels of June 2019.

The index of eight core industries for July 2021 rose 9.4 per cent year-on-year (YoY), with all sectors except crude oil and refinery products surpassing pre-pandemic levels, it said.

Going forward, the fast-paced recovery is further evident in growth of power consumption, rail freight, highway toll collections, e-way bills, digital transactions, air passenger traffic, and robust GST collections.

The report pointed out that robust recovery in tax collections augurs well for the government to provide the required budgeted support to the economy.

# India's fuel demand jumps 11% in Aug

PTI ■ NEW DELHI

India's fuel demand soared almost 11 per cent in August when compared with the same month last year but lower than the previous month as monsoon rains slowed mobility and consumption.

Fuel consumption totalled 16 million tonnes in August, up from 14.42 million tonnes a year back but lower than 16.83 million tonnes in July 2021, data from the Petroleum Planning and Analysis Cell (PPA) of the Oil Ministry showed.

Sales of petrol, which had reached pre-Covid levels a couple of months back, rose 13 per cent year-on-year to 2.69 million tonnes and was up 2.5 per cent over July 2021.

Consumption of diesel - the most used fuel in the country - jumped 15.6 per cent to 5.6 million tonnes from a year earlier but fell 8.7 per cent from the previous month as monsoon rains stalled the mobility of trucks.

Cooking gas or liquefied petroleum gas (LPG) sales increased 2.4 per cent to 2.3 million tonnes, while naphtha sales fell 5.1 per cent to 1.02 million tonnes.

LPG sales fell 1.6 per cent month-on-month. Sales of bitumen, used for making roads, were 3.1 per cent up, while fuel oil use edged up 8 per cent in August. Naphtha demand at 1.02 million tonnes was 5 per cent lower than a year back and 16 per cent lower than July 2021.



## India's fuel demand increases 11% in August

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Sales of bitumen, used for making roads, were 3.1 per cent up, while fuel oil use edged up 8 per cent in August.

Naphtha demand at 1.02 million tonnes was 5 per cent lower than a year back and 16 per cent lower than July 2021.

Jet fuel or ATF soared 24 per cent to 318,000 tonnes in August but was almost equal to that in the previous month.

Diesel and ATF consumption is below pre-Covid levels while petrol and LPG sales are above pre-pandemic levels.

Fuel demand had recovered to near-normal levels in March before the onset of the second wave of COVID-19 infections led to the reimposition of lockdown in different states, stalling mobility and muting economic activity. Consumption in May slumped to its lowest since August last year amid lockdowns and restrictions in several states.

PTI

# Nations approach India over clean energy projects

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**NEW DELHI:** Ahead of the 26th conference of parties (COP 26) on the climate crisis in Glasgow in November, several countries have approached India to partner on clean energy projects and to commit to net zero emissions by 2050.

On Thursday, Denmark energy minister Dan Jorgensen and German parliamentary state secretaries Maria Flachsbarth and Norbert Barthle met environment minister Bhupender Yadav over enhancing India's nationally determined contribution (NDC) under the Paris Agreement and on futuristic technology to help mitigate climate change. NDCs are pledges by countries on what action they



An employee inspects solar panels in a Bihar village. BLOOMBERG

will take to mitigate greenhouse gas emissions under the Paris Agreement of the United Nations Framework Convention on Climate Change (UNFCCC).

Besides Yadav, Jorgensen, who is on a five-day visit to India

with a business delegation, also held meetings with Prime Minister Narendra Modi's principal secretary PK Mishra and power minister RK Singh during the day. One of the main areas of partnership for Jorgensen is set-

ting up an offshore clean and wind energy hub in Tamil Nadu of about 1 GW. The Denmark minister also discussed the possibility of India enhancing its NDC ahead of COP 26.

India has three quantifiable NDCs, which include lowering the emissions intensity of its GDP by 33-35% compared to 2005 levels by 2030; increasing total cumulative electricity generation from fossil free energy sources to 40% by 2030; creating additional carbon sink of 2.5 to 3 billion tons through additional forest and tree cover.

"All eyes are on India. If India really wants to consolidate its role in climate change mitigation, it will enhance its NDC...It has sought more financing from the developed world which I support. We need strong NDCs

from big emitters to keep the 1.5 degree target alive. The IPCC has already made it clear that all countries will need to transition to net zero at some point," Jorgensen said after meeting Yadav.

"I thanked him for the efforts of the Kingdom of Denmark in the renewable energy sector, especially for the cooperation in setting up the Offshore Clean and Wind Energy Hub in Tamil Nadu," Yadav tweeted.

On Wednesday, the first high-level policy dialogue between Yadav and his Japanese counterpart, Koizumi Shinjiro, focused again on COP 26, marine litter and air pollution. This was followed by a meeting with H.E. Sultan Al Jaber, UAE's climate envoy and minister of industry and advanced technology, on issues pertaining to NDCs.

## अगस्त में ईंधन की मांग में 11 फीसदी इजाफा

नई दिल्ली। देश में ईंधन की मांग अगस्त में सालाना आधार पर 11 फीसदी बढ़कर 1.6 करोड़ टन पहुंच गई। तेल मंत्रालय ने कहा कि इस तेजी के बावजूद मांग का यह आंकड़ा कोरोना पूर्व स्तर से कम है। इस दौरान पेट्रोल की बिक्री 13% और डीजल की बिक्री 15.6 फीसदी बढ़ी है। एजेंसी

## सिंधिया ने कहा

# विमान ईंधन पर कर दरों को सुसंगत बनाने की जरूरत

एजेसी ■ नई दिल्ली

केंद्रीय नागर विमानन मंत्री ज्योतिरादित्य सिंधिया ने विमान ईंधन (एटीएफ) पर कर दरों को सुसंगत बनाने पर जोर दिया है। सिंधिया ने बृहस्पतिवार को कहा कि जेट ईंधन पर कर दरें कम होने से उड़ानें अधिक हो सकेंगी। इसका आर्थिक प्रभाव राज्यों को मूल्य वर्धित कर (वैट) पर मिलने वाले राजस्व की तुलना में 50 से 100 गुना अधिक होगा। विमानन कंपनियों के परिचालन खर्च में एक बड़ा हिस्सा एटीएफ का होता है।

नागर विमानन मंत्रालय एटीएफ पर कर दरों को कम करने की वकालत कर रहा है, जिससे कोरोना वायरस से प्रभावित विमानन उद्योग को काफी प्रोत्साहन मिलेगा। यहां संवाददाता सम्मेलन को संबोधित करते हुए सिंधिया ने कहा, एटीएफ

पर वैट के मुद्दे के दो समाधान हैं। प्रत्येक राज्य के पास कर दरों को सुसंगत बनाने के लिए जाया जाए, जिससे सभी को समान अवसर उपलब्ध हो सकें। अभी 8-9 राज्यों में कर की दर एक से चार प्रतिशत है। वहीं अन्य राज्यों में यह चार से 30 प्रतिशत है। यह इतना अधिक है कि कई बार अंतर-राज्य स्तर पर भी इसमें अंतर होता है। कुछ राज्यों के कुछ शहरों में यह भिन्न है। मंत्री ने कहा कि इसका व्यापक प्रभाव होगा। राज्यों को अभी एटीएफ पर काफी कम राजस्व मिलता है। कर दरें कम होने से उड़ानें अधिक आएंगी। जिससे एटीएफ राजस्व की तुलना में राज्यों में 50 से 100 गुना आर्थिक प्रभाव प्राप्त होगा। उन्होंने कहा, यदि आप सभी राज्यों को देखें, तो सभी राज्यों में वैट का राजस्व 3,500 से 4,000 करोड़ रुपए के बीच है। यह बड़ी राशि नहीं है।