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Business Standard

Pandemic delays work under new OALP blocks

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Pandemic delays work under new OALP blocks

TWESH MISHRA
New Delhi, 20 June

Companies that have bid for developing new acreages of oil and gas under a revised policy regime in India will delay production on account of pandemic-related difficulties.

In most cases the pandemic and subsequent lockdowns have stalled the development of the fields awarded from 2018 onwards.

To date, the Centre has awarded 105 Open Acreage Licensing Policy (OALP) blocks under the revenue-sharing regime through five rounds of auction. The OALP bid rounds saw most blocks on offer being awarded to Vedanta, Oil and Natural Gas Corporation (ONGC), and Oil India Ltd (OIL).

Global major BP Plc and its partner Reliance Industries (RIL) had also emerged winner for one block.

All these companies have availed themselves of a relaxation in project implementation timelines, extended by the Centre, owing to the pandemic. According to the RIL Annual Report, the Centre has granted a 341-day extension of the initial exploration phase for the KG-UDW1 block, which was awarded to the RIL-BP joint venture under the second OALP licensing round.

RIL said the petroleum exploration licence (PEL) was issued in August 2019 and the 3D Seismic Acquisition campaign was being undertaken in the block.

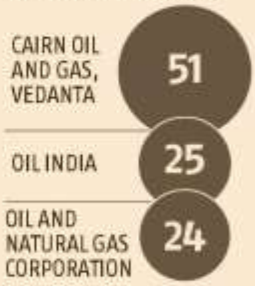
Cairn Oil & Gas, part of Vedanta Ltd, currently has 51 OALP blocks in the country. These include the 41 blocks won under the first OALP round, and five each in the second and third rounds.

Vedanta also has two blocks awarded under the second discovered small field bid round.

"There has been a significant impact of Covid-19 on OALP blocks and completion of ongoing projects. We had sought an extension of the OALP exploration timeline, because the lockdowns have stopped exploration. Last year,

MAJOR PLAYERS THAT HAVE BLOCKS AWARDED IN THE OALP REGIME

Number of OALP blocks currently with companies



Source: Companies

the Government provided up to 341 days of additional time until February 28, 2021. However, due to the second wave, further time extension will be required," Cairn Oil & Gas told Business Standard in response to emailed queries.

This second extension is largely due to the ongoing second wave of the pandemic, which has led to restrictions on movements (both domestic and international). This is affecting work on the ground. "The situation with Covid-19 last year, especially in the recent second wave, has derailed the planned execution and further planning ... The overall infrastructure in the country is also experiencing stress, which is further impacting operations adversely," Vedanta said.

The extension allows companies time to execute a committed work programme (CWP).

ONGC got 24 blocks in the five rounds. It exited two because the Tamil Nadu government did not grant a PEL after the Neduvasal protests dampened sentiment for any fresh oil and gas exploration in the state.

The company invested $113.61 million (around ₹850 crore) in the OALP blocks that have been awarded to it.

According to ONGC, exploration activities, like data acquisition in the offshore OALP blocks, were partially affected during the pandemic. But exploration in on-land blocks were affected because there was delay in crew mobilisation due to lockdown. The grant of PEL by state governments too was delayed due to the same reasons. Other activities, like processing and interpretation, were hampered due to lockdown restrictions.

Government-owned OIL had won 25 blocks, 12 in the north-eastern states, five each in Rajasthan and Odisha, two in the Andaman Islands, and one in the Kerala-Konkan shallow offshore. It stayed one jump ahead of the other operators to start physical activity in an OALP block and was the first to complete seismic data acquisition in one of its acquisitions.

The pandemic seems to have taken away this lead. "Since seismic acquisition activities are limited by a fair weather window, statutory permission, clearances and access constraints, the planned acquisition activities in the blocks spilled over to the next field season, thus delaying the exploration campaign by almost a year," an OIL official said.

The tendering of new contracts because of restricted mobility was also impacted, he added.


AHEAD OF AGM, BUZZ OVER
ARAMCO HEAD ON RIL BOARD

Ahead of AGM, buzz over Aramco head on RIL board

PRESS TRUST OF INDIA
New Delhi, 20 June

Saudi Aramco Chairman and Governor of the Kingdom's wealth fund — Public Investment Fund (PIF) — Yasir Al-Rumayyan may be inducted on the board of Reliance Industries (RIL). This is a precursor to a $15-billion deal, said reports.

An announcement of Al-Rumayyan's induction on the RIL board or the board of the newly carved oil-to-chemical (O2C) unit may come as early June 24 at the company's annual shareholder meeting.

"RIL's annual general meeting (AGM) has historically been a keenly watched event (previously attended by 3,000 shareholders when held in physical format and last year saw 300,000 concurrent viewers of the virtual AGM across 42 countries and 468 cities), given that it has been one of the top 3 companies by market capitalisation in India, has a large free float, and a large public shareholding (more than 3 million non-institutional shareholders)," brokerage HSBC Global Research said in a report. Expectations are already built up for the AGM.

"Over the past year, new investors have joined RIL's digital and retail business at a subsidiary level and RIL has formed new partnerships with global players like Google, Facebook, Microsoft, Qualcomm, etc. Investors now expect RIL to give direction to these businesses and announce ground-breaking products," it said, adding reports suggest it will likely announce a new smartphone partnered with Google and its pricing.

"There is also expectation of some update on Saudi Aramco deal and speculation that the chairman of Saudi Aramco may join RIL's board," it said.

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Governor of Saudi Public Investment Fund Yasir bin Othman Al-Rumayyan

ON THE TABLE

- **Announcement of Al-Rumayyan's induction on RIL board** may come as early as June 24 — at the firm's annual shareholder meeting
- **Move seen as precursor** to a $15-billion deal
- **RIL may introduce a new affordable laptop to tap** into the massive demand for work-from-home machines
- **Reports suggest it will likely announce** a new smartphone partnered with Google

Business Standard

Ahead Of AGM, Buzz Over Aramco Head On RIL Board

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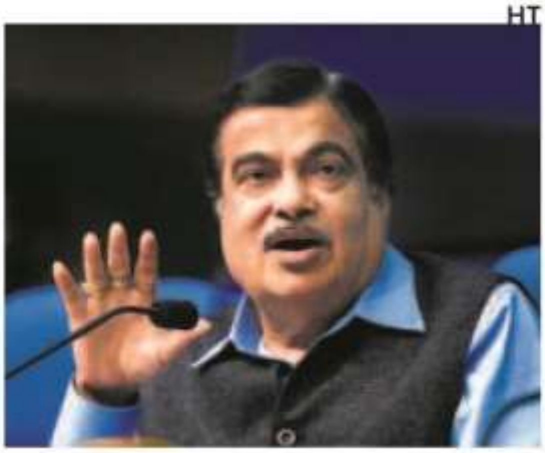
RIL board...

Both RIL and Saudi Aramco did not reply to emails sent for comments. An email sent to PIF, too, remained unanswered. PIF has already picked up minority stake in Reliance Retail and Jio. Billionaire Mukesh Ambani had in August 2019 announced talks for the sale of 20 per cent stake in the O2C business, which comprises its twin oil refineries at Jamnagar in Gujarat and petrochemical assets, to the world's largest oil exporter. The deal was to conclude by March 2020, but has been delayed for reasons not disclosed by either company. Talks have revived this year and the two are reportedly discussing a cash and share deal — Aramco paying for the stake with its shares initially and then staggered cash payments over several years.

Aramco closes $12 bn pipeline deal with China, UAE backing

China's Silk Road Fund and Hassana Investment Co., controlled by the Saudi Arabian government, joined a group investing $12.4 billion in Saudi Aramco's oil pipelines. The consortium, led by US firm EIG Global Energy Partners LLC, has now closed a deal to acquire a 49% equity stake in Aramco Oil Pipelines Co., a new subsidiary, according to an emailed statement. The group includes Abu Dhabi sovereign wealth fund Mubadala Investment Co. and Samsung Asset Management. Abu Dhabi is the capital of the United Arab Emirates and, along with Saudi Arabia, a key member of the Organization of Petroleum Exporting Countries cartel. The subsidiary will have rights to 25 years of tariff payments for oil transported through Aramco's crude pipeline network. Aramco, the world's biggest oil producer, will retain ownership of the other 51% of shares. **BLOOMBERG**

Decision over flex-fuel engines in 8-10 days, says Nitin Gadkari


HT

New Delhi: The government will take a decision over flex-fuel engines in the next 8-10 days as it is considering making these engines mandatory for the automobile industry, Union minister Nitin Gadkari said on Sunday while asserting that the move will help farmers and boost the Indian economy. Gadkari said ethanol is a better fuel than petrol, and it is import substitute, cost effective, pollution-free and indigenous. **PTI**

Draft Cabinet note floated for 100% FDI in BPCL, others

The commerce and industry ministry has floated a draft Cabinet note seeking inter-ministerial views on a proposal to allow up to 100 per cent foreign investment under automatic route in oil and gas PSUs, which have an 'in-principle' approval for disinvestment, sources said. The move, if approved by the union cabinet, would facilitate privatisation of India's second biggest oil refiner Bharat Petroleum Corp (BPCL). The government is privatising BPCL and is selling its entire 52.98 per cent stake in the company. Sources said that as per the draft note, a new clause would be added in the FDI policy under the petroleum and natural gas sector. **PTI**

Increase in forex may fuel exports

Shayan Ghosh
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MUMBAI

The frenetic accumulation of foreign exchange may check the strengthening of the local currency and fuel Indian exports in the short term, experts said, with the central bank hinting that current reserves of $600 billion are sufficient to cover imports for a shorter duration than many other large economies.

India had forex reserves of $608 bn as of 11 June, RBI said. HT

The Reserve Bank of India's (RBI's) 16 June monthly bulletin said forex reserves crossed $600 billion, making India the world's fifth-largest reserve holding country. However, RBI said this will still cover less than 15 months of projected imports, against Switzerland's 39 months, Japan's 22 months, Russia's 20 months, and China's 16 months. Since the publication of the bulletin, the reserves rose further to $608.08 billion as on 11 June.

"There is an intrinsic bias towards accumulation, which will have a residual impact on the rupee. There is a chance that the rupee will mostly underperform compared to emerging market peers even with healthy emerging markets flows," Madhavi Arora, lead economist at Emkay Global Financial Services, said over the phone.

The shorter import cover warrants a pragmatic assessment of reserve adequacy on forex reserves, including exposure to valuation changes and market risk in a world of heightened global uncertainty, the bulletin noted.

The rupee closed at 73.86 per dollar on 18 June, strengthening after eight straight sessions of decline.

Arora of Emkay Global added that policymakers are trying to achieve export competitiveness using the nominal

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RBI plan to boost forex tailwind for trade

FROM PAGE 1

exchange rate route, as productivity dynamics cannot be improved immediately.

"The least that they could do is allow the currency to depreciate. Honestly, in the medium term, it is not your nominal exchange rate that will matter but your real exchange rate," she said.

However, experts cautioned that while a weaker rupee may aid in increasing exports, rising inflation could play spoilsport. For now, the monetary policy committee (MPC) is expected to be in a wait-and-watch mode and look through the surprise surge in retail inflation in May. Inflation measured by the Consumer Price Index (CPI) came in at 6.3% in May, above the Reserve Bank's target band of 2-6%.

"Keeping your exchange rate undervalued helps your external sector at the expense of the domestic sector. It is basically trying to shift consumption away from the households to the external sector," said Anindya Banerjee, deputy vice-president (currency derivatives and interest rate derivatives) at Kotak Securities.

Banerjee explained that when the currency is strong, domestic consumption gets a boost, but when it is weak, it incentivizes exporters.

India's exports expanded in May this year when compared with May 2019 in sectors such as engineering goods, petroleum products, iron ore, cotton textiles and drugs and pharmaceuticals.

A weak rupee may help increase exports, but rising inflation could play spoilsport. BLOOMBERG

The Reserve Bank added that engineering goods, accounting for nearly a fourth of the total exports, were massively affected due to demand and supply disruptions caused by the pandemic. However, this segment has bounced back, staging a smart recovery in recent months, surpassing pre-pandemic levels.

RBI governor Shaktikanta Das also alluded to a strengthening of the external environment and said it augurs well for India's export sector. This comes at a time when urban demand has weakened following the second wave.

"Global demand conditions are expected to improve further, buoyed by fiscal stimulus packages and the fast progress of vaccination in advanced economies. India's exports in March, April and May 2021 have launched into an upswing," Das said on 4 June.

India Inc goes for price hikes, again

Consumer durables and staples among worst affected by raw material prices

VIVEAT SUSAN PINTO
Mumbai, 20 June

Companies across categories such as durables, paint, and consumer staples are raising product prices by 2-5 per cent as input cost pressures increase.

While palm oil, used to make soaps, has come off its peak and metal prices are showing signs of cooling off in the past month, crude oil continues to remain volatile. Metals such as aluminium and copper are used to make durables.

Crude-linked derivatives, such as titanium dioxide and linear alkyl benzene, go into paints and detergents, respectively. High-density polyethylene, also a crude oil-linked derivative, is used as packaging material for all essential items, including soaps, detergents, hair oils, creams, shampoos, and toothpastes.

In the past one month, the benchmark Brent crude price has risen 7 per cent. A longer window of three to six months shows a sharper spike — up nearly 17 per cent in three months and close to 41 per cent in six months. Metals such as aluminium, lead, nickel, and tin are up between 7 per cent and 13 per cent in three months and between 5 per cent and 55 per cent in six months. Turn to Page 6

UP & UP

Commodity price		Change (%)	
	Jun 18, '21	3 months	6 months
Base metals ($/tonne)			
LME Aluminium	2,375	8.9	16.1
LME Copper	9,120	0.6	14.4
LME Lead	2,145	13.0	5.6
LME Nickel	17,126	7.1	-1.7
LME Tin	31,365	10.3	55.7
LME Zinc	2,809	1.0	-1.5
Steel & iron ore			
China HRC steel (CNY/tonne)	5,511	10.5	20.1
China iron ore ($/tonne)	216	29.4	31.2
Crude oil ($/bbl)			
Brent crude spot	73.2	16.7	40.7
Palm oil (MYR/tonne)			
Malaysia crude palm oil	3,529	-12.7	-2.1

LME: London Metal Exchange; HRC: Hot-rolled coil; CNY: Chinese yuan; renminbi; MYR: Malaysian ringgit; June 18, 2021 is the last closing price
Sources: *Bloomberg*, LME
Compiled by *BS* Research Bureau

India Inc for price hikes

Copper, on the other hand, has been flat over the past three months; but even this, if taken over six months, is up 14 per cent.

For companies, this volatility is not a good omen for pricing. For instance, Asian Paints, the leader in decorative paints, will hike product prices by 2 per cent in July, according to trade sources. This will be the second rise in two months. The last price hike was in May of nearly 3 per cent. Durables companies plan to increase prices by 3-5 per cent from July of refrigerators, washing machines, and television sets.

"Input cost pressures have been on for a while. Though price hikes were taken earlier this calendar year in tranches to the extent of 10-12 per cent, they weren't enough. There is a gap of about 7-8 per cent which has to be passed on to consumers. This will happen in phases from July," says Kamal Nandi, business head and executive vice-president, Godrej Appliances. Some CEOs say resisting price hikes could be detrimental to the health of the business. "Commodity inflation has been quite severe. In contrast, the price hikes being considered are minor. We have absorbed as much as we can. Some amount will have to be passed on," says Manish Sharma, president and CEO, Panasonic India and South Asia.

Experts say these price hikes, coinciding with the lifting of lockdowns, could dampen consumer sentiment. Companies, on the other hand, say they remain cautious about the pricing action. In a report dated June 17, Motilal Oswal analysts Krishnan Sambamoorthy, Dhairya Dhruv, and Kaiwan Jal Olia said while there had been some softening in palm oil prices in the past two weeks, April and May had witnessed overall raw material inflation for firms.

In the case of fast-moving consumer goods companies, crude oil and tea prices have risen sequentially over the past few months, said the analysts. Hindustan Unilever had taken further price increases in soaps, detergents, home products, and tea in the June quarter of FY22. This followed price hikes taken in the March and December quarters of FY21 to combat inflation.

Asian Paints Managing Director and CEO Amit Syngle admits that challenges on the crude oil price front remain, despite pricing action by the company. "There has been an overall inflationary trend since December 2020 in raw material prices. As a leader, we are looking at a balanced approach and have been able to pass on some increases in the market, effective May 1. And now, effective July," he says.

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Iran result dims expectations of rapid oil return, says analyst

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Iran will continue talks aimed at reviving a nuclear deal during its transition to a new government, yet the election of a conservative cleric as president lowers traders' expectations of a quick return to the world oil market, said Sara Vakhshouri, president of SVB Energy International Llc.

Voters picked Ebrahim Raisi, seen as the more hardline candidate, to become Iran's next president in Friday's election. He'll take office in August, replacing Hassan Rouhani, whose administration reached the multilateral nuclear deal in 2015.

That agreement eased sanctions on Iran's economy and allowed for greater oil sales in return for limits on the country's nuclear program until President Donald Trump pulled the US out of the accord in 2018.

Oil prices surged to more than $70 a barrel this month on an improved demand outlook for the second half and the perception that more Iranian barrels won't be coming back until the latter part of the year, Vakhshouri said at the daily energy forum hosted by the Dubai-based consultancy Gulf Intelligence.

Rising demand and continued production restraints by Opec+ and US shale producers means that markets will be short by as much as 1.5 million barrels a day by the end of the year, she said.

"Having Iranian oil back in the market will be absorbed by demand if it moves to the second half or last quarter of 2021," Vakhshouri said of the potential timing for increased crude exports from the Islamic Republic.

"The election of a hard-liner delays the expectation of a rapid return of Iranian oil to the market" which could have happened more quickly if a broader nuclear deal lifted or suspended more sanctions.

Voters picked Ebrahim Raisi, seen as the more hardline candidate, to become Iran's next president in Friday's election. He will take office in August, replacing Hassan Rouhani. REUTERS

Oil prices came under pressure earlier this year from concerns that a quick revival of the nuclear deal could bring Iranian barrels flooding back to the market. With talks dragging on, and Iran's sales still limited, traders are buying oil out of storage to meet demand, reducing stockpiles and supporting prices.

The Organization of Petroleum Exporting Countries (Opec), which includes Iran, and partners like Russia have cut output to make up for a drop in demand due to the coronavirus pandemic.

Oil use is recovering, though, and nearly at pre-pandemic levels. Iran has been exempted from any Opec+ production cuts since its output is still curtailed by US sanctions.

US and European companies will be less likely to seek longer-term term contracts and work in Iran's oil industry since uncertainty will likely remain around sanctions. The new Iranian administration will likely favour continued oil sales to China in return for investment, Vakhshouri said.

QUICK EDIT

Iran's non surprise

Ebrahim Raisi's victory on Saturday in Iran's presidential election was a foregone conclusion. His unflinching loyalty to the ruling Shia clergy made him the establishment's choice, and the republic's clerical veto did not let other viable candidates contest the polls. So the path to Tehran's top civilian position was skewed if not fully loaded in Raisi's favour. As chief of Iran's judiciary, he ran a popular anti-corruption drive and is widely expected to take a harder line with the US than predecessor Hassan Rouhani.

If Raisi has the support of Iran's supreme leader Ayatollah Ali Khameini, he could adopt a more flexible stance on reviving its 2015 nuclear deal with the West, with a change now in the White House, to ease US clamps on its oil exports and economy that were imposed after the US pulled out in 2018. But, so far, Tehran has wanted sanctions to be lifted before it moves on its own nuclear hygiene, and it's unclear if Raisi will soften or harden that position. As of now, his election has neither brightened nor darkened the chance of more Iranian oil reaching global markets and thereby pushing down prices for us. But developments on nuclear talks could shift the odds rapidly.

Business Standard

Kuwait's $600-BN Wealth Fund Caught In Political Slugfest

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WORLD P8

KUWAIT'S $600-BN WEALTH FUND CAUGHT IN POLITICAL SLUGFEST

Kuwait's $600-bn wealth fund stuck in political slugfest

Disagreements hold up approval of new term for nine-member board

FIONA MACDONALD
20 June

A $600 billion sovereign wealth fund is caught in the cross-hairs of a political power struggle that's roiling one of the world's richest countries.

The Kuwait Investment Authority, the world's oldest state investment vehicle, has been in limbo since its board's tenure expired two months ago. A new term has yet to be approved as political differences spill over into a disagreement over the make-up of the nine-member board, according to a person familiar with the matter.

The uncertainty now hanging over the KIA, which manages Kuwait's vast oil wealth through two key funds, is emblematic of a broader malaise that's paralysed policy making, prompted ratings agencies to warn of downgrades and perversely left the government of a major OPEC crude exporter scrabbling for cash. KIA officials were not immediately available for comment.

It's all part of a deep stand-off between members of the only elected parliament in the Gulf and a government whose leader is appointed by the ruling Emir, a deadlock that's blocked the state from borrowing and left it with barely enough to pay public sector salaries. The dispute's also delaying investment and economic reforms, including an overhaul of the welfare state the government says is needed to end eight consecutive years of budget deficits.

"The signals this sends are very negative," said Kuwaiti businessman and economist Abdullah Al-Shami, who owns two companies specialised in medical and financial services. "It is a new low and I can justify that by saying we have two political agendas and so two economic agendas. The first is going toward new liberal policies adopted by the West and the other wants to maintain the welfare system as it is."

Once a booming economy at the forefront of Gulf Arab affairs, Kuwait has long since been eclipsed by neighbours unshackled by elected institutions and bent on securing their seat on the international stage. Dubai established itself as the region's business capital, while in Saudi Arabia, Crown Prince Mohammed bin Salman has embarked on an ambitious plan to remake the economy.

BLOOMBERG

TRAPPED IN QUICKSAND

- The uncertainty hanging over Kuwait Investment Authority has paralysed policy making, prompted ratings agencies to warn of downgrades and left the government of a major OPEC crude exporter scrabbling for cash
- The deadlock has blocked the state from borrowing and left it with barely enough to pay public sector salaries
- The dispute's also delaying investment and economic reforms, including an overhaul of the welfare state the government says is needed to end eight consecutive years of budget deficits

Note for 100% FDI in oil PSUs drafted

The commerce and industry ministry has floated a draft cabinet note seeking inter-ministerial views on a proposal to allow up to 100% foreign investment under automatic route in oil and gas PSUs, which have an 'in principle' approval for disinvestment, persons aware of the matter said. The move, if approved by the Union cabinet, would facilitate privatization of Bharat Petroleum Corp. Ltd (BPCL). The government is privatizing BPCL and selling its entire 52.98% stake in the company. The persons said the draft adds a clause in the FDI policy under the petroleum and natural gas sector. **PTI**

Saudi Aramco Chairman may Join RIL Board

STRENGTHENING PARTNERSHIP Move a first for any foreign citizen; formal announcement likely in upcoming RIL AGM

Arijit.Barman@timesgroup.com

Mumbai: Yasir al-Rumayyan, chairman of Saudi Aramco and governor of the kingdom's $430 billion sovereign wealth fund, may join the board of Reliance Industries (RIL), a key step to further deepen the partnership between the world's largest oil exporter and one of the fastest growing energy consumers, said people familiar with the matter.

The possible induction of Rumayyan into the RIL board would also be the first for any foreign citizen. He is counted among the most influential decision makers in the world of energy and investing and is closely involved in Saudi prince Mohammed bin Salman's plans to diversify Saudi Arabia's petroleum dependent economy, said officials who have been briefed on the matter.

A formal announcement, according to some, may happen in the upcoming annual general meeting (AGM) of RIL, scheduled for later this month.

Apart from having deeper implications for Indo-Saudi oil diplomacy, which had frayed in recent months,

IN THE SPOTLIGHT

Who is Yasir al-Rumayyan?

Chairman of Saudi Aramco and governor of the kingdom's $430-billion sovereign wealth fund

Among the most influential decision makers in the world of energy & investing

Closely involved in Saudi prince Mohammed bin Salman's plans to diversify Saudi Arabia's petroleum dependent economy

RIL BOARD

Of the 14 members on the RIL board, half are independent directors

Include former SBI chair Arundhati Bhattacharya, former McKinsey India chief Adil Zainulbhai, former CSIR head RA Mashelkar former and senior SC advocate YP Trivedi

Analysts expect some of the older members might be stepping down from the board or retiring soon

Reliance watchers see this as a strategic step leading to the culmination of the much-awaited $15 billion investment by Aramco in RIL's oil refining and petrochemicals arm, first announced in the 2019 AGM by RIL chairman Mukesh Ambani.

"The decision has been blessed at the highest levels in both countries. The Aramco-Reliance partnership is imperative at multi-levels – from locking in long-term oil sales and market access to being a calculated move for the future as both the giants are trying to reorient themselves in a fast-changing energy landscape where there is growing pressure from investors, policymakers, money managers and activists moving away from fossil fuels," said an official who spoke on condition of anonymity as the matter is not in the public domain. "Both companies are betting big on hydrogen and other frontier technologies. Moreover, PIF is already a key ally in various digital and new economy initiatives of Reliance. Rumayyan is the boss of both."

PIF has already deployed $3.3 billion over three investments in Reliance Jio Platforms, Retail and Digital Fiber Infrastructure Trust (DFIT), the infrastructure investment trust that holds Reliance Jio's telecom fiber assets.

THE BRAIN TRUSTS

Of the 14 members on the RIL board, half are independent directors. They include former State Bank Chair Arundhati Bhattacharya, Adil Zainulbhai, former chairman of McKinsey & Company, India, RA Mashelkar, the former Director General of the Council of Scientific and Industrial Research and YP Trivedi, a practicing senior advocate at the Supreme Court of India. Analysts expect some of the older members might also be stepping down from the board or retiring soon making room for fresh blood.

Even though Reliance has joined forces hands with several marque global financial and strategic investors like ADIA, KKR, Silverlake, besides Facebook and Google for a record capital raise in its telecom and retail verticals, only the two Silicon Valley technology giants got board representation and observer seats without voting powers at Jio Platforms Limited (JPL), but none on the main Reliance Industries board. "This (Aramco and Reliance) is a special and multi-decade relationship that has transcended beyond the supplier-refiner relationship," added a Singapore based energy consultant who also did not wish to be named.

Beyond the corporate comradarie, a personal rapport between Ambani and Rumayyan, a former local banker has also blossomed, say people in the know. Other than the Kingdom's Oil Minister Khalid al-Falih, the Aramco boss was also part of the wedding festivities of the Ambani children, Akash and Isha. Likewise, Ambani has been a key guest in the Future Investment Summitt, the annual high-profile investment conference in Riyadh, billed as the Davos in the Desert extravaganza.

For full report, go to www.economictimes.com

Big Oil hit, but its investors are riding high

JEFF SOMMER
NEW YORK, JUNE 20

IT HAS been a terrible several weeks for Big Oil companies like Exxon Mobil, Chevron and Royal Dutch Shell, which have been rebuked in proxy fights, the courts and a landmark public report, all pressuring them to do much more to stop climate change.

Yet it has also been a glorious stretch for investors in energy, the best-performing sector in the stock market this year.

Prices of energy companies and of oil and gas have been soaring. Much of those increases can be attributed to a surge in demand as the economy recovers from the coronavirus pandemic. The news for fossil fuel companies lately has been relentlessly bleak, a series of defeats in important shareholder votes and in the courts. What's more, the energy business has been the focus of a landmark International Energy Agency policy report that calls for sharp cutbacks in fossil fuel production.

What these disparate events had in common was that they put major publicly traded companies under mounting pressure to address climate change far more forcefully. In short, the headlines suggested that Big Oil companies were in deep trouble, and over the long run, that may be true if they don't change their ways.

An oil platform at Norway's offshore Johan Sverdrup field near Stord. *Reuters file*

But the stock and commodities markets, which appear to be focused on the near term, have been telling a far more upbeat story. Despite a brief downturn, this has been a fabulous time for investments in energy companies.

Six of the 10 top performers in the S&P 500 this year are energy companies, led by Marathon Oil, which has risen 88 per cent in 2021 alone. The companies in the energy sector of the S&P 500 have done better than any other slice. **NYT**

India looks at non-Opec options to tame oil prices

Rajeev Jayaswal
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NEW DELHI: Unreasonable output curbs by oil producers' cartel, the Organization of the Petroleum Exporting Countries (Opec), have forced India to negotiate alternative long-term supplies from outside the grouping such as the US and Russia amid soaring petrol and diesel rates in the country, two officials familiar with the matter said.

India is the world's third largest crude oil importer after the US and China. Hence oil producers cannot ignore India for long without losing their market share to other competing countries, the officials said, requesting anonymity.

"Interestingly, even Russia (which is an outside ally of Opec in the cartel's recent production cuts) is in touch with us for long-term crude supply contracts at concessional terms. We are actively considering the proposal," said one of the officials, a key decision-maker on this matter. He, however, declined to disclose the commercial details.

Some other Opec members, including one from Africa, are also willing for long-term contracts, he said.

India is witnessing a spike in auto fuel rates due to rising international oil prices. BLOOMBERG

India is witnessing a spike in auto fuel rates due to rising international oil prices. Petrol on Sunday became costlier by ₹6.82 per litre and diesel by ₹7.24 a litre as their pump prices jumped for the 27th time in 48 days.

One of the key reasons for high domestic fuel rates is production curbs by the oil cartel, a second official said.

Opec and its allies, including Russia (together known as Opec+) on April 12 last year announced an unprecedented 9.7 million barrel per day cut in oil output, a 10th of the global output, from May 1, 2020, but did not adhere to the planned supply restoration.

The output cut was initiated when international oil rates fell below \$20 a barrel in April last year. Benchmark Brent crude on April 21, 2020 fell to \$19.33 a barrel. It, however, rose to over \$50 per barrel in early 2021. With rising demand and supply constraints, oil prices have now hit \$74.39 a barrel on Wednesday (June 16, 2021), the highest since April 2019.

"Producers must not take consumers for granted. At the time of their crisis, we had supported them. Now it is their turn. If they do not relent, we will be constrained to reduce our imports from Opec counties and look for other opportunities such as spot buying and non-Opec producers," the first official said.

Non-Opec suppliers produces about 60% of the world's output, while the Saudi Arabia-led OPEC produces about 40% of global crude oil.

Saudi Arabia seeks religious reset as clerical power wanes

Kingdom had ordered restrictions on mosque loudspeakers

AGENCE FRANCE-PRESSE
RIYADH

Muezzins issuing high-decibel calls to prayer have long been part of Saudi identity, but a crackdown on mosque loudspeakers is among contentious reforms seeking to shake off the Muslim kingdom's austere image.

Saudi Arabia, home to the holiest Muslim sites, has long been associated with a rigid strain of Islam known as Wahhabism that inspired generations of global extremists and left the oil-rich kingdom steeped in conservatism.

But the role of religion faces the biggest reset in modern times as Crown Prince Mohammed bin Salman, spurred by the need to diversify the oil-reliant economy, pursues a liberalisation drive in parallel with a vigorous crackdown on dissent.

Mohammed bin Salman

Chipping away at a key pillar of its Islamic identity, the government last month ordered that mosque loudspeakers limit their volume to one-third of their maximum capacity and not broadcast full sermons, citing concerns over noise pollution.

The move triggered an online backlash with the hashtag "We demand the return of mosque speakers" gaining traction.

It also sparked calls to ban loud music in restaurants, once taboo in the kingdom but now common amid liberalisation efforts, and to fill mosques in such large numbers that authorities are forced to permit loudspeakers for those gathering outside.

But authorities are unlikely to budge, as economic reforms for a post-oil era take precedence over religion, observers say. "The country is re-establishing its foundations," Aziz Alghashian, a politics lecturer at the University of Essex,said.

"It's becoming an economically driven country that is investing substantial effort in trying to appear more appealing – or less intimidating – to investors and tourists. "In what was once unthinkable, some shops and restaurants now remain open during the five daily Muslim prayers.

Decision over flex-fuel engines in 8-10 days, says Nitin Gadkari

'Currently, about 8.5% ethanol is mixed with petrol against 1-1.5% in 2014'

NEW DELHI: The government will take a decision over flex-fuel engines in the next 8-10 days as it is considering making these engines mandatory for the automobile industry, Union minister Nitin Gadkari said on Sunday while asserting that the move will help farmers and boost the Indian economy.

Addressing Rotary District Conference 2020-21 virtually, Gadkari said that the price of alternative fuel ethanol is Rs 60-62 per litre while petrol costs more than Rs 100 per litre in many parts of the country, so by using ethanol, Indians will save Rs 30-35 per litre.

"I am transport minister, I am going to issue an order to the industry, that only petrol engines will not be there, there will be flex-fuel engines, where there will be choice for the people that they can use 100 per cent crude oil or 100 per ethanol," he said.

"I am going to take a decision within 8-10 days and we will make it (flex-fuel engine) mandatory for the automobile industry," he further said.

The Road Transport and Highways Minister mentioned that automobile makers are producing flex-fuel engines in Brazil, Canada and the US providing an alternative to customers to use 100 per cent petrol or 100 per cent bio-ethanol.

Recently, Prime Minister Narendra Modi said the target date for achieving 20 per cent ethanol-blending with petrol has been advanced by five years to 2025 to cut pollution and reduce import dependence. The government last year had set a target of reaching 10 per cent ethanol blending in petrol by 2022 and 20 per cent doping by 2030.

Currently, about 8.5 per cent ethanol is mixed with petrol as against 1-1.5 per cent in 2014, Gadkari said adding ethanol procurement has risen from 38 crore litres to 320 crore litres.

Gadkari said that ethanol is a better fuel than petrol, and it is import substitute, cost effective, pollution-free and indigenous. PTI

Draft cabinet note floated for 100% FDI in oil PSUs approved for disinvestment: Sources

MPOST BUREAU

NEW DELHI: The commerce and industry ministry has floated a draft cabinet note seeking inter-ministerial views on a proposal to allow up to 100 per cent foreign investment under automatic route in oil and gas PSUs, which have an 'in-principle' approval for disinvestment, sources said.

The move, if approved by the union cabinet, would facilitate privatisation of India's second-biggest oil refiner Bharat Petroleum Corp Ltd (BPCL).

The government is privatising BPCL and is selling its entire 52.98 per cent stake in the company.

Sources said that as per the draft note, a new clause would be added in the FDI policy under the petroleum and natural gas sector.

According to the proposal, foreign investment up to 100 per cent under the automatic route would be allowed in cases where an 'in-principle' approval for disinvestment of a PSU has been granted by the government.

For BPCL privatisation, mining-to-oil conglomerate Vedanta had put in an expression of interest (EoI) for buying the government's 52.98 per cent stake in the PSU. The other two bidders are said to be global funds, one of them being Apollo Global Management.

After collating the views, the commerce and industry ministry would seek approval of the union cabinet on the proposal.

At present, only 49 per cent FDI is permitted through automatic route in petroleum refining by the public sector undertakings (PSU), without any disinvestment or dilution of domestic equity in the existing PSUs.

The Pioneer
Draft Cabinet note floated for 100% FDI in oil PSUs approved for disinvestment: Sources
Jun 21, 2021 | Delhi | Pg No.: 9 | | Sq Cm:133 | AVE: 1264691 | PR Value: 6323456

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PTI ■ NEW DELHI

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The Statesman
Petrol crosses Rs 97 in Delhi, diesel nears Rs 88 after another price hike
Jun 21, 2021 | Delhi | Pg No.: 8 | | Sq Cm:318 | AVE: 286618 | PR Value: 1433090

Petrol crosses ₹97 in Delhi, diesel nears₹88 after another price hike

PRESS TRUST OF INDIA
NEW DELHI, 20 JUNE

Petrol price in the national capital crossed Rs 97 a litre and diesel neared Rs 88 after fuel prices were raised yet again.

Petrol price was hiked by 29 paise per litre and diesel by 28 paise, according to a price notification of state-owned fuel retailers.

The hike 27th in seven weeks pushed fuel prices across the country to new historic highs.

In Delhi, petrol hit an all-time high of Rs 97.22 a litre, while diesel is now priced at Rs 87.97 per litre.

Fuel prices differ from state to state depending on the incidence of local taxes such as VAT and freight charges.

And because of this, petrol retails at over Rs 100 per litre mark in eight states and union territories -- Rajasthan, Madhya Pradesh, Maharashtra, Andhra Pradesh, Telangana, Karnataka, Jammu and Kashmir and Ladakh.

Among the metros, petrol is already above Rs 100 in Mumbai, Hyderabad and Bengaluru.

In Mumbai, petrol now costs Rs 103.36 a litre and diesel comes for Rs 95.44.

Sri Ganganagar district of Rajasthan near the India-Pakistan border was the first place in the country to see petrol hitting Rs 100 a litre mark in mid-February and earlier this month it also earned the distinction of diesel crossing that psychological mark.

Petrol in the city is sold at Rs 108.37 a litre - the highest rate in the country, and diesel comes for Rs 101.12.

Rajasthan levies the highest VAT on petrol and diesel in the country, followed by Madhya Pradesh, Maharashtra, Andhra Pradesh and Telangana.

The hike on Sunday was the 27th increase in prices since May 4, when state-owned oil firms ended a 18-day hiatus in rate revision they observed during assembly elections in states like West Bengal.

In 27 hikes, petrol price has risen by Rs 6.82 per litre and diesel by Rs 7.24 a litre.

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Oil companies revise rates of petrol and diesel daily based on the average price of benchmark fuel in the international market in the preceding 15 days, and foreign exchange rates. PTI

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Saudi Aramco rep on Reliance board?

PRESS TRUST OF IN DIA
NEW DELHI, 20 JUNE

Saudi Aramco chairman and Governor of the Kingdom's wealth fund Public Investment Fund, Yasir Al-Rumayyan, may be inducted on the board of Reliance Industries Ltd, a precursor to a $15 billion deal, reports said.

An announcement of Al-Rumayyan's induction on the RIL board or the board of the newly carved oil-to-chemical (O2C) unit may come as early as at the company's annual shareholder meeting on June 24.

"RIL's Annual General Meeting (AGM) has historically been a keenly watched event (previously attended by 3,000 shareholders when held in physical format and last year saw 300,000 concurrent viewers of the virtual AGM across 42 countries and 468 cities) given that it has been one of the top 3 companies by market capitalisation in India, has a large free float and a large public shareholding (more than 3 million non institutional shareholders)," brokerage HSBC Global Research said in a report.

And expectations are already built up for the AGM.

"Over the last year, new investors have joined RIL's digital and retail business at subsidiary level and RIL has formed new partnerships with global players like Google, Facebook, Microsoft, Qualcomm etc. Investors now expect RIL to give direction to these businesses and announce groundbreaking products," it said, adding reports suggest that it will likely announce a new smartphone partnered with Google and its pricing.

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"There is also expectation of some update on Saudi Aramco deal and speculation that the Chairman of Saudi Aramco may join RIL's board," it said.

Both RIL and Saudi Aramco did not reply to emails sent for comments. PTI

एयर इंडिया के पास केयर्न मामले में चुनौती देने के लिए जुलाई तक का वक्त

नई दिल्ली (भाषा)।

राष्ट्रीय एयरलाइन एयर इंडिया के पास ब्रिटेन की केयर्न एनर्जी पीएलसी द्वारा दायर मामले को चुनौती देने के लिए जुलाई मध्य तक का समय है। सूत्रों ने यह जानकारी दी।

केयर्न एनर्जी ने अमेरिका की संघीय अदालत में मुकदमा दायर कर एयरलाइन को यह निर्देश देने की अपील की है कि वह भारत सरकार के खिलाफ जीते गए पंचाट मामले में 1.26 अरब डालर का भुगतान करे। केयर्न एनर्जी ने न्यूयार्क के दक्षिणी जिले की अमेरिकी जिला अदालत में दायर मामले में कहा है कि एयर इंडिया पर भारत सरकार का नियंत्रण है। ऐसे में अदालत को पंचाट के फैसले को पूरा करने का दायित्व एयरलाइन कंपनी पर डालना चाहिए।

तीन सदस्यीय अंतरराष्ट्रीय पंचाट न्यायाधिकरण ने दिसम्बर में एकमत से केयर्न पर पिछली तारीख से लगाए गए करों को खारिज कर दिया था और सरकार को कंपनी के बेचे गए शेयर, जब्त लाभांश और कर रिफंड को वापस करने को कहा था। इस न्यायाधिकरण में भारत की ओर नियुक्त जज भी शामिल थे। हालांकि, भारत सरकार ने चार साल के दौरान पंचाट प्रक्रिया में हिस्सा लिया था लेकिन उसने इस फैसले को मानने से इनकार करते हुए नीदरलैंड की अदालत में इसे खारिज करने की याचिका दायर की है।

केयर्न ने कहा है कि वह इस फैसले के तहत एयर इंडिया जैसी सार्वजनिक क्षेत्र की इकाइयों से वसूली करेगी। वहीं सरकार ने कहा है कि वह इस तरह के किसी भी कदम का विरोध करेगी। इस मामले की जानकारी रखने वाले सूत्रों ने कहा कि एयर इंडिया के पास केयर्न के मुकदमे को चुनौती देने के लिए जुलाई मध्य तक का समय है।