ONGC News as on 02 January 2025 (Print & Online)

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Publication : Hindustan Times_edge	Editions : New Delhi
Date :2 January 2025	Page : 8

Commercial LPG, ATF prices cut for first time in 6 months

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NEW DELHI: In a New Year gift to the people, government-owned oil marketing companies (OMC) reduced prices of commercial cooking gas for the first time in six months on Wednesday with immediate effect. The price cuts ranged from ₹14 to 16 per cylinder.

OMCs also reduced aviation turbine fuel (ATF) prices, which may lead to cheaper air fares.

In the national capital, the price of a 19kg commercial cooking gas cylinder was lowered by ₹14.50 to ₹1,804 per cylinder. Prices were previously revised to ₹1,818.50 on 1 December, when they were raised by about ₹16 per cylinder.

Prices in Kolkata, Mumbai and Chennai stood at ₹1,911, ₹1,756 and ₹1,966, respectively, lower by ₹16, ₹15 and ₹14 per cylinder, according to data on the website of Indian Oil Corp. Ltd. Commercial LPG is largely used in the hospitality and food & beverage space. This price reduction may ease the expenses of hotels and restaurants. Commercial LPG prices had been increased for five consecutive months since August. Prices of domestic cooking gas, however, were left unchanged.

In Delhi, the price of a 19 kg commercial LPG was lowered by ₹14.50 to ₹1,804 per cylinder. SHUTTERSTOCK

ATF prices were cut on Wednesday after they were increased for two consecutive months.

In New Delhi, jet fuel prices were reduced by ₹1,401.37 to ₹90,455.47 per kilolitre. ATF prices in Kolkata, Mumbai and Chennai were lowered by ₹1,491.84, ₹1,349.09 and ₹1,560.77 to ₹93,059.79, ₹84,511.93 and ₹93,670.72 per kilolitre, respectively. Fuel costs account for about 40% of an airline's expenses.

The price reductions come amid tepid international oil prices.

Crude oil prices have largely been below the $75 per barrel mark for the past couple of months, largely due to demand and slowdown concerns globally.

The March contract of Brent was at $74.64 per barrel on Wednesday. Although commercial LPG and ATF prices have been cut, there is no relief in petrol and diesel prices, which were last cut by about ₹2 per litre in March, ahead of the Lok Sabha elections.

Publication : Financial Express	Editions : New Delhi
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ATF price cut 1.5%, commercial LPG ₹14.5 cheaper

THE PRICE OF ATF was reduced by 1.5% on Wednesday while the rate of commercial LPG was cut by ₹14.5 for a 19-kg cylinder in the monthly revision done in line with benchmark international prices, reports **PTI**.

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Govt cuts jet fuel price by 1.5%, commercial LPG by ₹14.5/cylinder

PRESS TRUST OF INDIA
New Delhi, January 1

THE PRICE OF jet fuel, or ATF, on Wednesday was reduced by 1.5% and the rate of commercial LPG that is used in hotels and restaurants was cut by ₹14.5 per 19-kg cylinder in the monthly revision done in line with benchmark international prices.

The aviation turbine fuel (ATF) price was reduced by ₹1,401.37 per kilolitre, or 1.52%, to ₹90,455.47 in the national capital — home to one of the busiest airports — according to state-owned fuel retailers.

The rate cut follows two rounds of monthly increases. Prices were increased by ₹2,941.5 per kl (3.3%) on November 1, and by ₹1,318.12 per kl (1.45%) on December 1, 2024. The ATF price in Mumbai has been reduced to ₹84,511.93 from ₹85,861.02 per kl previously.

Oil firms also reduced the price of commercial LPG by ₹14.5 to ₹1,804 per 19-kg cylinder in the national capital. This the first reduction after fifth straight monthly hikes in commercial LPG price. Rates were hiked by ₹16.5 per 19-kg cylinder at the last revision on December 1. In five price increases, commercial LPG rates had been hiked by ₹172.5 per 19-kg cylinder.

Commercial LPG now costs ₹1,756 per 19-kg cylinder in Mumbai, ₹1,911 in Kolkata, and ₹1,966 in Chennai. Prices of ATF and LPG differ from state to state depending on the incidence of local taxes including VAT. The rate of cooking gas used in domestic households, however, remained unchanged at ₹803 per 14.2-kg cylinder.

State-owned Indian Oil Corporation (IOC), Bharat Petroleum Corporation Ltd (BPCL), and Hindustan Petroleum Corporation Ltd (HPCL) revise prices of ATF and cooking gas on the first of every month based on the average price of benchmark international fuel and foreign exchange rate.

MONTHLY REVISION

ATF prices for domestic airlines (₹/kilolitre)
Applicable from January 1, 2025

METRO PRICES	
Delhi	90,455.47
Kolkata	93,059.79
Mumbai	84,511.93
Chennai	93,670.72

- A 19-kg commercial cylinder now costs ₹1,804 in Delhi, ₹1,756 in Mumbai, ₹1,911 in Kolkata, and ₹1,966 in Chennai
- Domestic cooking gas rate remains unchanged

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THE ISSUE AND THE ROAD AHEAD

Russian gas supplies sent via Ukraine to Europe for more than 40 years ended on January 1. Ukraine's Naftogaz refused to renew the five-year transit deal with Russia's Gazprom.

How big are volumes?

Russia's supply to Europe has fallen dramatically after its invasion of Ukraine. Moscow spent half a century building its European gas market share, which at its peak stood at about 35 per cent but has fallen to about 8 per cent. As of December 1 the EU received less than 14 billion cubic metres (bcm) of gas from Russia via Ukraine, down from 65 bcm/year when the latest five-year contract began in 2020.

Who is affected?

The Ukraine route serves Austria and Slovakia. Austria received most of its gas via Ukraine, while Slovakia takes around 3 bcm from Gazprom per year, about two-thirds of its needs.

FILE PHOTO: REUTERS

What options do buyers have?

Most other Russian gas routes to Europe are shut including Yamal-Europe via Belarus and Nord Stream under the Baltic Sea. One option is TurkStream pipeline to Turkey under the Black Sea, Bulgaria, Serbia or Hungary. But, capacity is limited. Slovakia's gas supply could come from Hungary, roughly a third from Austria and the remainder from the Czech Republic and Poland. **AGENCIES**

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Ukraine halts Russian gas transit to Europe

This marks end of decades of Moscow's dominance over Europe's energy mkts

REUTERS
1 January

Russian gas exports via Soviet-era pipelines running through Ukraine came to a halt on New Year's Day, marking the end of decades of Moscow's dominance over Europe's energy markets.

The gas had kept flowing despite nearly three years of war, but Russia's gas firm Gazprom said it had stopped at 0500 GMT after Ukraine refused to renew a transit agreement.

The widely expected stoppage will not impact prices for consumers in the European Union — unlike in 2022, when falling supplies from Russia sent prices to record highs, worsened a cost-of-living crisis and hit the bloc's competitiveness.

The last remaining EU buyers of Russian gas via Ukraine, such as Slovakia and Austria, have arranged alternative supply, while Hungary will keep receiving Russian gas via the TurkStream pipeline under the Black Sea. But Transdniestria, a breakaway pro-Russian region of Ukraine's neighbour Moldova also reliant on the transit flows, cut off heating and hot water supplies to households early on Wednesday. Local energy company Tirasteploenergo urged residents to dress warmly, hang blankets or thick curtains over windows and balcony doors, and use electric heaters.

The European Commission said the EU had prepared for the cut-off.

"The European gas infrastructure is flexible enough to provide gas of non-Russian origin," a spokesperson for the Commission said. "It has been reinforced with significant new LNG (liquefied natural gas) import capacities since 2022."

Russia and the former Soviet Union spent half a century building up a major share of the European gas market, which at its peak stood at around 35 per cent. But the EU has slashed its dependence on Russian energy since the start of the war in Ukraine by buying more piped gas from Norway and LNG from Qatar and the United States.

Ukraine, which refused to extend the transit deal, said Europe had already made the decision to abandon Russian gas.

"We stopped the transit of Russian gas. This is a historic event. Russia is losing its markets, it will suffer financial losses," Ukraine's Energy Minister German Galushchenko said in a statement.

Ukraine will lose up to $1 billion a year in transit fees from Russia. To help offset the impact, it will quadruple gas transmission tariffs for domestic consumers from Wednesday, which could cost the country's industry more than 1.6 billion hryvnias ($38.2 million) a year. Gazprom will lose close to $5 billion in gas sales.

The company halted supply to Austria's OMV in mid-November over a contractual dispute but in recent weeks Russian gas has been reaching Austria via Slovakia at a rate of around 200 gigawatt hours (GWh) per day. For January 1, only about 7 GWh per day is expected to flow from Slovakia to Austria, Austrian energy regulator E-Control said.

Slovakia's main gas buyer SPP said it would supply its customers mainly via pipelines from Germany and also Hungary, but would face additional transit costs.

Combined pipeline routes from Russia delivered a record high 201 billion cubic metres (bcm) of gas to Europe in 2018. The Nord Stream route across the Baltic Sea to Germany was blown up in 2022 and the Yamal-Europe pipeline via Belarus has also shut.

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ILLUSTRATION: BINAY SINHA

India 2025: Navigating an uncertain world

Managing the Trump trade and migration shock demands immediate focus

India starts 2025 on a sombre note with the passing of Dr Manmohan Singh, whose bold first-generation reforms in 1991 set the country on the path to faster growth. The economy is also slowing, with Q2 FY25 growth dropping to 5.4 per cent. Over the past three years, it performed well above expectations, growing at 8.7 per cent in FY22, 7.2 per cent in FY23, and 8.2 per cent in FY24, driven by public capital expenditure, substantial investments in global capability centres (GCCs), and surging service exports.

Government experts and analysts think the dip in last quarter's growth is temporary. That will be known soon but, nevertheless, with no widespread revival in domestic private investment and GCC investment having peaked, India's growth will decline, unless it undertakes much delayed second-generation reforms.

What is also worrisome are the rising global uncertainties. In its latest World Economic Outlook update, the International Monetary Fund (IMF) projects baseline annual global growth at a much lower 3.1 per cent for 2024–2029, compared to 3.7 per cent in the 20-year period from 2000–2019, which included the Global Financial Crisis, and warns it is subject to huge downside risks.

IF TRUTH BE TOLD

AJAY CHHIBBER

It highlights four risks: Conflict escalation; tariff and trade policy uncertainty; lower migration; and tightening global financial conditions, which combined could be lower by 1.5 percentage points. The first two risks, conflicts and trade policy, could each reduce global growth by 0.5 percentage points, while the last two, lower migration and financial tightening, could each lower growth by 0.25 percentage points. While the first risk, conflict escalation may not materialise, the second, tariffs, and the third, lower migration, are certainties and could collectively reduce global growth by 1 percentage point. With rising trade and fiscal uncertainty, the US Fed has signalled that it will slow down interest rate declines, thereby already tightening financial conditions.

If a China-US trade war does materialise, some experts believe India could attract more foreign direct investment under a China+1 strategy. However, India has not seen significant investment relocating from China so far, except for iPhones. Despite production-linked incentive (PLI) subsidies, India's red tape, labour and land laws, and its approach to bilateral investment treaties make it challenging to attract investment. Additionally, India's dependence on Chinese intermediates for iPhones and pharmaceuticals could hinder its position in a US-China trade war.

Some experts suggest India should join the Regional Comprehensive Economic Partnership (RCEP) or the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), but with a huge trade deficit with China even with tariffs on Chinese imports, joining RCEP would likely exacerbate these deficits in the near term. And China has also applied for CPTPP membership. A trade agreement with the UK remains pending, while negotiations with the much larger EU market are even more complex, further hindered by the EU's proposed Climate Border Adjustment Mechanism.

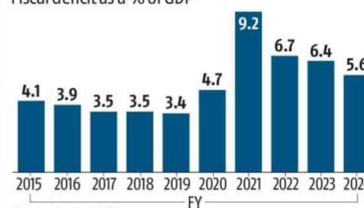
India will undoubtedly be in Donald Trump's tariff crosshairs. He has labelled India the "tariff king" and threatened reciprocal tariffs. Instead of engaging in a tariff slugfest, as during Mr Trump's previous term, a smarter approach would be to proactively negotiate a trade and investment deal with the US, India's largest export market. The goal should be to reduce the bilateral trade deficit while expanding overall US-India trade, which is projected to reach $500–$600 billion by 2030. This could be achieved by opening Indian markets to selected US imports, such as petroleum, oil products, LNG, nuclear and energy equipment, and defence.

On migration, Mr Trump appears to favour increased legal migration through H1-B visas and Green Cards. However, with nearly 800,000 undocumented Indians in the US, a mass deportation drive, if unleashed in full force, will affect India significantly.

Slowing growth is not the only concern. Despite a low current account deficit, the rupee is coming under pressure as funds exit India, particularly with the Fed expected to slow down interest rate cuts in 2025. The rupee is depreciating in a familiar step function to around ₹86 per dollar, which will improve competitiveness but also increase prices and put unhedged borrowing at risk.

FISCAL BALANCE

Fiscal deficit as a % of GDP



Source: Statista 2024

Fiscal policy faces tough choices, with public debt at 83 per cent of gross domestic product (GDP) and the FY25 fiscal deficit projected at 4.9 per cent of GDP for the Union government. A straight-line glide path for fiscal consolidation should reduce the FY26 fiscal deficit to 4.2 per cent of GDP, still higher than any year since the National Democratic Alliance came to power in 2014 (see figure).

The mid-year review, however, only promises it will be less than 4.5 per cent of GDP. The key to faster fiscal consolidation, while maintaining public capital expenditure, is aggressive privatisation, which has been inexplicably slow. State-level finances also require consolidation and quality improvement, as noted by the Reserve Bank of India.

The puzzle remains weak private investment. In the beginning of 2024, the excuse was election uncertainty, but now it can only be attributed to weak demand due to a K-shaped recovery. Capacity utilisation remains around 75 per cent, and surging imports make new investments less worthwhile.

India needs a more inclusive growth model and what economists call second-generation reforms. Encouraging greater investment in labour-intensive manufacturing by collaborating with state governments to ease labour and land acquisition laws and reduce red tape is both necessary and achievable. India requires "cooperative federalism" for initiatives like goods and services tax, but "competitive federalism" for areas such as labour and land reforms and cutting red tape, where progressive states can lead the way. Tourism, capable of creating millions of jobs and attracting investment, needs a significant push. With the elections behind us, the upcoming Budget presents an opportunity to move boldly in these directions.

The RBI has revised its FY25 growth forecast to 6.7 per cent and the IMF projects India's 2025 growth at 6.5 per cent. Even with impressive growth in the last three fiscal years, averaging over 8 per cent, India's GDP remains below the level it would have reached if the pandemic had not occurred. A reversion to average 6-6.5 per cent growth with global conditions worsening and a looming Trump trade and migration shock is not inevitable but will require immediate focus. And if India aims to return to more inclusive 7.5-8 per cent GDP growth, much-delayed second-generation reforms are essential. Will India grasp this nettle in 2025 and stay on the path to a Viksit Bharat, initiated by Manmohan Singh's bold liberalisation in 1991?

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CRISIL ANALYSIS

Oil prices may soften on lower risk premium

As 2024 winds up and 2025 dawns, there is a semblance of stability in the global oil market. Oil prices are expected to soften in the year ahead as supply-demand dynamics continue to hold sway.

While production adjustments by the Organization of the Petroleum Exporting Countries (OPEC) will decide the flow, growth prospects of major consumer economies, particularly China, will shape demand.

Prices could stabilise in the $70 to $75 per barrel range if OPEC reverses supply cuts even as demand growth in large economies moderates and geopolitical uncertainties do not aggravate. On the other hand, in calendar 2024, the average price was estimated to be $80 to $82 per barrel. The year saw some fluctuations, with prices rising to $90 per barrel in April because of uncertainties in West Asia and production adjustments by OPEC+ (a grouping of OPEC and 10 other oil producers).

Amid the shifting sands of geopolitics, Russia remained India's top crude oil supplier accounting for 35 to 40 per cent of total imports. Discounts offered by Russia because of western sanctions made this a win-win.

But the discounts have been progressively narrowing, so India has proactively diversified its sources, with imports from Iraq (20 per cent share), Saudi Arabia (12 per cent), and other nations (14 per cent) offsetting concentration risks and ensuring energy security.

India's petroleum consumption is seeing steady growth this financial year, driven primarily by the transportation and industrial segments. The former dominates with 58 to 60 per cent share. Diesel and petrol account for 53 to 55 per cent of the country's total consumption.

To be sure, electric vehicles (EVs) are on the ascend, but fossil fuels continue to hold sway, particularly in the commercial vehicle space where EV penetration is still under 1 per cent.

Consumption of diesel and petrol is expected to grow 3 to 5 per cent and 1 to 3 per cent, respectively, this financial year (FY) and next, driven by rising industrial activity and mobility needs.

Industrial demand for these fuels is rising as the Indian economy expands, with consumption by the sector expected to rise 2 to 4 per cent this FY and next. The growth should continue to tick well, driven by infrastructure expansion and rising mobility needs.

Credit outlook

Operating profit of oil marketing companies (OMCs) is expected at $12 to $14 per barrel this FY, down from $20 per barrel last FY but higher than the 10-year average of $9 to $11 per barrel.

Their gross refining margin (GRM) is seeing a steep correction and is likely to average $3 to $5 per barrel, with diesel spreads evening out as refineries globally have ramped up production while consumption has slowed.

Also, discount on Russian crude oil has tapered and the impact of inventory loss has kicked in with crude oil price averaging roughly $73 per barrel currently, down from about $82 per barrel in the first half of the FY.

That said, overall returns will be bolstered by marketing margin (net of operating expenses), which is likely to continue at the higher level of about ₹4.5 per litre (or ₹$9 per barrel), provided there is no reduction in retail fuel prices. It could hold steady even next FY as oil prices hover at $70 to $75 per barrel. This is, however, subject to the movement in retail prices of petrol and diesel. The consequent cumulative cash accrual, estimated at ₹52,000 to ₹54,000 crore, will partially support its about ₹90,000 crore capex plans for this FY, largely towards brownfield capacity expansion.

Natural gas consumption on the rise

The country's natural gas consumption is on the rise, supported by the ongoing expansion of city gas distribution (CGD) network, increased industrial demand and a shift towards cleaner fuels.

Overall, gas consumption is projected to grow 5 to 7 per cent this FY to 197 to 200 mmscmd. In FY26, the consumption is expected to rise 4 to 9 per cent to 203 to 212 mmscmd.

The growth will be driven by multiple factors, including higher power sector demand to meet peak summer electricity needs, ongoing infrastructure development in the CGD sector, and stable LNG prices that are supporting demand from the refinery and petrochemical industries. The CGD sector, in particular, is a major growth engine, as more cities are connected to the gas grid boosting investments and more households and businesses gaining access to cleaner, more cost-efficient energy. As a result, piped natural gas (PNG) consumption is forecast to grow 10 to 15 per cent through FY26.

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Publication : Echo of India	Editions : Kolkata
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Ukraine halts transit of Russian gas to Europe after prewar deal expired

KYIV, JAN 1 /--/ Ukraine on Wednesday halted Russian gas supplies to European customers through its pipeline network after a prewar transit deal expired at the end of last year. Ukraine's energy minister, Herman Halushchenko, confirmed on Wednesday morning that Kyiv had stopped the transit in the interest of national security. This is a historic event. Russia is losing markets and will incur financial losses. Europe has already decided to phase out Russian gas, and (this) aligns with what Ukraine has done today, Halushchenko said in an update on the Telegram messaging app. At a summit in Brussels last month, Ukrainian President Volodymyr Zelenskyy vowed that Kyiv would not allow Moscow to use the transits to earn additional billions ... on our blood, on the lives of our citizens. But he had briefly held open the possibility of the gas flows continuing if payments to Russia were withheld until the war ends. Russia's Gazprom said in a statement on Wednesday morning that it has no technical and legal possibility of sending gas through Ukraine, due to Kyiv's refusal to extend the deal. Even as Russian troops and tanks moved into Ukraine in 2022, Russian natural gas kept flowing through the country's pipeline network set up when Ukraine and Russia were both part of the Soviet Union to Europe, under a five-year agreement. Gazprom earned money from the gas and Ukraine collected transit fees.

Before the war, Russia supplied nearly 40 per cent of the European Union's pipeline natural gas. Gas flowed through four pipeline systems, one under the Baltic Sea, one through Belarus and Poland, one through Ukraine and one under the Black Sea through Turkiye to Bulgaria. After the war started, Russia cut off most supplies through the Baltic and Belarus-Poland pipelines, citing disputes over a demand for payment in rubles. The Baltic pipeline was blown up in an act of sabotage, but details of the attack remain murky. The Russian cutoff caused an energy crisis in Europe. Germany had to shell out billions of euros to set up floating terminals to import liquefied natural gas that comes by ship, not by pipeline. Users cut back as prices soared. Norway and the US filled the gap, becoming the two largest suppliers. Europe viewed the Russian cutoff as energy blackmail and has outlined plans to completely eliminate Russian gas imports by 2027.

Russia's share of the EU pipeline natural gas market dropped sharply to about 8 per cent in 2023, according to data from the EU Commission. The Ukrainian transit route served EU members Austria and Slovakia, which long got the bulk of their natural gas from Russia but have recently scrambled to diversify supplies.

Gazprom halted supplies to Austria's OMV in mid-November over a contractual dispute, but gas flows through Ukraine's pipelines continued as other customers stepped in. Slovakia this year inked deals to begin buying natural gas from Azerbaijan, and also to import US liquefied natural gas through a pipeline from Poland. Among the hardest-hit will be EU candidate country Moldova, which was receiving Russian gas via Ukraine and has brought in emergency measures as residents brace for a harsh winter and looming power cuts. Separately from Kyiv's decision to let the transit deal expire, Gazprom said last month it will halt gas supplies to Moldova starting on January 1, citing unpaid debt. Gazprom has said Moldova owes close to USD 709 million for past gas supplies, a figure the country has fiercely disputed, citing international audits.

Heating and hot water supplies were abruptly cut off on Wednesday to households in Transnistria, Moldova's breakaway region that has for decades hosted Russian troops, as Russian natural gas stopped flowing to the territory, local transit operator Tiraspoltransgaz-Transnistria said. In an online statement, the company urged residents to gather household members together in a single room, hang blankets over windows and balcony doors, and use electric heaters. It said some key facilities including hospitals were exempt from the cuts. On December 13, Moldova's parliament voted in favour of imposing a state of emergency in the energy sector, as fears mounted that the gas shortages could trigger a humanitarian crisis in Transnistria, for decades dependent on Russian energy supplies.

Many observers have predicted that the looming energy shortage could force people in the separatist territory to travel to Moldova proper, seeking basic amenities to get through the harsh winter and placing further strain on resources. Moldova, Ukraine and EU politicians have repeatedly accused Moscow of weaponising energy supplies. On Wednesday, Polish Foreign Minister Radek Sikorski called Ukraine's move to halt supplies a victory for those opposed to the Kremlin's policies. In a post on X, Sikorski accused Moscow of systematic attempts to blackmail Eastern Europe with the threat of cutting off gas supplies," including through a Baltic pipeline bypassing Ukraine and Poland and running directly to Germany.

Slovakian PM Robert Fico Slovakia's Prime claimed Wednesday that the end of gas flows via Ukraine will drastically affect us all in the EU but not Russia. Fico, whose views on Russia have sharply differed from the European mainstream, has previously hit out at Kyiv's refusal to extend the transit deal, and threatened to end electricity supplies to Ukraine in response. Moscow can still send gas to Hungary, as well as non-EU states Turkiye and Serbia, through the TurkStream pipeline across the Black Sea. The steady reduction of Russian gas supplies to European countries has also spurred them to hasten the integration of Ukraine's energy grids with its neighbours to the west.

Last week, private Ukrainian energy utility DTEK said it had received its first shipment of liquefied natural gas from the US, to be delivered through a newly expanded network spanning six countries from Greece to Ukraine and marking a significant step in reducing regional dependence on Russian energy. Separately, overnight into New Year's Day, Russia launched a drone strike on Kyiv that left two people dead under the rubble of a damaged building, according to the city administration. (AP)

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Publication : Financial Express	Editions : New Delhi
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BOTH SIDES CONFIRMED THE HALT AFTER A KEY TRANSIT DEAL EXPIRED

Russia and Ukraine cease five decades of gas transit to EU

- Ukraine to give up long-held strategic position

PRISCILA AZEVEDO ROCHA, DANIEL HORNAK & ANNA SHIRYAEVSKAYA
January 1

RUSSIAN GAS STOPPED flowing to Europe via Ukraine, closing off a route that's operated for five decades after Kyiv refused to allow any transit that funds Moscow's war machine.

Both sides confirmed the halt on Wednesday after a key transit deal expired. The stoppage means central European countries that have relied on the flows will be forced to source more expensive gas elsewhere, compounding pressure on supplies just as the region depletes winter storage at the fastest pace in years.

While the route accounts for just 5% of Europe's needs, nations are still reeling from the aftershocks of an energy crisis triggered by Russia's invasion of its neighbour. Gas prices are up 50% year-on-year, getting a boost in recent weeks from the looming cutoff in supply. The continent is now increasingly exposed to market volatility as it becomes more reliant on global liquefied natural gas.

For Russia, the loss of one of its two remaining gas-pipeline routes to Europe will slash revenue by about $6 billion a year, *Bloomberg* calculations show. Ukraine will also miss out on transit fees and give up its long-held strategic position as a conduit of affordable energy for Western allies.

RUSSIAN GAS FLOWS THROUGH UKRAINE

Note: Only the portion of pipelines that run through Ukraine are displayed on the map
Sources: The Institute for the Study of War assessed areas of control as of Sept. 5; The Oxford Institute for Energy Studies/Bloomberg

- The stoppage means central Europe will be forced to source more expensive gas
- The route accounts for 5% of Europe's needs
- For Russia, the loss of one of its two remaining gas-pipeline routes to Europe will slash revenue by about $6 bn a year

"This termination of gas transit is not just a supply-chain adjustment — it's the symbolic collapse of an era," said Tatiana Mitrova, a researcher at the Center on Global Energy Policy at Columbia University. "A significant part of the Soviet-built gas-pipeline network, which once brought Siberian gas to Europe, is now a shadow of its former self." Most central European customers of Russia's Gazprom PJSC have managed to source alternative supplies, but at a higher cost.

Slovakia's largest gas utility, Slovensky Plynarensky Priemysel AS, said it will pay about €90 million ($93 million) more a year to guarantee stable imports through different routes.

It also warned that in the event of a cold winter, all of Europe has been left more vulnerable.

Deal Ends

Gazprom halted supplies on New Year's Day after the five-year transit deal expired, citing a lack of "technical and legal opportunities" for shipments amid "repeated and explicit refusal of the Ukrainian side to extend these agreements." The stop was confirmed by Ukraine's Energy Ministry, which said Russian flows across its territory ceased as of 7 a.m. local time.

While there's no risk of an immediate shortfall in Europe, the stoppage may make stockpiling more challenging ahead of the next heating season. The region's inventories have been shrinking rapidly and are now below 75% full. With Russia's piped flows to Europe diminished, President Vladimir Putin will likely double down on efforts to boost LNG shipments, long a personal ambition.

Despite calls by some European countries to ban liquefied gas supplies from Moscow, the region is buying record amounts.

Russia's further LNG expansion faces a wall of Western sanctions, though US President-elect Donald Trump may seek to alter penalties amid any potential efforts to end the war.

Across Europe, the loss of some crucial Russian piped gas threatens to drive up bills for households and industry as they strive to recover from the worst cost-of-living crisis in decades. —BLOOMBERG

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Publication : Millennium Post	Editions : New Delhi
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Govt: India cut GDP emission intensity by 36% during 2005-20

NEW DELHI: India's total greenhouse gas emissions in 2020 fell by 7.93 per cent compared to 2019, while the emission intensity of its GDP declined 36 per cent between 2005 and 2020, according to data submitted to the UN climate change office.

In its fourth Biennial Update Report (BUR-4) submitted to the United Nations Framework Convention on Climate Change (UNFCCC) on December 30, India said its total greenhouse gas emissions (excluding land use, land-use change, and forestry, or LULUCF) in 2020 were 2,959 million tonnes of carbon dioxide equivalent (MtCO2e). Including LULUCF, emissions were 2,437 MtCO2e.

Total national emissions (including LULUCF) fell 7.93 per cent compared to 2019 but increased 98.34 per cent since 1994, the report said.

India continues to decouple economic growth from greenhouse gas emissions. Between 2005 and 2020, the emission intensity of India's GDP declined 36 per cent, it said.

Biennial Update Reports (BURs) are submitted by developing countries to the UNFCCC every two years, providing updates on emissions, climate action progress, and needs for support in mitigation and adaptation.

Emission intensity refers to the amount of greenhouse gases emitted per unit of GDP.

The report added that India created an additional carbon sink of 2.29 billion tonnes during 2005 to 2021.

As on October 2024, the share of non-fossil fuel-based power generation capacity in the country stood at 46.52 per cent. As part of its climate plans or Nationally Determined Contributions (NDCs) to meet the Paris Agreement goals, India aims to reduce GDP emission intensity by 45 per cent by 2030 from 2005 levels.

It also aims to achieve 50 per cent cumulative electric power installed capacity from non-fossil fuel-based energy resources by 2030.

India has committed to creating an additional carbon sink of 2.5 to 3 billion tonnes through forest and tree cover by 2030.

India's main sources of greenhouse gas emissions are carbon dioxide from fossil fuel burning, methane from livestock, and emissions from aluminium and cement production. The LULUCF sector was a net carbon sink in 2020. India's net emissions that year, after removals, were 2,436,656 GgCO2e. The energy sector contributed 75.66 per cent, followed by agriculture at 13.72 per cent, industrial processes at 8.06 per cent, and waste at 2.56 per cent. Despite having 18 per cent of the global population, India's annual per capita energy consumption in 2022 was just 25.4 GJ. AGENCIES

ओएनजीसी ONGC

Publication : Mint	Editions : New Delhi
Date :2 January 2025	Page : 2

India's petroleum exports dip in Nov

Rhik Kundu & Rituraj Baruah
NEW DELHI

Exports of petroleum products took a hit in November, weighed down by sluggish demand in developed economies, a rise in domestic consumption and a significant decline in cheap petroleum imports from Russia.

During the April-to-November period, petroleum product exports amounted to $44.61 billion a sharp drop from $55.02 billion in the same period last year, according to data from the ministry of commerce and industries.

These exports stood at $3.72 billion in November, down from $7.39 billion in the year-ago period.

Experts also attribute the downturn to softening demand in key markets and logistical disruptions along major supply routes, particularly in the Red Sea.

With these headwinds persisting, they cautioned that a recovery may take a while.

"Lower product prices and crack spreads amid persistently subdued oil prices have played a role in the fall in export values. Further, the Suez Canal blockade has also somewhat impacted the exports from India. It has been the usual route for exports to Europe, but now a longer route, via the Cape of Good Hope, is used," said Prashant Vasisht, senior vice president and co-group head, corporate ratings, Icra.

"Also, several large refineries have come up globally, including the Dangote refinery in Nigeria, which are better located to cater to the European demand, compared with India. Further, lower demand from the chemicals industry which uses petroleum products like naphtha, also may have impacted the overall exports," he added.

During the April-to-November period, petroleum product exports amounted to $44.61 billion

Compounding the issue, India's imports of Russian crude oil in November fell to their lowest levels since June 2022, according to a recent report from the Centre for Research on Energy and Clean Air (Crea).

India is a net importer of oil and consumes a large portion of its oil imports.

However, the country also processes its crude oil imports into refined petroleum products, with Europe serving as one of its largest export markets.

India has emerged as a large buyer of cheap Russian crude since the Ukraine invasion in February 2022, with Russian oil imports skyrocketing to about 40% of the nation's total oil purchases.

However, the trend saw a sharp reversal in November, as India's overall crude oil imports dropped 11% month-on-month, with Russian crude witnessing the steepest decline of about 55%.

Meanwhile, the Red Sea crisis, which began in October 2023, with Iran-backed Houthi rebels disrupting trade in the area, has impacted Indian exports.

Container ships transporting commodities are bypassing the Suez Canal and rerouting around the Cape of Good Hope, resulting in increased costs and longer transit times for Indian exporters.

Spokespersons of the ministries of commerce and petroleum didn't respond to emailed queries.

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For an extended version of this story, go to livemint.com.

Experts attribute the downturn, among other things, to logistical disruptions along major supply routes. BLOOMBERG

ओएनजीसी
ONGC

Publication : Mint	Editions : New Delhi
Date :2 January 2025	Page : 1, 2

Commercial LPG prices in metros cut, ATF also cheaper

In a New Year's gift, government-owned oil marketing companies (OMC) reduced prices of commercial cooking gas for the first time in six months on Wednesday with immediate effect. OMCs also reduced aviation turbine fuel (ATF) prices. >P2

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ONGC

Publication : Mint	Editions : New Delhi
Date :2 January 2025	Page : 1, 2

Commercial LPG, ATF prices lowered

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In a New Year's gift, government-owned oil marketing companies (OMC) reduced prices of commercial cooking gas for the first time in six months on Wednesday with immediate effect. The price cuts ranged from ₹14 to 16 per cylinder.

OMCs also reduced aviation turbine fuel (ATF) prices, which may lead to cheaper air fares.

In the national capital, the price of a 19kg commercial cooking gas cylinder was lowered by ₹14.50 to ₹1,804 per cylinder. Prices were previously revised to ₹1,818.50 on 1 December, when they were raised by about ₹16 per cylinder.

Prices in Kolkata, Mumbai and Chennai stood at ₹1,911, ₹1,756 and ₹1,966, respectively, lower by ₹16, ₹15 and ₹14 per cylinder, according to data on the website of Indian Oil Corp. Ltd. Commercial LPG is largely used in the hospitality and food & beverage space.

This reduction may ease the expenses of hotels and restaurants. Commercial LPG prices had been increased for five consecutive months since August. Prices of domestic cooking gas, however, were left unchanged.

ATF prices were cut on Wednesday after they were increased for two consecutive months.

ATF prices were cut on Wednesday after they were increased for two consecutive months

In New Delhi, jet fuel prices were reduced by ₹1,401.37 to ₹90,455.47 per kilolitre. ATF prices in Kolkata, Mumbai and Chennai were lowered by ₹1,491.84, ₹1,349.09 and ₹1,560.77 to ₹93,059.79, ₹84,511.93 and ₹93,670.72 per kilolitre, respectively. Fuel costs account for about 40% of an airline's expenses.

The price reductions come amid tepid international oil prices.

For an extended version of this story go to livemint.com.

ओएनजीसी
ONGC

Publication : The Free Press Journal	Editions : Mumbai
Date :2 January 2025	Page : 21

IMPACT OF WAR | **Ukraine halts transit as pre-war deal expires; Zelenskyy says will not allow Moscow to earn 'additional billions ... on our blood'**

RUSSIAN GAS TO EU STOPS

Agencies
MOSCOW/KYIV

Ukraine on Wednesday halted Russian gas supplies to European customers that pass through the country, almost three years into Moscow's all-out invasion of its neighbour, after a prewar transit deal expired on December 31.

Russian company Gazprom confirmed that gas exports via Ukraine to Europe stopped from 08:00 local time on Wednesday.

At a summit in Brussels last month, Ukrainian President Volodymyr Zelenskyy vowed that Kyiv would not allow Moscow to use the transits to earn "additional billions ... on our blood, on the lives of our citizens".But he briefly held open the possibility of the gas flows continuing if payments to Russia were withheld until the war ends.

Ukraine's energy minister, Herman Halushchenko, confirmed on Wednesday morning that Kyiv had stopped the transit "in the interest of national security."

"This is a historic event. Russia is losing markets and will incur financial losses. Europe has already decided to phase out Russian gas, and (this) aligns with what Ukraine has done today," Halushchenko said in an update on the Telegram messaging app.

The Ukrainian transit route served EU members, Austria and Slovakia —AP

Even as Russian troops and tanks moved into Ukraine in 2022, Russian natural gas kept flowing through the country's pipeline network — set up when Ukraine and Russia were both part of the Soviet Union — to Europe, under a five-year agreement. Gazprom earned money from the gas and Ukraine collected transit fees.

Before the war, Russia supplied nearly 40% of the European Union's pipeline natural gas. Gas flowed through four pipeline systems, one under the Baltic Sea, one through Belarus and Poland, one through Ukraine and one under the Black Sea through Turkey to Bulgaria.

After the war started, Russia cut off most supplies through the Baltic and Belarus-Poland pipelines, citing disputes over payment in rubles. The Baltic pipeline was blown up in an act of sabotage, but details of the attack remain murky.

The Russian cutoff caused an energy crisis in Europe. Germany had to shell out billions of euros to set up floating terminals to import liquefied natural gas that comes by ship, not by pipeline. Users cut back as prices soared. Norway and the US filled the gap, becoming the two largest suppliers.

The European Commission said the continent's gas system was "resilient and flexible" and that it could cope with the change. Europe has outlined plans to completely eliminate Russian gas imports by 2027.

Russia can still send gas to Hungary, Turkey and Serbia through the TurkStream pipeline across the Black Sea.

The Ukrainian transit route served EU members, Austria and Slovakia.

Gazprom halted supplies to Austria's OMV in mid-November over a contractual dispute. Slovakia this year inked deals to begin buying natural gas from Azerbaijan, and also to import US liquefied natural gas through a pipeline from Poland.

Among the hardest-hit will be EU candidate country Moldova, which was receiving Russian gas via Ukraine.

Separately from Kyiv's decision to let the transit deal expire, Gazprom said last month it will halt gas supplies to Moldova starting on January 1, citing unpaid debt. Gazprom has said Moldova owes close to $709 million for past gas supplies, a figure the country has fiercely disputed, citing international audits.

Moldova, Ukraine and EU politicians have repeatedly accused Moscow of weaponizing energy supplies.

Publication : The Hindu Business Line	Editions : New Delhi
Date :2 January 2025	Page : 9

Greenhouse gas emissions down 8% in 2020 over 2019: Govt report to UNFCCC

TANGIBLE WIN. GDP emission intensity reduced by 36 per cent between 2005 and 2020

Press Trust of India
New Delhi

India's total greenhouse gas emissions in 2020 declined by 7.93 per cent over 2019, while its GDP emission intensity fell 36 per cent between 2005 and 2020, according to new data submitted to the UN climate change office.

In its fourth Biennial Update Report (BUR-4) submitted to the United Nations Framework Convention on Climate Change (UNFCCC) on December 30, India said its total greenhouse gas emissions — excluding land use, land-use change, and forestry (LULUCF) — amounted to 2,959 million tonnes of carbon dioxide equivalent ($mtCO_2e$) and 2,437 $mtCO_2e$, including LULUCF. "Total national emissions (including LULUCF) have decreased by 7.93 per cent with respect to 2019 and increased by 98.34 per cent since 1994," according to the report.

CLIMATE ACTION. India has progressively continued decoupling economic growth from greenhouse gas emissions

"India has progressively continued decoupling economic growth from greenhouse gas emissions. Between 2005 and 2020, India's gross domestic product (GDP) emission intensity reduced by 36 per cent," it said.

Biennial Update Reports (BURs) are submitted by developing countries to the UNFCCC every two years. They provide updates on greenhouse gas emissions, progress on climate actions, and needs for support in mitigation, adaptation and capacity building.

EMISSION INTENSITY

Emission intensity refers to the total amount of greenhouse gases emitted per unit of GDP.

According to the report, the main contributors to India's total greenhouse gas emission were CO_2 generated from burning fossil fuels, methane from livestock and increasing aluminium and cement production.

LAND USE SECTOR

The LULUCF sector remained net sink during the 2020 inventory period.

Considering total emissions and removals, India's net national emissions in 2020 were 24,36,656 gigagrams of carbon dioxide equivalent ($GgCO_2e$).

The energy sector contributed the most to overall emissions with 75.66 per cent, followed by the agriculture sector at 13.72 per cent, industrial processes and product use (IPPU) at 8.06 per cent and waste at 2.56 per cent.

India represents 18 per cent of the global population but its annual primary energy consumption per capita in 2022 was 25.4 gigajoules (GJ). This was a third of the-then global average of 78 GJ per person. In comparison, an average person in high-income countries consumed 119 GJ, with per capita consumption in the US recorded at 277 GJ.

Energy consumption needs to increase by a significant amount to meet India's development goals, the report said.

Publication : The Indian Express	Editions : New Delhi
Date :2 January 2025	Page : 11

Oil prices post 3% annual decline, slipping for second year in a row

Houston: Oil prices fell around 3 per cent in 2024, slipping for a second straight year, as the post-pandemic demand recovery stalled, China's economy struggled, and the US and other non-OPEC producers pumped more crude.

Brent crude futures on Tuesday, the last trading day of the year, settled up 65 cents, or 0.88 per cent, to $74.64 a barrel. US West Texas Intermediate crude settled up 73 cents, or 1.03 per cent, to $71.72 a barrel. The Brent benchmark settled down around 3 per cent from its final 2023 closing price of $77.04, while WTI was roughly flat with last year's final settlement. In September, Brent futures closed below $70 a barrel for the first time since December 2021, and this year Brent broadly traded under highs seen in the past few years. **REUTERS**

ओएनजीसी ONGC

Publication : The Indian Express	Editions : Mumbai
Date :2 January 2025	Page : 13

Petrol, diesel sales soar on holiday travel

New Delhi: India's petrol and diesel consumption soared in December 2024 as holiday travel boosted demand, reversing the fall witnessed in previous months, preliminary data of state-owned fuel retailers showed on Wednesday. Petrol sales of three state-owned firms, which control 90 per cent of the fuel market, soared 9.8 per cent to 2.99 million tonne in December compared to 2.72 million tonne of consumption in the same month last year. **PTI**

Publication : The New Indian Express	Editions : Chennai
Date :2 January 2025	Page : 10

OMCs slash price of ATF, commercial LPG cylinder

ENS ECONOMIC BUREAU @ New Delhi

STATE-owned oil marketing companies (OMCs) have reduced price of aviation turbine fuel (ATF) by 1.5% and also lowered the cost of commercial LPG used in hotels and restaurants by ₹14.5 per 19-kg cylinder.

According to the notification, in Delhi, the price of ATF was cut by ₹1,401.37 per kilolitre (kl), or 1.5%, bringing the new price to ₹90,455.47 per kl. This reduction follows two consecutive price hikes. On November 1, 2024, ATF prices were increased by ₹2,941.5 per kl (3.3%), and again on December 1, 2024, by ₹1,318.12 per kl (1.45%).

In Mumbai, the price of ATF has been reduced to ₹84,511.93 per kl from ₹85,861.02 per kl previously.

The OMCs also reduced the price of commercial LPG by ₹14.5, bringing the price of a 19-kg cylinder in Delhi to ₹1,804. This marks the first reduction after five consecutive monthly hikes in commercial LPG prices. The last increase on December 1, 2024, was ₹16.5 per 19-kg cylinder, which followed a total hike of ₹172.5 per cylinder over the previous five months. Commercial LPG now costs ₹1,756 per 19-kg cylinder in Mumbai, ₹1,911 in Kolkata, and ₹1,966 in Chennai. Meanwhile, the price of cooking gas for domestic households remains unchanged at ₹803 per 14.2-kg cylinder.

Online

Headline	ONGC team inspects borewell drilling site in Mohangarh		
Publication	The Times of India	Edition	Online Coverage
Published Date	2 Jan 2025		

ONGC team inspects borewell drilling site in Mohangarh

https://timesofindia.indiatimes.com/city/jaipur/ongc-team-inspects-borewell-drilling-site-in-mohangarh/articleshow/116863987.cms

Jaisalmer: An ONGC crisis management team from Baroda on Wednesday visited Mohangarh in Jaisalmer to assess the site where groundwater

erupted during borewell drilling and kept pouring forth for three days before ceasing on its own. After the inspection, the team presented its findings to district collector Pratap Singh Nathawat. According to sources, water level in the cavity caused by the borewell collapse continues to recede, though minor gas emissions persist, visible as bubbles.

The incident was serious enough for the state govt to deploy its groundwater minister for assessment. On Tuesday, the minister, Kanhaiyalal Chaudhary, visited the site along with Jaisalmer MLA Chhotu Singh Bhati, Mohangarh sub-tehsildar Lalit Charan, senior groundwater scientist Dr Narayan Das Inkhia, and other officials. The minister promised an investigation while commending the district administration's prompt response.

The ONGC team arrived from Baroda on the district administration's request. District collector Nathawat said their report detailed recommendations about machinery retrieval and potential water flow implications.

Local residents gathered during the ONGC team's inspection. According to community members, the ONGC specialists advised against equipment recovery, citing high costs and risks of renewed water surge, and noted that the current position of the equipment effectively blocks water flow.

Headline	Norms for registration of holding companies in GIFT City in 4-5 months: IFSCA		
Publication	The Hindu Business Line	Edition	Online Coverage
Published Date	1 Jan 2025		

Norms for registration of holding companies in GIFT City in 4-5 months: IFSCA

https://www.thehindubusinessline.com/news/national/norms-for-registration-of-holding-companies-in-gift-city-in-4-5-months-ifsca/article69049040.ece

Foreseeing that many Indian companies could acquire foreign entities in future, the International Financial Centres Authority (IFSCA) is working on

developing norms that will allow Indian companies to register holding companies in GIFT City in Gujarat . The framework is expected to be made public in the next 4-5 months.

We are working on regulations for registering holding companies in GIFT City. We have a finance company framework, but there is no proper framework for holding companies to be registered here. Though ONGC Videsh has set up its holding company --- which holds many of the oil assets across the world --- we want to have a proper framework for holding companies. It is in the works, and it will take another 4-5 months, K Rajaraman, chairperson, IFSCA told businessline

When we are talking about India at 2047, we foresee a lot of Indian companies acquiring foreign companies through merger and acquisitions. Many of them set up holding companies in other jurisdictions. So we want them to set up holding companies here in GIFT City which will hold their foreign subsidiaries, he added.

The IFSCA chairperson pointed out that the companies will have multi-fold advantages of registering a holding company in GIFT City. This holding company can make equity investments, provide debt, etc. They can also act as treasury centres that can optimise cash management, Rajaraman added.

A treasury centre acts as an in-house bank in any multinational corporation. The two main objectives are centralised management of funds and use of global funds for the group. The treasury centre functions include intra-group financing, cash and liquidity management and financial advisory.

Public Sector Units like ONGC Videsh Ltd and Indian Oil Corporation have launched their respective Global Treasury Centres st GIFT City that will manage treasury operations of their international assets and also raise funds. The treasury centre is already enabled. The first treasury centre operated by IOC is already live. They have reached about $250 million of operations. We expect more companies to set up their treasury centres here, Rajaraman added.

Headline	Mangalore Refinery and Petrochemicals Limited		
Publication	The Indian Community	Edition	Online Coverage
Published Date	1 Jan 2025		

Mangalore Refinery and Petrochemicals Limited

https://www.theindiancommunity.org/stocks/mangalore-refinery-and-petrochemicals-limited.1125/

Mangalore Refinery and Petrochemicals Limited is an Indian company that specializes in the manufacturing and sale of refined petroleum products.

The company's product portfolio includes bitumen, furnace oil, high-speed diesel, xylol, naphtha, pet coke, sulphur, motor gasoline, polypropylene, and various other products. In addition to this, Mangalore Refinery and Petrochemicals Limited also offers a range of petrochemical products, including paraxylene, benzene, heavy aromatics, paraffinic raffinate, reformate, and toluene. The company operates retail outlets as well. Established in 1988 and headquartered in Mangalore, India, Mangalore Refinery and Petrochemicals Limited operates as a subsidiary of Oil and Natural Gas Corporation Limited.