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एचपीसीएल के बोर्ड में ओएनजीसी को पद

ओएनजीसी को आखिरकार पांच महीने से अधिक समय के बाद हिंदुस्तान पेट्रोलियम कॉरपोरेशन लिमिटेड (एचपीसीएल) के बोर्ड में एक निदेशक मिल गया है। ओएनजीसी ने 36,915 करोड़ रुपये में एचपीसीएल का अधिग्रहण किया था। शेयर बाजार को दी जानकारी के मुताबिक पेट्रोलियम और प्राकृतिक गैस मंत्रालय ने 22 जून को एचपीसीएल के बोर्ड में निदेशक के रूप में ओएनजीसी के निदेशक (ऑफशोर) पंकज कुमार की नियुक्ति के लिए अपनी मंजूरी दी। पांच महीने से अधिक समय से ओएनजीसी का एचपीसीएल के बोर्ड में कोई प्रतिनिधि नहीं था। एचपीसीएल ने डेढ़ साल से अधिक समय तक (जनवरी 2018 और अगस्त 2019 के बीच) ओएनजीसी को अपने प्रवर्तक के रूप में मान्यता नहीं दी थी, जबकि सरकार ने कंपनी में अपनी पूरी 51.11 प्रतिशत हिस्सेदारी उसे बेच दी थी। *भाषा*

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PTI

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In January this year, Mittal was given additional charge of chairman and managing director of ONGC after the retirement of the incumbent. And following the past practice of the company that the chairman could only sit on the board of a subsidiary in the capacity as chairman and not as a director, Mittal resigned from the board of HPCL and Kumar was nominated.

HPCL promptly took note of it. In a filing on January 6, 2022, HPCL said: "Alka Mittal has tendered resignation from the position of the Government Nominee Director (Representative of ONGC) of the company effective January 05, 2022."

Officials said as per rules, Mittal also sent her resignation from the HPCL board to the Union Ministry of Petroleum and Natural Gas -- the parent ministry of ONGC and HPCL. The ministry, however, rejected the resignation and asked Mittal to continue on the HPCL board for "strategic reasons", they said. ONGC thereafter approached HPCL for reinstatement but the company said it wanted written instructions from the ministry as it had already accepted Mittal's resignation and changed its books, officials said, adding while the firms went into letter writing, HPCL's annual accounts for fiscal 2021-22, were approved without a nominee of its principal promoter. But now the ministry seems to have had a change of heart and approved the original recommendation of ONGC, i.e., appointment of Kumar as the firm's representative on the HPCL board. It is not clear why the ministry changed its stance. (PTI)

The Pioneer
After 5 months, ONGC finally gets a Director on HPCL Board
Jun 27, 2022 | Delhi | Pg No.: 10 | | Sq Cm:124 | AVE: 1773882 | PR Value: 8869411

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Free Press Journal

After five months, ONGC finally gets a director on HPCL board

Jun 27, 2022 | Mumbai | Pg No.: 5 | | Sq Cm:23 | AVE: 91256 | PR Value: 456278

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Millenniumpost

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Jun 27, 2022 | Delhi | Pg No.: 9 | | Sq Cm:202 | AVE: 1815871 | PR Value: 9079356

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In the initial months of the Rs 36,915-crore buyout, HPCL had refused to recognise ONGC as its promoter. It had ignored directives from the government as well as the Securities and Exchange Board of India (SEBI), forcing the latter to set a deadline of August 13, 2019, and warn of "appropriate action" if it failed. This forced the HPCL management to make amends.

Before the SEBI order, HPCL listed ONGC as a public shareholder in its regulatory filings. The President of India was listed under the promoter/promoter group category with nil shares. PTI

Electric run for price parity

Can the cost of EVs match that of conventional fuel-powered vehicles in a year? The road is long yet

SHALLY SETH MOHILE
Mumbai, 26 June

At a recent media event, Road Transport and Highways Minister Nitin Gadkari said the price of an electric vehicle (EV) would match that of an internal combustion engine (ICE) -based vehicle within a year's time.

EVs are currently far more expensive than conventional fuel vehicles owing to battery costs that make for 35 to 40 per cent of their price. While an electric car costs almost twice of petrol or diesel models, e-buses cost nearly 1.5x to 2x more than their diesel counterparts, depending on the length, number of seats and other specifications.

For instance, the electric version of the Tata Tigor costs ₹11.99 lakh (ex-showroom), while the price of its entry level gasoline-powered variant is ₹5.98 lakh.

"I am trying... within one year, the cost of electric vehicles will be equivalent to the cost of petrol vehicles in the country and we will save money spent on fossil fuels," Gadkari said at the event, without specifying which particular segment he was talking about.

While hefty subsidies by central and state governments have accelerated EV volumes, so far only the electric two- and three-wheeler segments can claim to have achieved price parity with their fuel-powered counterparts. For example, the price of the compressed natural gas (CNG)-powered Bajaj RE (passenger carrier or auto-rickshaw) is ₹2.27 lakh, while the comparable electric Mahindra Treo costs ₹2.88 lakh to ₹2.98 lakh. Electric bus-makers and e-carmakers have quite some distance to travel to achieve such price parity.

Industry experts and manufacturers point out bridging the price gap in such a short span of time is tough. One reason they give is that while EV-makers have been battling inflationary trends for a few months now, the recent depreciation of the Indian rupee against international currencies has further jacked up the overall costs for this import-reliant industry.

The rupee on Friday slipped 1 paisa to close at its all-time low of 78.33 (provisional) against the US dollar. To be sure, the EV-makers — be it two-wheeler or car companies — are already burning cash and, hence, cannot afford to bring prices down. That said, despite the cost pressure, instances of EV-makers passing on the increase in manufacturing cost to consumers are few.

Within two-wheelers too, except for low-speed scooters, most are 1.3 to 1.6 times the price of an ICE, says Sohinder Gill, director general, Society of Manufacturers of Electric Vehicles. A similar price gap exists in other segments. Material costs, especially chips and batteries, have been constantly increasing for the last few months and there are no signs of a reduction happening anytime soon, Gill points out.

"Despite the pressures, most of the manufacturers would try to absorb at least some part of the cost increase rather than pass it on to the customers," he says. "As of now, everyone is trying to increase the adoption of EVs. A major hike may further widen the price gap between EVs and ICE vehicles that may impair the growth of electric vehicles," he says.

Harshvardhan Sharma, head of automotive retail consulting practice at Nomura Research Institute, says although in light commercial and small commercial vehicle segments, the total cost of ownership (TCO) parity exists even today, the same cannot be said for passenger vehicles in the personal segment.

"It may take up to five years for true parity (without government subsidy) to arrive between EVs and ICEs," he says, citing an import-dependent supply chain and an underdeveloped base of indigenous suppliers as the key reasons.

It would take some time for the unit economics to kick in given the nascent market and the relatively small volumes, he adds.

Therefore, despite subsidies, it may take longer for automakers to break even since economy of scale is the key for capex-heavy car platform development programmes, says Sharma.

Led by e-two-wheelers, India's EV sales increased threefold to a total of 429,217 units in FY22 compared to 134,821 units from the year-ago period, according to the Federation of Automobile Dealer Association (FADA). While the overall numbers are encouraging, they still account for low penetration.

Sample this: a total of 57,976 EVs were registered as of June 26, according to the Ministry of Road Transport & Highways' Vahan dashboard. This is 4.5 per cent of the total automobiles registered. Given that Vahan doesn't capture data of low-speed EVs that do not require registration, the overall numbers could be marginally higher.

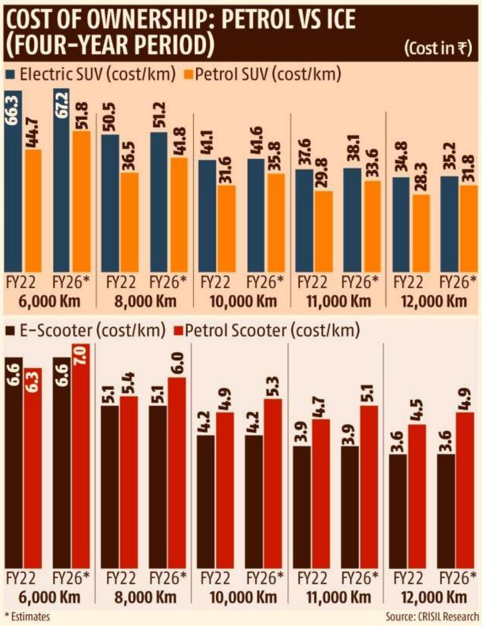
Others also emphasise the significance of volumes in driving down costs. In case of cars meant for personal buyers, the price parity between the ICE and EVs will be driven by scale and localisation, says Pawan Goenka, former managing director and CEO, Mahindra and Mahindra, and chairperson, SCALE (Steering Committee for Advancing Local value add and Exports), Government of India.

"I believe a 10-15 per cent price premium over ICE vehicles will be the sweet spot and in my opinion, it is doable once we get the scale and localisation," says Goenka. Getting EVs to make for a fifth of the personal vehicle market by 2030 is very much doable, he believes.

The expected drop in battery prices, maturing of the EV technology and higher localisation coupled with competitive pricing will bridge the price gap between EVs and ICE SUVs.

Crisil estimates battery prices to decline by 6 to 8 per cent annually from the current $200-220 kw/hour. However, given that batteries account for some 40 per cent of an EV's cost, electric vehicles will still see higher ownership costs due to an overall inflationary trend, explains Hemal Thakkar, director, Crisil Research.

The domestic EV market is likely to cross 10 million in vehicle sales by 2030, with an overall adoption rate of more than 30 per cent across different vehicle categories, consulting firm Arthur D Little (ADL) said in a recent report. Currently, India is ranked 11th among 15 countries in terms of market readiness for EV adoption, according to ADL's Global Electric Mobility Readiness Index (GEMRIX). Norway is the world's EV adoption leader.



GUEST VIEW

Indian export figures are not as impressive as they may appear

Our recent surge in trade performance was due to numbers enlarged by worldwide inflation more than a sign of real success

NIKHIL GUPTA
is chief economist, Motilal Oswal Group

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After stagnating at about at level of about $300 billion for almost a decade, India's merchandise exports increased strongly to an all-time high of $421 billion in 2021-22, rising from 11% of gross domestic product (GDP) each in 2019-20 and 2020-21 to a seven-year high of 13.3% of GDP in 2021-22. This implies an annual growth of 44.7%, the highest ever since independence. Although this export surge in is very impressive, it must be considered in the light of a sharp increase in commodity prices. Therefore, we must understand real export growth before being swayed by nominal numbers.

Based on 25 major commodity groups that account for more than 90% of total exports, our calculations suggest that real exports shrank by 1.9% year-on-year in May 2022, marking their first fall in eight months. Non-oil, non-gold exports, however, increased 0.6%, their 15th successive month of growth.

While nominal exports grew by 25.5% year-on-year in April and May, following a surge of 44.7% in 2021-22, real exports rose by only 2.9% during the two month period, following a growth of 21.4% in 2021-22. Further, although nominal exports have posted a growth of 8.5% in fiscal years 2020-22 (during the covid period), compared with 8% in the pre-covid period (fiscal years 2017-19), real exports have grown slower at 1.2% compared with 3% in the corresponding period.

A look at these major export commodities suggests that as many as 15 of them declined in real terms in May, including five of the largest 10 items. Therefore, while exports of petroleum products and textiles grew 61% and 10%, respectively, in May, they declined 12.8% and 2.1% year-on-year in real terms. In contrast, gems and jewellery and electronic goods continued to post solid growth in April-May, following a strong increase in 2021-22. Engineering goods—our largest export group—grew only 1% year-on-year in real terms in May, though it was up 12.7% in nominal terms in that month.

It suggests that global inflation has played a very important role in pushing India's nominal exports higher. This conclusion is also confirmed by the fact that while India's exports have risen very strongly, its share in global exports moved up only slightly from 1.71% in 2019 to 1.77% in 2021. It means that higher prices have led to higher export numbers almost everywhere in the world.

Not only was the decline in real exports in May shocking, but it is also worrisome because there was no commensurate fall in real imports. Like exports, India's imports also surged to a record high of $716 billion in 2021-22, marking an eight-year high of 20.7% of GDP. Like exports, imports were also stagnant at around $500 billion in the past decade. Nevertheless, with imports rising faster in the past few months, India's merchandise trade deficit averaged $20 billion between September 2021 and April 2022, a level never seen before except, once in October 2012. If this was not worrying enough, our trade deficit widened to a fresh all-time high of $24.3 billion in May 2022, as nominal imports grew 63% year-on-year, while exports grew 20.6% during the month.

As with exports, we made estimates of India's real imports based on 28 major commodity groups that account for about 90% of the country's total imports. Our calculations suggest that while real exports shrank in May, real imports grew 21.4% year-on-year, marking their first growth in three months. Non-oil non-gold imports grew 9.3%, continuing their 15-month rising streak.

This is not to say that global inflation has not affected India's imports. Although nominal imports grew 45.5% in April-May, following a surge of 56.1% in 2021-22, real imports rose by only 6.4%, following a growth of 13.3% in 2021-22. Nominal imports grew 6% in fiscal years 2020-22 (that is, during the pandemic) compared with a growth of 10.5% in the pre-covid period (fiscal years 2017-19). However, real imports actually fell 2.2% compared with a growth of 4.8% in 2017-19. An average decline in real imports over the past three years confirms that India's economic growth recovery has been very weak.

As many as eight of the major imported commodities declined in May, including two of the largest 10 items. Real imports of coal, coke and briquettes and vegetable oil contracted in May, but grew 172% and 18.8%, respectively, in nominal terms. In contrast, India's imports of electronic goods, engineering goods (machinery and transport equipment) continued to increase in May.

The monthly trade deficit for electronic goods has also widened to about $4.8 billion in recent months from about $4 billion in the pre-covid period of fiscal years 2017-19. This is one of the focus areas under the Centre's production-linked incentive (PLI) scheme. The Indian economy, however, has turned a trade surplus in engineering goods in the past two years from a deficit in the pre-covid period.

We often tend to look at nominal export growth and take it as a reflection of strong domestic production and thus of better economic growth. At the same time, higher imports are seen as an indicator of strong domestic demand. While this would usually be true, the current episode of very high global inflation requires one to segregate the impact of rising prices that inflate numbers. Our analysis suggests neither real exports nor real imports have grown at an exceptional rate in recent months or during the past three years, as inflation has played a major role in driving Indian trade figures to record highs. It crossed $1 trillion for the first time in 2021-22. But it's not a big mark of success.

Oil India: Betting big on energy pricing

Higher prices, improvement in refining margins and decent production targets will drive performance.

The upstream oil and gas company Oil India delivered a strong performance in the fourth quarter of 2021-22. Its revenue and PAT grew 74% and 92% respectively y-o-y. It reported the highest ever standalone revenue and PAT of ₹14,530 crore and ₹3,887 crore respectively for 2021-22.

This performance was supported by a jump in oil and gas prices, which improved its net realisation. The international oil and spot LNG gas prices have risen by over 47% and 194% respectively in the past year. The price surge is supported by rising energy demand amid improved prospects of global economic growth.

Also, the domestic natural gas price under the Government of India's Administrative Price Mechanism (APM) increased by 110% in April 2022, which is applicable for the first half of 2022-23.

Analysts compiled by Bloomberg in the past three months have upgraded its 2022-23 and 2023-24 standalone earnings estimates by 28% and 33% respectively. There are multiple reasons for such upgrades.

First, the global oil & gas prices are expected to remain elevated in 2022 due to low inventory levels, sanctions on Russia, strong demand from the power sector, and limited scope of gas to coal switching. A World Bank commodity outlook report for April 2022 expects energy prices to rise more than 50% in 2022. Also, the domestic APM gas prices are expected to increase further in October 2022 due to surging prices of international gas benchmarks.

HDFC Securities report that was released after the last gas price revision states that every $10/barrel change in oil price is expected to change Oil India's 2022-23 EPS by 7.7% whereas every $1/mmbtu change in domestic gas price is expected to change the company's 2022-23 EPS by 4.6%.

Second, the recovery in refining margins and strong diesel spreads will support its subsidiary Numaligarh Refinery (NRL). The refining margins have spiked recently as evident from Singapore Dubai Hydrocracking refining margins that jumped over 116% since April 2022, according to Bloomberg. Moreover, the subsidiary's plans of increasing capacity by three times will provide long-term value to Oil India, which holds 70% stake in NRL. The expansion is expected to be completed by 2024-25.

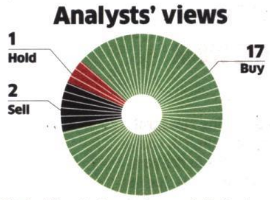
Third, the company has commissioned four projects in 2021-22, which are expected to increase its oil production. Also, the accelerated drilling program is expected to increase its gas production.

Its stock trades at 12 months forward PE ratio of 3.69 times, which is over a 37% discount to the BSE Oil and Gas Index which trades at 5.91 times. Adverse oil-gas prices, policy issues, cost overruns, and operational breakdowns are going to be the key risks for the company.

Selection Methodology: We pick the stock that has shown the maximum increase in 'consensus analyst rating' during the past month. The consensus rating is arrived at by averaging all analyst recommendations after attributing weights to each of them (5 for strong buy, 4 for buy, 3 for hold, 2 for sell and 1 for strong sell) and any improvement in consensus analyst rating indicates that the analysts are getting more bullish on the stock. To make sure that we pick only companies with decent analyst coverage, this search will be restricted to stocks with at least 10 analysts covering them. You can see similar consensus analyst rating changes during the past week in ETW 50 table.

—Sameer Bhardwaj

Analysts' views



Oil India delivered a strong performance in the fourth quarter of 2021-22. Recovery in refining margins, commissioning of new projects and reasonable valuations are the other key positives that have made the company a favourite of the analysts.

Fundamentals

	ACTUAL		CONSENSUS ESTIMATE	
	2021	2022	2023	2024
Revenue (₹ cr)	22,287.75	30,011.20	35,166.68	35,043.50
EBITDA (₹ cr)	5,803.25	10,484.05	11,531.26	10,799.67
Net Income (₹ cr)	4,216.84	5,610.21	7,217.12	6,656.14
Basic EPS (₹)	38.89	51.74	65.14	61.18

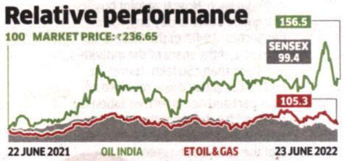
Valuations

	PBV	PE	DIVIDEND YIELD (%)
Oil India	1.08	4.57	2.11
Reliance Industries	2.38	27.47	0.27
Oil & Natural Gas Corporation	0.77	3.73	2.67
Petronet LNG	2.62	9.00	5.57
GAIL (India)	1.10	4.78	3.79

Brokerage calls

RECO DATE	RESEARCH HOUSE	ADVICE	TARGET PRICE (₹)
16 June	Morgan Stanley	Overweight	369
15 June	JM Financial	Buy	300
15 June	Motilal Oswal	Buy	368
15 June	Antique Stock Broking	Buy	305
4 June	Emkay	Buy	305

Relative performance



Oil India is compared with ET Oil & Gas. Stock price and index values normalised to a base of 100. Source: ETIG and Bloomberg.

वैश्विक संकेतों व कच्चे तेल पर बाजार की नजर

शेयर बाजार का रुख इस हफ्ते वैश्विक रुझानों, कच्चे तेल की कीमतों में उतार-चढ़ाव और विदेशी संस्थागत निवेश की चाल से प्रभावित होगा। इसके साथ ही विशेषज्ञों ने कहा कि मासिक वायदा सौदों के पूरा होने के चलते भी बाजार को अस्थिरता का सामना करना पड़ सकता है। उन्होंने कहा कि रुपये में उतार-चढ़ाव और मॉनसून की प्रगति पर भी निवेशकों की नजर रहेगी। जानकारों का कहना है कि वायदा सौदों के पूरा होने के अलावा वाहन बिक्री के मासिक आंकड़े भी बाजार के लिहाज से महत्त्वपूर्ण हैं। जून महीने के वायदा सौदों के पूरा होने के कारण इस सप्ताह भी अस्थिरता अधिक रहेगी।

Millenniumpost
Adani Group achieves financial closure of KCL, raises entire debt of Rs 6,071 crore
Jun 27, 2022 | Delhi | Pg No.: 10 | | Sq Cm:163 | AVE: 1464457 | PR Value: 7322285

Adani Group achieves financial closure of KCL, raises entire debt of ₹6,071 crore

NEW DELHI: Ports-to-energy conglomerate Adani Group has forayed into copper manufacturing with tying up of finances from public sector lenders for a 1 million tonnes a year unit at Mundra in Gujarat.

"Kutch Copper Ltd (KCL), a subsidiary of Adani Enterprises Ltd (AEL), is setting up a greenfield copper refinery project for production of refined copper with 1 million tonnes per annum in two phases," the company said in a statement.

For the phase-1 capacity of 0.5 million tonnes, KCL has achieved financial closure through a syndicated club loan for the greenfield copper refinery project at Mundra, Gujarat.

It has executed "financing documents with the consortium of banks led by State Bank of India (SBI). The other consortium members are Bank of Baroda, Canara Bank, EXIM Bank of India, Indian Bank, Punjab National Bank, and Bank of Maharashtra," the statement said.

The consortium of banks has sanctioned and signed an agreement for the entire debt requirement of Rs 6,071 crore for the Phase-1 of the KCL Project.

Vinay Prakash, Director, Adani Enterprises Ltd, said the project has requisite technology tied up and the construction works at the site are progressing well and is scheduled to commence production during the first half of CY 2024.

"It will be one of the largest copper refinery complexes in the world, with benchmark ESG performance standards, leveraging state-of-the-art technology and digitilization. This financial closure enables us to accelerate the project and signifies the commitment of the Adani Group to mobilise the required resources and complete the project within the set timelines," he said.

KCL will be part of the materials, metals and mining vertical of the Adani group.

SBI Capital Markets Ltd acted as the financial advisor and Desai & Diwanji Advocates acted as the lenders' legal counsel. Saraf and Partners Law Offices acted as the legal advisor to KCL.

KCL was incorporated on March 24, 2021, with the objective to undertake copper business - related activities such as the manufacture of copper cathodes and copper rods and associated products.

Adani Enterprises Limited (AEL) is the incubation arm of Adani group. Adani Ports & SEZ Limited, Adani Transmission Limited, Adani Power Limited, Adani Green Energy Limited, Adani Total Gas Limited and Adani Wilmar Limited have been incubated in AEL. MPOST

Millenniumpost
FPIs pull out Rs 46,000 crore from Indian equity markets in June so far
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FPIs pull out ₹46,000 crore from Indian equity markets in June so far

NEW DELHI: Foreign investors continue to desert Indian equity markets and pulled out close to Rs 46,000 crore so far this month following monetary policy tightening by the Reserve Bank and US Federal Reserve, high oil prices and volatile rupee. The net outflow by foreign portfolio investors (FPIs) from equities reached Rs 2.13 lakh crore unitll now in 2022, data with depositories showed.

Given the policy normalisation narrative by the US Fed and other major central banks, coupled with high oil prices and volatile Rupee, FPIs are likely to stay away from emerging market assets, Hitesh Jain, Lead Analyst - Institutional Equities, Yes Securities, said.FPIs inflow will only resume once there is visibility on the peak of bond yields in the US and an end to Fed rate hikes, he added.

Moreover, FPIs are likely to sell more if the current trend of rising dollar and bond yields persists, said VK Vijayakumar, Cheif Investment Strategist at Geojit Financial Services.

According to the data, foreign investors withdrew a net amount of Rs 45,841 crore from equities in June (till 24th).

The massive selling by FPIs continued in June as they have been relentlessly withdrawing money from Indian equities since October 2021. "The RBI's tightening of the monetary policy and inflated global commodity prices have primarily led the domestic markets to bleed in terms of substantial cash outflows from the equity markets during the last few months," Manoj Purohit, Partner & Leader Financial Services Tax, BDO India, said. The pace of such withdrawals was last seen when the pandemic surged in the first quarter of 2020.

Globally, the ongoing military conflict between Ukraine and Russia, rising fed rates and the return of the pandemic outbreak have further added fuel to the fire, Purohit said. Geojit Financial Services' Vijayakumar said that the rising dollar and appreciating bond yields in the US are the major factors triggering FPI outflows. PTI

Reduce fuel & electricity use now: French energy giants

PARIS: Leaders of three French energy companies on Sunday called on the French public to immediately reduce consumption of fuel, oil, electricity and gas amid shortages and soaring prices due to Russia's supply cuts and the war in Ukraine.

The effort must be immediate, collective and massive, the leaders of the three companies, TotalEnergies, EDF and Engie said in a rare joint statement that was published in the French weekly Journal du Dimanche. Every gesture counts, the statement said.

Russia has cut and in some case shut off gas supplies to several European Union countries in retaliation for the 27-member bloc's sanctions against Moscow for its invasion of Ukraine on February 24. For months, the European energy system has been under severe strain and the French energy system has not been spared.

The level of alert on gas stocks across the continent is high and rationing measures have been put in place.

France, like other European countries, is trying to beef up its gas reserves for winter, aiming to fill up its storage by early autumn to avert an economic and political crisis.

Taking action in the summer will prepare us for winter, the energy companies' leaders said.

In addition to the gas supply shortages linked to the war in Ukraine, there are pressures on electricity production capacities in Europe and reductions in hydroelectric production due to drought. AGENCIES

{ WORSENING ECONOMIC CRISIS }

Sri Lanka hikes fuel prices as US delegation visits

Agence France-Presse
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COLOMBO: Sri Lanka hiked fuel prices on Sunday, creating further pain for ordinary people as officials from the United States arrived for talks aimed at alleviating the island's dire economic crisis.

Ceylon Petroleum Corporation (CPC) said it raised the price of diesel, used widely in public transport, by 15% to 460 rupees ($1.27) a litre while upping petrol 22% to 550 rupees ($1.52).

The announcement came a day after energy minister Kanchana Wijesekera said there would be an indefinite delay in getting new shipments of oil.

Wijesekera said oil due last week had not turned up while shipments scheduled to arrive next week would also not reach Sri Lanka due to "banking" reasons. Wijesekera apologised to motorists and urged them not to join long queues outside pumping stations. Many have left their vehicles in queues hoping to top up when supplies are restored.

Official sources said the island's remaining fuel supply was sufficient for about two days, but that authorities were saving it for essential services.

A delegation from the US treasury and the state department arrived for talks to "explore the most effective ways for the US to support Sri Lankans in need", the US embassy in Colombo said.

"As Sri Lankans endure some of the greatest economic challenges in their history, our efforts to support economic growth and strengthen democratic institutions have never been more critical," US ambassador Julie Chung said in a statement.

A daily wage labourer waits for work at a wholesale market in Colombo, Sri Lanka. AP

The embassy said it had committed $158.75 million in new financing in the past two weeks to help Sri Lankans.

The United Nations has already issued an emergency appeal to raise $47 million to feed the most vulnerable segments of the island's 22 million people. About 1.7 million residents need "life-saving assistance", according to the UN, with four out of five people reducing their food intake due to severe shortages and galloping prices.

Last week, the government closed non-essential state institutions and schools for two weeks to reduce commuting because of the energy crisis.

Several hospitals across the country reported a sharp drop in the attendance of medical staff due to the fuel shortage.

Prime Minister Ranil Wickremesinghe warned parliament on Wednesday that more hardships were on the way.

"Our economy has faced a complete collapse," Wickremesinghe said. "We are now facing a far more serious situation beyond the mere shortages of fuel, gas, electricity and food."