ONGC News 28.06.2022 Print

Business Standard
7 out of 9 neighbouring nations charge less for petrol than India
Jun 28, 2022 | Delhi | Pg No.: 4 | | Sq Cm:191 | AVE: 473411 | PR Value: 2367055

7 out of 9 neighbouring nations charge less for petrol than India

SACHIN P MAMPATTA & SHINE JACOB
Mumbai/Chennai, 27 June

The average office-goer in most neighbouring countries spends less on fuel than in India, shows a *Business Standard* analysis.

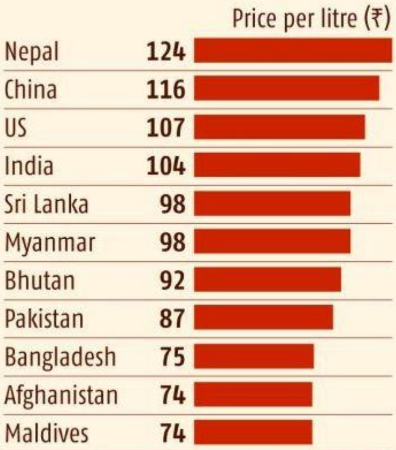
Amid news of a fuel shortage in some parts of the country and wider unrest over fuel issues in the neighbourhood, an analysis of the data from international tracker globalpetrolprices.com shows that the per litre price of petrol is higher in India than in seven out of its nine neighbours. The United States (US) has also been included for a developed nation comparison and had a higher price than India. Among the neighbouring countries, China (₹116 per litre) and Nepal (₹124 per litre) had a higher price. Every other country that borders India had lower prices, including Sri Lanka, Myanmar, Bhutan, Pakistan, Bangladesh, Afghanistan and the Maldives. All prices are in Indian rupees. The data is as of June 20.

Income differences can affect how much prices pinch the average citizen. For example, petrol in India is 2.6 per cent more expensive than in the US. However, their per capita gross domestic product (GDP) is 30 times that of India. Business Standard looked at the number of litres that the average citizen can afford to buy daily, using the per capita GDP for each country in 2022 as a broad proxy for affordability. The analysis used 2022 numbers from the Washington-based International Monetary Fund.

The GDP is the total value of goods and services that a country produces. A per capita figure breaks this down into a per person figure. Assuming the person used an equivalent amount to buy petrol, the number of litres they could afford on a daily basis shows a wide variance across the countries under consideration.

An Indian would be able to buy 5.2 litres of petrol which is more than Pakistan, Myanmar, Nepal and Afghanistan.

WHAT A TRIP TO THE FUEL STATION COSTS



Note: Latest data available for June 20, 2022; compares India's prices with all nine neighbours and also the US
Source: globalpetrolprices.com

Daily litres of petrol a person can buy with country's per capita GDP

Note: Analysis used IMF data on per capita GDP for 2022 across countries, with 2019 figures used for Afghanistan and Pakistan as 2022 figures were unavailable; chart above shows number of litres of petrol the average citizen could buy against this figure, using petrol prices as of June 20, 2022.
Sources: IMF, globalpetrolprices.com, *Business Standard* calculations

Crude oil rates choppy as G7 discuss price cap on Russian oil

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Crude oil prices largely faced choppy waters on Monday. Prices, however, increased later in the day because of supply concerns as the Group of Seven (G7) countries discussed a price cap on Russian oil.

At the time of writing the story, the August contract of Brent on the Intercontinental Exchange was $114.68 a barrel, higher by 1.38% from its previous close. The August contract of West Texas Intermediate, on the other hand, rose 1.34% to $109.06 per barrel.

Supply risks relating to Russia kept prices high. REUTERS

Supply risks relating to Russia kept prices high as G7 countries discussed a price cap on Russian oil, pointed out Ravindra Rao, head of commodity research at Kotak Securities. "However, weighing on crude oil prices are demand concerns as economic activity is slowing while aggressive monetary tightening has fuelled debate about a recession. Crude oil may remain in a range as supply risks counter demand worries. However, with increasing focus on global growth, demand concerns may keep pressure on prices," Rao said.

Volatility continued in international oil prices, but domestic retail fuel prices have remained steady for over five weeks. In the national capital, petrol was sold for ₹96.72 per litre and diesel at ₹89.62 a litre.

Experts suggest that the lack of revision in petrol and diesel prices despite the fluctuation in oil prices would further impact the financials of Indian oil companies.

G7 leaders mulling untried plan to manipulate oil prices, in admission that sanctions haven't dented Russia

Leaders of the Group of 7 nations said they would stop buying gold from Moscow and discussed a new American proposal to undercut its oil revenues, even as Russian forces rained missiles on Kyiv for the first time in weeks.

The dueling escalation underscored how the war in Ukraine has consumed global politics and the world economy.

President Biden and the British government said members of the Group of 7 — Canada, France, Germany, Italy, Japan, Britain and the United States — would move on Tuesday to ban imports of Russian gold. Representatives for the assembled countries were also negotiating toward an agreement to buy Russian oil only at a steep discount.

American officials see both the gold import ban and the possible oil price cap as ways to undercut key sources of revenue for Moscow's war effort and further isolate it from the international financial system. Such a push was a theme at the meeting, both publicly and behind the scenes, as leaders sought to project solidarity with Ukraine.

As the fighting in Ukraine grinds into its fifth month, the leaders of Group of 7 countries — the world's wealthiest large democracies — are seeking to maintain unity against Russia in the face of the war's growing toll on the global economy.

Western sanctions intended to create pain for Russia have sent food and energy prices skyrocketing across the world, even as Moscow's war machine has shown little sign of slowing down.

Russia appeared to be sending a message of defiance to the G7 leaders on Sunday morning, when it unleashed a new round of missiles at an apartment building in Kyiv, killing at least one person.

The top three floors of the nine-story building were reported destroyed.

Rescuers were able to pull a 7-year-old girl from the rubble, but her father was killed and her mother, a Russian citizen, was injured, the authorities said.

Before a working lunch meeting, Prime Minister Boris Johnson of Britain and Prime Minister Justin Trudeau of Canada were overheard by reporters mocking Russia's president, Vladimir V. Putin, joking that they should take their shirts off — a jab at Mr. Putin's penchant for horseback riding.

The first step in renewing the group's solidarity came before the summit formally began, with the announcement of the ban on gold imports from Russia.

US banned oil and gas from Russia, and Europe will prohibit most Russian oil while reducing gas imports by the end of the year.

The United States, the European Union and their allies have also placed sanctions on Russian officials and other members of the elite and imposed punishments on Russian banks, airlines and other companies. **NYT**

G-7 set to back Russian oil price cap, tariff hikes

ELMAU (Germany): The Group of Seven economic powers are set to announce an agreement to pursue a price cap on Russian oil, aiming to curb Moscow's energy revenues, a US official said Monday.

The move is part of a joint effort of support for Ukraine that includes raising tariffs on Russian goods and imposing new sanctions on hundreds of Russian officials and entities supporting the four month long war.

Leaders were finalizing the deal to seek a price cap during their three-day summit in the German Alps.

The details of how a price cap would work, as well as its impact on the Russian economy, were to be resolved by the G-7 finance ministers in the coming weeks and months.

The largest democratic economies will also commit to raising tariffs on Russian imports to their countries, with the US announcing new tariffs on 570 categories of goods, as well as use of sanctions to target Russia's defense supply chains that support its effort to rearm during the war.

The senior administration official spoke on the condition of anonymity to preview the announcements from the G-7 leaders' summit, where they are set to confer by video link with Ukrainian President Volodymyr Zelenskyy. AGENCIES

Business Standard
Fitch affirms 'BBB-' rating to GAIL; says outlook is stable
Jun 28, 2022 | Delhi | Pg No.: 2 | | Sq Cm:23 | AVE: 56661 | PR Value: 283307

Fitch affirms 'BBB-' rating to GAIL; says outlook is stable

Fitch Ratings has affirmed a 'BBB-' rating to gas utility GAIL (India), with a stable outlook, on premise that the firm's financial profile will remain strong. Its rating is capped by the Indian sovereign rating of 'BBB-'. The government owns 51.52 per cent in GAIL. **PTI**

ADJUSTING SELLING PRICE

Fuel price freeze likely to ease gradually: Moody's

The retail price of diesel and petrol in Delhi stands at ₹89.62 and ₹96.72 per litre respectively

FE BUREAU
New Delhi, June 27

THE FINANCIAL PERFORMANCE of India's state-owned refining and marketing companies will remain weak as long as their net realised prices for petrol and diesel are lower than international market prices, Moody's Investor Services said on Monday.

"Nonetheless, we do not expect this situation to be sustained. We expect that the Indian government will eventually allow fuel retailers to adjust selling prices, but the price increases will be implemented gradually," it said.

Lending support to the government's effort to contain inflation, PSUs like Indian Oil Corporation (IOC), Hindustan Petroleum (HPCL) and Bharat Petroleum (BPCL) have kept retail fuel prices on hold since May 22.

REAPING LIMITED BENEFITS

- Moody's said despite high refining margins, refiners or fuel retailers that are subject to price ceilings will reap limited benefits, without naming Indian OMCs
- Lending support to the govt's effort to contain inflation, Indian Oil Corporation, Hindustan Petroleum and BPCL have kept retail fuel prices on hold since May 22

The retail price of diesel and petrol in Delhi stands at ₹89.62 and ₹96.72 per litre respectively.

Moody's said despite high refining margins, refiners or fuel retailers that are subject to price ceilings because of government policies will reap limited benefits, without naming Indian OMCs.

"In the week through June 24, Asia refining margins, as measured by the Singapore-Dubai hydrocracking margin, averaged at a multiyear high of \$39 per barrel. Current margins are close to 20 times the average of around \$2 per barrel in 2021. Refining margins are at super-cycle levels because of a shortage of transportation fuels, as demand outpaces supply in Asia," it said.

Moody's said the easing of movement restrictions this year has driven a strong recovery in demand for transportation fuels. At the same time, supply troubles have worsened on international sanctions on Russia that came after significant refinery closures during the pandemic. The mismatch in demand and supply has driven a surge in the margins of gasoline, gasoil and jet fuels.

Business Standard

GST Rates For Some Goods Still In Need Of Fine-Tuning

Jun 28, 2022 | Delhi | Pg No.: 1,4 | | Sq Cm:343 | AVE: 849659 | PR Value: 4248297

Millenniumpost

'CIL braced up to meet its part of committed coal supplies'

Jun 28, 2022 | Delhi | Pg No.: 9 | | Sq Cm:201 | AVE: 1812256 | PR Value: 9061282

CIL braced up to meet its part of committed coal supplies'

NEW DELHI: As monsoon has hit many parts of the country, Coal India chairman Pramod Agrawal said the state-owned firm is braced up to meet its part of committed coal supplies to the power sector in the coming months, and stressed that building up dry fuel stock timely by electricity generating plants will be crucial.

People in many parts of the country faced power outages at the beginning of the summer season this year due to the shortage of coal supplies at various thermal plants.

"Timely stock build-up by the power plants when coal is available will be crucial. We are gearing up to meet our part of committed supplies to power sector in the ensuing months," Agrawal said.

Stating that the company is targeting to close the first quarter with 35 million tonnes (MTs) incremental production compared to same quarter of last year, he said that the company's output tempo is progressing in this direction.

"We will not spare any effort in pushing up the output and off take," he added.

Terming the recent coal shortages as "misnomer", Agrawal said that Coal India Ltd's (CIL) pitheads are stocked with around 46 MT of coal, whereas coal stock at power plants stands at around 24 MT.

This apart, a little over six MT is lying at goods sheds, private washeries, ports and CIL's sidings awaiting transportation to power plants end.

The chairman said that the

demand-supply mismatch witnessed in the recent past was on account of three reasons. Firstly, there was an unforeseen escalation in power demand on the back of strong post-pandemic economic revival, secondly, the blazing summer heat across the northern plains of the country further accelerated the demand.

Finally, the international coal prices which are simmering over for past many months have deterred imports by international coal-based power plants, the chairman explained.

"The first quarter is usually highly productive for us. We have registered nearly 29 per cent production growth during the first two months of current fiscal at 108 MT over same period last year, the highest ever for this period," Agrawal said.

Concurrently, supply to power sector at 102 MT grew by 16.7 per cent.

CIL aims to supply 565 MT to power sector during FY23 and the company's efforts are oriented to meet this.

"Increasing supplies is a concerted move and we are synergising our efforts with ministries of coal, power and railways. Power houses should strive to lift coal through road and RCR mode in order to augment overall supply," he added.

Coal secretary A K Jain had in April said that the current power crisis is mainly on account of sharp decline in electricity generation from different fuel sources and not due to the non-availability of domestic coal.

Jain attributed the low coal stocks at power plants to several factors such as heightened power demand due to the boom in the economy post-COVID-19, early arrival of summer, rise in the price of gas and imported coal and sharp fall in electricity generation by coastal thermal power plants.

He had added that a slew of measures is already underway to enhance the total power supply in the country. PTI

EU countries adopt mandatory gas storage amid Russia's cuts

AP ■ BRUSSELS

European Union countries agreed Monday that all natural gas storage in the 27-nation bloc should be topped up to at least 80% capacity for next winter as they prepare for the possibility of Russia further reducing deliveries.

The EU is trying to slash its use of Russian energy amid the Kremlin's war in Ukraine and find other sources. A ban on imports of Russian coal will start in August, and an embargo on most oil from Russia will be phased in over the coming eight months.

Meanwhile, Moscow is disrupting natural gas deliveries, a fuel used to power factories and generate electricity that the EU didn't include in its own sanctions for fear of seriously harming the European economy. Before the war, the bloc got about 40% of its natural gas from Russia.

Moscow has reduced gas supplies to several EU countries, including heavy importers Germany and Italy, and cut off deliveries to other members, such as Poland and Finland.

The EU Council adopted the gas storage regulation Monday after the European Commission made a proposal in March. The regulation also says underground gas storage on EU soil will need to be filled to 90% capacity before the 2023-24 winter.

Heads of state and government agreed last week during a summit in Brussels to step up preparations for further gas cuts from Russia and to keep searching for other suppliers. The EU already has increased deliveries from the United States, Norway, Algeria and Azerbaijan.

Some EU members don't have storage facilities, so the regulation provides that they should store 15% of their annual national gas consumption in other member countries, allowing them access to reserves in other EU nations.

France demands Iranian oil be brought back to market

ELMAU CASTLE

FRANCE on Monday urged oil producing nations to boost their output in an "exceptional manner", to help bring down soaring crude prices fuelled by the war in Ukraine. "We need producing countries to produce in an exceptional measure," said the French presidency on the sidelines of the G7 summit in the Bavarian Alps.

The presidency also called for a "diversification of supplies", including from Iran and Venezuela.

Meanwhile, the US said on Monday that the G7 is closing in on a plan to force a lower price for Russian oil in what would be a major escalation of the campaign to punish the Kremlin for its invasion of Ukraine.

"There is also consensus emerging... that the price cap is a serious method to achieve that outcome," President Joe Biden's national security advisor, Jake Sullivan, told reporters at the G7 summit in Germany. A senior US official described talks within the G7 — Britain, Canada, France, Germany, Italy, Japan and the US — as advancing.

"We're still in final discussions with other G7 counterparts working to finalise this, but we're very close to a place where G7 leaders will have decided to urgently direct relevant ministers to develop mechanisms to set a global price cap for Russian oil," the official said, speaking on condition of anonymity.

The goal of the plan is to starve the Kremlin of its "main source of cash and force down the price of Russian oil." While the West has already imposed multiple layers of sanctions on Russia in response to Putin's order to invade Ukraine in February, the targeting of the oil industry represents the highest economic stakes so far.

The idea is that consumer countries would effectively set a low price for Russian oil, while Moscow, needing the revenue, would have no choice but to accept.

There are major questions, however, about unity among consumer countries and whether Russia really would cave in or instead might retaliate by cutting energy supplies to Europe. Energy exports are Russia's biggest revenue earner, while Western countries are among those most heavily dependent on imported oil and gas.

Leaders of Group of Seven countries during a working session on Monday | AFP

Rupee to remain under pressure; may settle at around 79-80/USD in near term: Experts

New Delhi: India's rupee is likely to remain under pressure due to high prices of crude oil and other commodities, and may stabilise at around 79-80 against the US dollar in the near term, say experts amid limited headroom available with the Reserve Bank to check the weakening of the domestic currency. The currency has slumped over 5 per cent this year after Russia's invasion of Ukraine sent international crude oil prices soaring to a decade high. On Monday, rupee ended at a fresh all-time low of 78.34 (provisional) against the US dollar. The previous all-time low was at the 78.32 level recorded on Thursday.For a nation that is 85 per cent dependent on imports to meet its oil needs and 50 per cent for gas requirements, soaring international energy and commodity prices have worsened its external finances.

India's crude oil imports bill had more than doubled in May to USD 19.19 billion.

Also, the continuing FPI (Foreign Portfolio Investments) outflows has put the Reserve Bank of India (RBI) in a situation where it cannot go all out to strengthen the rupee as it needs to hold on to forex reserves to meet the import requirements. An article published in the RBI's latest bulletin has cautioned that in case of an adverse global scenario, potential portfolio outflows can average up to 3.2 per cent of GDP or USD 100 billion (Rs 7.8 lakh crore) in a year.