ONGC News as on 04 September 2023 (Print)

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STATSGURU

Keeping gas affordable

SAMREEN WANI

The government's decision to cut gas prices by about a fifth has gone some way in making it more accessible.

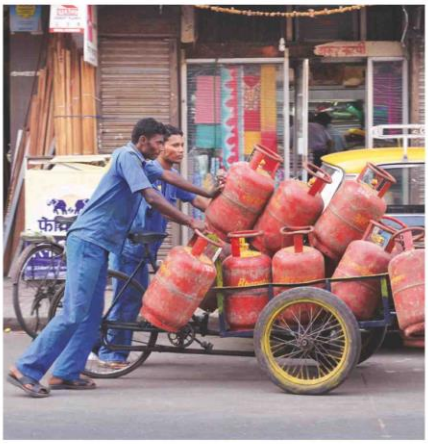
It recently reduced prices by ₹200. The 14.2 kilogram liquefied petroleum gas (LPG) cylinder is now priced at ₹903 in Delhi. The move is expected to reduce the retail inflation rate by around 30 basis points. Gas prices are now the lowest since October 2021. Prices were lower than ₹700 in 2020 (*chart 1*).

Higher prices affect a large segment of India's population. The number of people using LPG cylinders, however, has risen to over 300 million. Notably, the number of consumers who have signed up for subsidised gas is also going up. There was one subsidy beneficiary for every 10 active LPG consumers in 2017; it is now one for every three (*chart 2*).

Consumption of LPG has accordingly been going up over the years. Production was close to consumption in the early 2000s. This has since changed with an increased shift towards clean cooking fuel. The current production is less than half of current consumption (*chart 3*). The imports of LPG have been on the rise despite higher prices after the pandemic, up nearly 50 per cent since 2019 (*chart 4*).

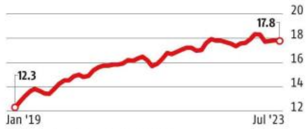
There are indications that even larger numbers could seek LPG connections in the years to come. Data from the National Family Health Survey (NFHS) showed that only 42 per cent of rural households had adopted the use of LPG as a fuel as late as 2019-21. This still represents a sharp rise from less than 20 years ago. Only a fourth of all Indian households used LPG as a cooking fuel in 2005-06, and less than a tenth of all rural households did so (*chart 5*).

Penetration remains low in many states. Against a national average use of 41 per cent, as many as 68 per cent of the households in Jharkhand reported using solid cooking fuels, the highest incidence in the country, followed by Chhattisgarh (66 per cent), and Odisha (65 per cent). The majority of people in India's largest state, Uttar Pradesh, still rely on solid fuels like wood, coal, and dung cakes to cook their food (*chart 6*).



4: RISING IMPORTS

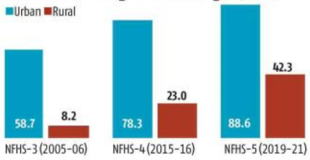
India LPG imports (trailing 12 months, in million metric tonnes)



Source: Bloomberg, *Business Standard* calculations

5: ROOM FOR GREATER RURAL DEMAND

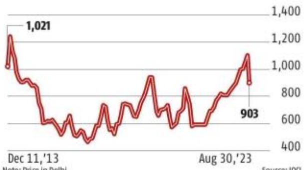
Households using LPG/natural gas (in %)



Source: National Family Health Survey (NFHS)

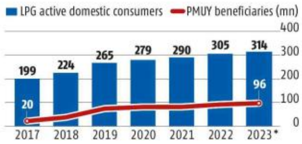
1: LOWEST PRICE OF LPG SINCE OCTOBER 2021

Price of non-subsidised 14.2 kg Indane Gas (in ₹)



Note: Price in Delhi.
Source: IOCL

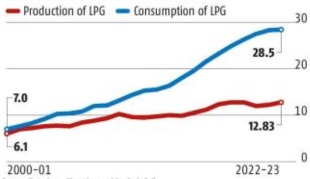
2: MORE USERS THAN BEFORE



Note: *2023 data as on August 1. Data as of April 1 for each year except 2023. Pradhan Mantri Ujjwala Yojana (PMUY) makes clean cooking fuel such as liquefied petroleum gas (LPG) available to rural and deprived households.
Source: Petroleum Planning and Analysis Cell

3: CONSUMPTION HAS OUTPACED PRODUCTION

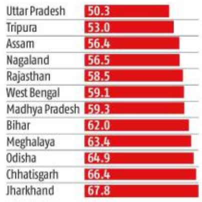
In million metric tonnes



Source: Petroleum Planning and Analysis Cell

6: IN DOZEN STATES, MAJORITY OF HOUSEHOLDS USE WOOD AND OTHER SOLID COOKING FUELS

Households using solid fuel for cooking (in %)



Note: Solid fuel includes coal or lignite, charcoal, wood, straw or shrubs or grass, agricultural crop waste, and dung cakes.
Source: NFHS-5 (2019-21)

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Not warming up to El Niño

As the climate pattern's dark clouds gather, its potential impact on rabi crops overcasts the Centre's fiscal arithmetic.

SANJEEB MUKHERJEE & **INDIVJAL DHASMANA** write

At first glance, it may appear that rising food inflation and potential populist measures ahead of the forthcoming elections could disrupt the Centre's fiscal arithmetic for the current financial year. However, official numbers indicate that the situation is not yet alarming. Nonetheless, the looming threat of El Niño and its potential impact on rabi crops could turn the situation adverse later in the year.

Various measures implemented to control escalating food inflation, such as selling tomatoes and onions at subsidised rates, have not significantly increased government expenditure.

However, the reduction in prices of liquefied petroleum gas cylinders for domestic and commercial use may impose an additional burden on the exchequer. It is still not clear who will bear the burden of this price cut — the government or the oil marketing public sector units. It is understood that the government might give one time grant to these companies. Last year too, the government gave a one-time grant of ₹22,000 crore to these three companies. However, profits of these PSUs — Indian Oil Corporation (IOC), Bharat Petroleum Corporation Ltd (BPCL) and Hindustan Petroleum Corporation Ltd (HPCL) — have swelled in the first quarter of financial year 2023-24 (Q1FY24) and the trend is on, sources said. OMCs have pegged the cost of cut in prices of domestic LPG cylinders at ₹7,500 crore.

"The fiscal cost of combating high food inflation has been negligible thus far. The government may generate some revenue through the imposition of export duties on certain commodities," noted former chief statistician Pronab Sen.

Last month, the government imposed a 40 per cent duty on onions and a 20 per cent duty on parboiled rice exports to ensure their availability for domestic consumption.

Food inflation rose to a three and a half year high of 11.51 per cent in July this year, compared to 4.31 per cent in the previous month. This increase can be attributed to rising prices of tomatoes, rice, wheat, *jeera*, and some pulses.

Food inflation was not this high even during the lockdown periods of the first Covid wave in 2020.

The burden on the government's coffers may arise primarily from major subsidies, particularly food and fertiliser. If the government decides to extend the free foodgrain scheme beyond December this year, the burden on food subsidy could escalate.

SUBSIDY SPEND SO FAR...

(In ₹ crore)

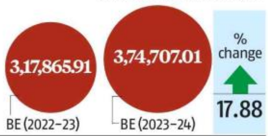
	BE (2023-24)	FY23*	FY24**	% change
Food	197,350.00	64,287.78	68,494.25	6.54
NBS***	44,000.00	11,599.05	24,561.46	111.75
Urea	131,099.92	33,680.71	47,473.88	40.95
Petroleum	2,257.09	139.45	466.26	234.36
Total	**3,74,707.01**	**1,09,706.99**	**1,40,995.85**	**28.52**

* From April to July 2022; ** From April to July 2023; *** Nutrient-based subsidy; BE: Budget Estimates

Source: Controller General of Accounts

HOW CENTRE SPENDS

■ Total major subsidy (₹ crore)#



\# Includes food, fertiliser, and fuel

BE: Budget Estimates

Source: Controller General of Accounts

The government's expenditure might also swell if it chooses to increase the amount provided under Pradhan Mantri Kisan Samman Nidhi (PM Kisan) from the current ₹6,000 per farmer.

Among major subsidies, the central government spent approximately ₹68,594 crore on food subsidy in the first four months of 2023–24 (FY24), according to data sourced from the Controller General of Accounts (CGA).

Food inflation rose to a three and a half year high of 11.51% in July this year, compared to 4.31% in the previous month

This represents a 6.54 per cent increase compared to the corresponding period of the previous year. This translates into a monthly food subsidy expenditure of approximately ₹17,148 crore.

If the Pradhan Mantri Garib Kalyan Anna Yojana is extended beyond December, as is likely, the additional expenditure could rise by roughly ₹12,500 crore for January–March of FY24 due to the difference between supplying foodgrains at public distribution system prices and providing them for free, according to some reports.

The Budget has estimated food subsidy at ₹1.97 trillion for the current financial year.

Raising the PM Kisan entitlement by an additional ₹2,000 per farmer, beyond the ₹6,000 distributed annually to nearly 90 million farmers, would result in an extra expenditure of approximately ₹18,000 crore on top of the already budgeted ₹60,000 crore in FY24.

Next comes the fertiliser subsidy. CGA data reveals that actual spending on the nutrient-based subsidy (NBS) regime and urea subsidy has been significantly higher in the first four months of FY24 compared to the same period in the previous year. Expenditure is in the region of 112 per cent higher for NBS and almost 41 per cent higher for urea subsidy.

This increased expenditure occurred despite a considerable softening of global fertiliser prices since April. This was mainly due to the higher prices at which old stocks were imported.

Between April and July 2023, the landed price of di-ammonium phosphate (DAP) decreased by nearly 16 per cent, while that of urea declined by around 15.31 per cent.

Domestically, the cost of production has also decreased. The Centre's NBS subsidy allocation for the April-September 2023 period for nitrogen is down by 81.08 per cent, phosphorus by 9.25 per cent, potassium by 61 per cent, and sulphur by 16.5 per cent.

However, there is a catch.

Global fertiliser prices, especially for DAP and urea, have started to rise since August due to China's ban on DAP imports and increasing demand from countries like Brazil.

Market expectations are that both DAP and urea rates will continue to firm up, as they had reached multi-year lows in recent months.

In August, the landed price of DAP increased by 20 per cent compared to July, while urea prices rose by 30 per cent in the same period.

India annually consumes 30-35 million tonnes (mt) of urea, of which 7-9 mt are imported, while the domestic consumption of DAP is 10-12.5 mt, with local production accounting for 4-5 mt, and the rest imported.

Fertiliser demand typically peaks between April and June for the kharif harvest and October and December for the rabi sowing season.

DAP demand is higher during the rabi season, while nitrogen, phosphorus, and potassium consumption increases during kharif.

Will these price increases threaten fertiliser subsidies, which have already risen due to high-priced carryover stocks?

In response to this query, Ankit Jain, vice-president of ICRA, told *Business Standard*, "The government's subsidy budget of ₹1.75 trillion for FY24 is likely to remain adequate. Additionally, in the case of urea, India's import dependence this year is expected to be lower than in previous years at 4-5 mt."

Despite the rise in subsidies and committed spending on salaries and pensions under this head, revenue expenditure amounted to ₹10.63 trillion in the April-July period of FY24, constituting 30.4 per cent of the budgeted ₹35.03 trillion for the entire year. This was higher than the 28.7 per cent recorded in the corresponding period of the previous financial year.

The increase in subsidies in the first four months may be primarily attributed to pending payments from the previous year. Sen noted that any increase in subsidies this year could be rolled over to the next year.

Mahendra Dev, former director and chairman of the Indira Gandhi Institute of Development Research and former chairman of the Commission for Agricultural Costs & Prices, however, holds a different perspective on the question of inflation and populist schemes disrupting fiscal calculations.

"There is pressure on fiscal deficit due to giveaways by the Centre and states, and the combined deficit of both may be at risk. Unless, of course, there is a big cut in government expenditure, which is challenging in an election year," said Dev.

As far as the Centre is concerned, its fiscal deficit of ₹6.05 trillion in the first four months of the current financial year has already reached 33.9 per cent of the budgeted ₹17.87 trillion for the entire year.

This deficit is significantly wider than the 20.5 per cent recorded in the April-July period of 2022–23, primarily due to front-loading of capital expenditure, tax devolution, subdued corporation tax and excise duty collections, and slow disinvestment proceeds this time.

The government has projected its fiscal deficit to come down to 5.9 per cent of GDP in FY24, down from 6.4 per cent in the previous year. The deficit stood at 6.4 per cent in Q1 of FY24.

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Pursuing Green, Energy Giants Zero in on Biogas

RIL plans to set up 100 CBG plants, while Adani Total Gas plans to set up 5 plants in 5 yrs

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Mumbai: India is the pioneer of biogas. The first bio-gas plant was set up in 1897 when a British civil engineer Charles James, worked on the drainage of Homeless Leper Asylum in Matunga, Bombay. Biogas took off and it has been since powering our kitchens, community facilities and dairy farms.

But now the humble biogas has caught the fancy of some leading energy players of India Inc. Last week Reliance Industries announced its plans to set up 100 compressed biogas (CBG) plants. Adani Group's Adani Total Gas is planning to set up five CBG plants in the next five years with more to follow in future.

Additionally, Pune-based Thermax has joined hands with EverEnviro Resource Management to establish Thermax Bioenergy Solutions to set up bio-CNG projects. According to industry sources EverEnviro alone has planned an investment of nearly ₹10,000 crore in the segment over the next few years. EverEnviro's wholly

owned subsidiary Green Growth Equity Fund (GGEF), is planning to set up 14 CBG plants in the country.

Oil marketing companies aren't far behind. Indian Oil Corporation, Hindustan Petroleum Corporation (HPCL) and Bharat Petroleum Corporation (BPCL) have issued hundreds of letters of intents for setting up of compressed biogas (CBG) plants.

CBG, is a greener fuel produced from waste/biomass sources. It has properties like compressed natural gas (CNG) and can be used for automotive, industrial and commercial uses.

According to the Indian Biogas Association, the sector will see 5,000 plants being set up by 2030 at an investment of ₹1.75 lakh crore.

So, what changed to make biogas attractive for these companies?

"It's the technical, financial and social aspect of bio-gas," says Gaurav Kedia, chairman, Indian Biogas Association (IBA).

"The technology is now getting mature, so people can now set up large scale biogas plant. On the financial front, there's not only support from the government's end but also availability of a ready market to pull the gas," said Kedia, adding that organic fertiliser from these plants is finding many takers specially after the Covid-19 pandemic, which made people very health conscious.

"So, the overall scenario makes it very lucrative right now."

While Gail has decided to insert CBG into the city gas grid, last month IBA made a case for fixing fair and remunerative price of organic fertiliser or 'fermented organic manure' (FOM) at about ₹5.5 per kg to support biogas plants in the country. The government recently announced the Market Development Assistance (MDA) Scheme, under which ₹1,451 crore was approved to promote organic fertilizer.

ओएनजीसी
ONGC

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CORPORATE BRIEFS

MoU – NBCC

NBCC inked an MOU with the Indian Medical Association (IMA) for the planning, designing & execution of the IMA House at Indraprastha Marg, IP Estate, New Delhi. The MoU was signed by Dr. Anil Kumar Jaydev Nayak, Secretary General, IMA, Dr. Sharad Kumar Agarwal, National President, IMA & Pradeep Sharma, CGM (Engg.) NBCC.

EVENT – SCOPE

SCOPE held a Bhoomi Pujan of a first-of-its-kind 'Social Interaction Club' for PSEs at the SCOPE Complex in New Delhi. It was performed by Sandeep Kumar Gupta, Chairman, SCOPE & CMD, GAIL & Atul Sobti, DG, SCOPE along with Executive Board Members of SCOPE, CMDs, Directors & senior officials of PSEs & SCOPE.

AGREEMENT – EIL

EIL executed a collaborative agreement with CSP Sunrise Pty Ltd. & its group companies – Sunrise CSP India Pvt. Ltd. & Sunrise CSP International Ltd. The collaboration marks a significant step towards fostering innovation & promoting sustainable solutions, wherein both organizations aim to leverage their combined expertise to deliver cutting-edge solutions in the field of concentrated solar & other renewable technologies.

MEETING – INDIAN COAST GUARD

The 5th Regional/Zonal Commanders' level meeting between the Indian Coast Guard & Bangladesh Coast Guard was conducted recently through video conferencing. The meeting was co-chaired by Inspector General Iqbal Singh Chauhan, TM, Commander Coast Guard Region (North East) & Captain Mohammad Kibria Haq, PCG MS, AFWC, PSC, BN, Zonal Commander, West Zone of Bangladesh Coast Guard.

CONFERENCE - INDIANOIL

IndianOil organized a conference on "Leveraging Carbon Finance for Affordable Solar Cooking" addressing India's clean cooking challenges. The event was conducted in New Delhi through its knowledge partners Finovista &Modern Energy Cooking Services. Industry experts, Dignitaries of Union & State Governments, key stakeholder, policymakers & manufacturers participated in the event.

MoU - NTPC

NTPC & Oil India Ltd. have signed an MoU to explore collaboration in the areas of renewable energy, green hydrogen & its derivatives, geothermal & other decarbonization initiatives. The MoU, signed in the presence of Gurdeep Singh, CMD, NTPC & Dr Ranjit Rath, CMD, OIL & their Functional Directors, shall facilitate knowledge & experience sharing on the upcoming decarbonization technologies like Carbon Sequestration.

ROZGAR MELA - CRPF

CRPF participated as a national-level coordinator in the mega Rozgar Mela, held in 45 locations & hosted by the CAPF. During the 8th tranche of distribution of appointment letters, more than 51000 appointment letters were handed over to newly recruited candidates as PM Modi remotely inaugurated the Rozgar Mela & addressed the newly-recruited candidates through video conferencing.

INAUGURATION – DDA

As per PM Modi's vision & to promote ease of living, Vinai Kumar Saxena, the Lieutenant Governor of Delhi, inaugurated two foot-over bridges, connecting Madhu Vihar with Dwarka's Sector 4 & Sulhakul Mandir with NSIT Dwarka, & a Utsav Pandal in Dwarka. Ramesh Bidhuri, MP South Delhi, Parvesh Sahib Singh, MP WD, Subhasish Panda, Vice Chairman DDA & other dignitaries graced the occasion.

ANNUAL GENERAL MEETING – NHPC

NHPC hosted its 47th Annual General Meeting recently through video conferencing from its corporate office in Faridabad. The members of the company considered the proposal for the declaration of a dividend of Rs 1.85 /- per equity share for the year 2022-23, which is inclusive of an interim dividend of Rs 1.40 /- per equity share paid in March 2023. R.K. Vishnoi, CMD, NHPC addressed the shareholders at the meeting, wherein members of the NHPC Board including R.P. Goyal, Dir. (Finance), Biswajit Basu, Dir. (Projects), Uttam Lal, Dir. (Personnel) & Independent Directors Dr. Uday Sakharam Nirgudkar, Prof. (Dr.) Amit Kansal, Prof. (Dr.) Rashmi Sharma Rawal, Jiji Joseph, Premkumar Goverthanan & Rupa Deb, Company Secretary, NHPC were also present. CMD, NHPC highlighted various key achievements by NHPC & addressed various queries of members.

MEETING – THDCIL

RK Vishnoi, CMD, NHPC & THDC held a meeting with the Lt. Governor of J&K Manoj Sinha. During the meeting, Vishnoi laid emphasis on the need for the development of Mega Hydro Projects for harnessing the vast untapped hydropower potential in J&K, which would be an important milestone for the UT's overall development apart from immensely contributing towards the National Energy and Water Security. Vishnoi informed that the Government of India has set an ambitious target of attaining the Net Zero Carbon Emission norm by 2070. J&K has the most significant role in this Mission with the UT having a total hydropower potential of some 20 gigawatts. He added that Central CPSUs such as THDC India Ltd. & NHPC have core strength in the hydro sector & are the most appropriately positioned for efficient & economic harnessing of hydro energy.

ANNUAL GENERAL MEETING – RAILTEL

The 23rd Annual General Meeting (AGM) of RailTel Corporation of India Ltd. (RCIL), was held through Video Conferencing. The CMD of RailTel, Sanjai Kumar addressed the AGM, wherein the Annual Report of the Company for the financial year 2022- 23 was presented. Members of the RailTel board, namely, V Rama Manohara Rao (Director/Finance), Manoj Tandon (Director/ Project, Operations & Maintenance) and Yashpal Singh Tomar (Director / Network Planning & Marketing), Rakesh Ranjan (Govt Nominee Directors), Rameshwer Meena (Govt Nominee Directors), Dr. Subhash Sharma (Part-time Non-Official Director/ Independent Director) & N. Manoharan (Part-time Non-Official Director/ Independent Director) were present during the meeting. A resolution to pay a final dividend of Rs. 1.05/- per share (10.5% of paid-up share capital) was also passed during this AGM. Talking about RailTel's close partnership with Indian Railways, Kumar said that RailTel has been playing a pivotal role in driving the digital transformation of Indian Railways. RailTel is implementing the project of Tunnel Radio Communication systems for various railway sections and is actively exploring opportunities in related domains such as the Modern Train Communication System and Kavach.

VISIT – GSL

A high-level delegation from Kenya led by H.E. Aden Bare Duale, Cabinet Secretary for Defence of Kenya visited GSL recently. The delegation included the High Commissioner of Kenya in India, Amb Willy K Bett & the DG of Kenya Shipyards Limited (KSL), Maj Gen. Paul Otieno. GSL & KSL signed an MoU during the bilateral meeting held between the Defence Minister of India, Rajnath Singh & H.E. Aden Bare Duale, Cabinet Secretary for Defence of Kenya at New Delhi.

IRCTC convened its 24th Annual General Meeting through VC/OAVM from its registered office in New Delhi. The meeting was convened online in compliance with the Companies Act 2013, rules thereto & SEBI guidelines. The CMD Seema Kumar chaired the meeting in the presence of IRCTC's Directors & thanked all the shareholders for their presence & support. She stated that India's service sector witnessed a swift rebound in FY22 driven by growth in the contact-intensive services sub-sector & that this subsector completely recovered from the pre-pandemic level in Q2 of FY23, driven by the release of pent-up demand, ease of mobility restriction, and near-universal vaccination coverage.

PUNJAB NATIONAL BANK has launched the PNB GST Sahay App, a mobile application based on the GST Sahay scheme, an end-to-end digital product under which lending can be done on the basis of GST invoices. With this integration, PNB has become the first public sector bank to facilitate frictionless credit flow to MSMEs using GST invoices. This initiative is also in line with the bank's strategy to further the development of the MSME sector & digital credit ecosystem in the country. The most significant feature of PNB GST Sahay is that the entire loan process journey is digitized. Through this service, the loan amount will be directly credited into the borrower's current account maintained with the bank. All the GST-registered MSME business entities (Proprietorship) having an active account with PNB are eligible for the PNB GSTSahay service. The credit limit starts from Rs10,000 and goes up to Rs2lakhs per invoice, subject to capping of Rs 10 lakhs per borrower.

LIC celebrated its 67th anniversary, symbolizing decades of trust, integrity & excellence in the Insurance industry. It has sustained its leadership position after twenty-plus years of liberalization of the insurance sector with a 62.58% market share in First Year Premium Income in FY23. Through its massive distribution network spread across India, positioning it for further growth, LIC continues to play a strategic role in inculcating a culture of insurance and savings across India. With 27.74 crore policies being serviced by LIC as of 31 March 2023, LIC has floated a Special Revival Campaign for lapsed policies with effect from 1 September 2023 for its valued policyholders. Beginning with an initial capital of Rs 5 crores in 1956, LIC as on 31 March 2023 has Assets Under Management of Rs 43,97,205 crores.

Steel Authority of India Limited has once again contributed significantly to India's defence capabilities by providing the entire quantity of special steel plates of about 4000 Tonnes for the construction of the seventh frigate ship under the indigenous P17 A Project for the Indian Navy. The upcoming launch of this seventh frigate ship, the fourth warship built by M/s Mazagon Dock Ltd, is scheduled for launch on 01 September 2023 by Jagdeep Dhankar, Vice President of India. This event marks a significant milestone for the nation's maritime security. Steel Authority of India Limited has emerged as a crucial partner in the development of the P17 A frigates, underlining the company's commitment to advancing India's defence indigenization.

NHB India's 8 key residential markets witnessed appreciating property prices during the Apr-Jun 2023 period. Ahmedabad (9.1 percent), Bengaluru (8.9 percent), Chennai (1.1percent), Delhi (0.8 percent), Hyderabad (6.9 percent), Kolkata (7.8%), Mumbai (2.9 percent) & Pune (6.1percent) recorded increase in the index on an annual basis as per the Housing Price Index published by National Housing Bank. Quoted prices for under-construction and ready-to-move unsold properties have registered an improvement on a Y-o-Y basis.

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IndianOil organises conference for affordable solar cooking

IndianOil organised a conference on "Leveraging Carbon Finance for Affordable Solar Cooking" marking a significant milestone in addressing India's clean cooking challenges. The event was conducted in New Delhi through its knowledge partners Finovista and Modern Energy Cooking Services (MECS). Industry experts, Dignitaries of Union and State Governments, Key stakeholder, Policymakers, and Manufacturers participated in the event. Path forward and strategies were deliberated for scaling up the Solar cooking technology developed by IndianOil. Carbon financing and various support schemes by the governments can be leveraged for affordability were also discussed.

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RISING POWER DEMAND EXPOSES SUPPLY FAULT LINES IN STATES

Even as national power demand continues to reach new milestones with each passing day, supply deficits in several states have widened, despite coal and hydropower units operating at record levels, and coal production witnessing double-digit growth. Key industrial states such as Maharashtra, Karnataka, and Gujarat are grappling with energy supply shortages due to the increased demand brought on by extended hot summers. **SHREYA JAI** writes 4

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Rising power demand exposes supply fault lines in states

SHREYA JAI
New Delhi, 3 September

Even as national power demand continues to reach new milestones with each passing day, supply deficits in several states have widened, despite coal and hydropower units operating at record levels, and coal production witnessing double-digit growth.

Key industrial states such as Maharashtra, Karnataka, and Gujarat are grappling with energy supply shortages due to the increased demand brought on by extended hot summers.

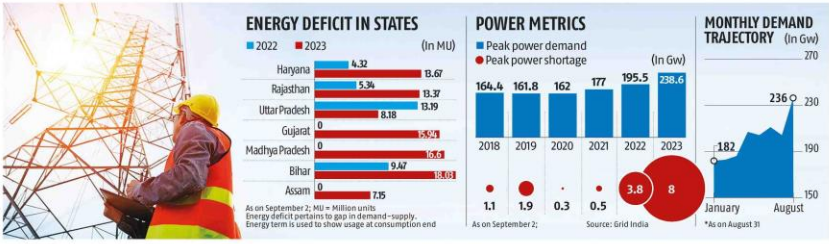
In states like Rajasthan, Haryana, and Bihar, where supply deficits are typically high, the energy shortage has expanded compared to last year.

On a national scale, the peak power supply deficit reached 10 gigawatt (Gw) on September 1, when the country's peak demand came close to the historic high of 240 Gw.

This is happening even as coal-powered stations are running at full capacity, and hydropower units are operating at their peak capacity.

State-owned hydropower operator SJVN, for instance, recently reported its highest-ever power generation.

August 2023 saw an all-time high monthly energy generation of 1,590 million units, representing a 9 per cent increase compared to last year, it stated in a recent statement.



At the national level, hydropower currently contributes nearly 13 per cent to the overall energy supply, making it the second-largest supplier after coal. Coal leads the way with a 70 per cent supply share, while renewable energy sources (solar, wind, and biomass) account for 11 per cent of the total energy supply. National miner Coal India (CIL) reported double-digit growth in both production and offtake during August. Thanks to dry weather, coal supply remained uninterrupted in August, which is typically a month that sees a slump. A substantial surge in overall coal production was witnessed during August 2023, reaching 67.65 million tonnes (mt), representing a year-on-year (Y-o-Y) increase of 12.85 per cent, said a recent Ministry of Coal announcement.

It further noted that CIL's production had risen to 52.27 mt in August 2023, showing an annual growth of 13.21 per cent.

Grid-level challenges

Experts point out that while at the national level the grid efficiently manages the load, states pose a challenge due to their weak transmission networks and limited capacity for purchasing surplus electricity.

Rajiv Goyal, former vice-president at Noida Power Company, stated that India's grid is capable of handling more than 255 Gw. "India's power demand of 240 Gw reflects the growth of the gross domestic product and the demand pressure from emerging sectors such as electric mobility, cooling, data centres, as well as increased industrial activities and tourism, driven by rising urban incomes and infrastructure development," said Goyal, who currently serves as the president of Vivani Consulting.

ICICI Securities, in a recent note, mentioned that base electricity demand grew by 16 per cent, and peak demand increased by 22 per cent Y-o-Y. It also observed that daily demand reached a high of 5.2 billion units, equivalent to a round-the-clock demand of 216 Gw.

"Strong demand bodes well for the plant load factor of existing thermal plants. It also highlights the challenges of meeting peak demand as we enter a phase where firm capacity addition is going to be low," stated ICICI Securities in its recent note. Goyal emphasises that power sector planners need to prepare for 8–10 per cent growth in power demand and plan ahead for a surge in demand. He mentioned that the available total transfer capability (TTC) of the Power Grid Corporation of India currently stands at 112 Gw and is expected to grow to 150 Gw by 2030.

TTC refers to the maximum power that can be transferred on an interconnected transmission network. "TTC would improve only when states construct more 220-kilovolt (kV)/130-kV substations to serve the high-load areas of their power distribution companies. Supply gaps can be plugged through better demand-side management and the utilisation of energy storage technologies such as batteries and pump storage," added Goyal.

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Import of Russian oil hits 7-month low in August

PRESS TRUST OF INDIA
New Delhi, September 3

INDIA'S IMPORT OF cheap Russian oil plunged to lowest in seven months in August as monsoon rains dampened demand, industry data showed.

The world's third largest oil consumer reduced imports from Russia for a third consecutive month in August. It took 1.46 million barrels a day from Russia in August, down from 1.91 million barrels purchased in the previous month, according to data from energy cargo tracker Vortexa. Indian refiners also cut imports from Iraq, another top supplier, to 866,000 barrels per day from 891,000 bpd. Some of those volumes were replaced by a short surge in imports from Saudi Arabia, which jumped to 820,000 bpd from 484,000 bpd in July, the data showed.

From a market share of less than 1% in India's import basket before the start of the Russia-Ukraine conflict in February last year, Russia's share in India's imports hit a peak of about 2 million bpd in May, as refiners vied for heavily discounted shipments. Following Moscow's invasion of Ukraine in February last year, Russian oil was sanctioned and shunned by European buyers and some in Asia, such as Japan. This led to Russian Urals crude being traded at a discount to Brent crude (the global benchmark). The discount on Russian Urals grade has however narrowed from levels of around $30 a barrel in the middle of last year to less than $10 per barrel.

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Power ministry may recommend GST cut on hydro project components

Rituraj Baruah &
Subhash Narayan

NEW DELHI

The union ministry of power is likely to ask for a cut in the goods and services tax on components used in hydropower projects.

The ministry may seek a cut in components like turbines, steel and cement which are in the higher slabs, two people aware of the matter said.

The suggestions were discussed in a recent meeting at the ministry and may be taken up with the finance ministry, they said. The Central Electricity Authority (CEA) also has put up a case for a GST cut.

"As the levy on the components is at 18% or above, the need is that the levies should at least be below the 18% slab. The recommendation to the finance ministry would be for bringing these items in the 5% slab as suggested by the stakeholders," said one of the two people mentioned above.

While on turbine and steel, GST stands at 18%, that on cement is at the highest slab of 28%.

The push for lowering GST comes at a time when the ministry is also preparing a new hydro power policy.

The push for lowering of GST comes at a time when the ministry is preparing a new hydropower policy which would soon be put forward to the union cabinet for its approval. Under the policy, states in the North-east holding rich hydropower potential may get central grants of around ₹4,000 crore to pick equity stakes in hydropower projects.

The policy would also look at rationalizing tariffs. The proposal to lower the GST also aims at lowering the tariffs among other objectives.

Queries sent to the ministries of power and finance remained unanswered at press time. In its ambitious journey of 500 GW installed renewable energy capacity by 2030 and net zero carbon emission by 2070, the power ministry has been looking at ways to lower tariffs and boost investment. On 27 June, *Mint* reported that the power ministry is considering recommending slashing the GST on grid-scale battery storage to 5%.

Further, the move to propose a GST cut comes at a time when the centre is also trying to revive several stuck hydro projects owned by private players. Last month, 12 stuck hydro power projects in Arunachal Pradesh with a cumulative installed capacity of over 11 GW were handed to state-run hydro power companies NHPC, NEEPCO and SJVNL. These projects had been stuck for over 15 years.

The installed hydropower capacity in the country is 52 GW, and 18 GW is in the pipeline. The government aims to take the hydropower capacity to 78 GW by 2030, out of the target of 500 GW installed green power capacity.

Several hydropower projects are under construction or in the conceptual stage in the border state of Arunachal Pradesh and the union territory of Jammu & Kashmir.

Late last year, state-run NHPC Ltd submitted a pre-feasibility report to the CEA for the 11GW Upper Siang multipurpose storage project at a capital expenditure of ₹1.13 trillion to build the largest hydropower project in the country.

As per standard procedure, the finance ministry decides on the proposals to be put forth to the GST Council, following which committees under the council consult on the matter.

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Developed nation by 2047: Modi

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NEW DELHI

Prime Minister Narendra Modi expressed confidence that India would soon rank among the top three economies globally. In an interview, Modi articulated his belief that India would join the ranks of developed nations by 2047. The prime minister envisioned a more inclusive and innovative economy by then, with India winning the battle against poverty. Further, he expects India to significantly improve health, education and social sector outcomes, aiming to be among the best in the world. In his vision, corruption, casteism and communalism would have no place in the national fabric, while the quality of life for the Indian populace would rival that of leading nations. *Edited excerpts:*

INTERVIEW

You have said India will be the third-largest economy by 2030. Where do you see India in 2047?

For a long time in world history, India was one of the top economies of the world. Later, due to the impact of colonization of various kinds, our global footprint was reduced. But now, India is again on the rise. The speed with which we jumped five spots, from the 10th largest economy to the fifth largest in less than a decade, has conveyed the fact that India means business. We have democracy, demography and diversity with us. As I said, now a fourth D is getting added to it—Development.

I have said earlier, too, that the period till 2047 is a huge opportunity. I am positive that we will be in the top three economies in the near future.

By 2047, I am sure that our country will be among the developed countries. Our economy will be even more inclusive and innovative. Our poor people will comprehensively win the battle against poverty. Health, education and social sector outcomes will be among the best in the world. Corruption, casteism and communalism will have no place in our national life. The quality of life of our people will be at par with the best countries of the world.

Most importantly, we will achieve all of this while caring for both nature and culture.

When you set the 2070 net-zero goal, you saw fossil fuels playing a dominant role in India for years to come, which was frowned upon by the West. But, most countries realized the importance of fossil fuels post-Ukraine conflict. How do you see the climate change targets progressing in the post-Ukraine war era?

Our principle is simple—diversity is our best bet, whether in society or in terms of our energy mix. Our pathway for energy transition will be different.

Despite having 17% of the world's population, India's historic share in cumulative emissions has been less than 5%. Yet, we have left no stone unturned in meeting our climate goals. We are certainly on track while also tailoring in various factors needed to ensure growth.

As for the future of the fight against climate change, I am extremely positive about it. We are working with other nations to alter the approach from a restrictive to a constructive approach. Rather than focusing purely on the approach of do not do this or that, we want to bring in an attitude that makes people and nations aware of what they can do and help them with that in terms of finance, technology and other resources.

Are we expecting any consensus at the G-20 summit on the challenge of debt restructuring, which has become a problem for the global South. Is India helping countries trapped in the Chinese debt trap, such as Sri Lanka and Sudan?

The debt crisis is indeed a matter of great concern for the world, especially developing countries. Citizens from different countries are keenly following the decisions being taken by governments in this regard. There are some appreciable results, too. First, countries that are going through a debt crisis or have gone through it have begun to give greater importance to financial discipline.

Second, others who have seen some countries facing tough times due to the debt crisis are conscious of avoiding the same missteps.

Our G20 Presidency has placed a significant emphasis on addressing the global challenges posed by debt vulnerabilities, especially for nations in the Global South. G20 Finance Ministers and Central Bank Governors have acknowledged the good progress in debt treatment of Common Framework countries and beyond the Common Framework, too. We have also been greatly sensitive to the needs of our valued neighbour, Sri Lanka, during their tough times.

To accelerate global debt restructuring efforts, the Global Sovereign Debt Roundtable, a joint initiative of the IMF, World Bank and the G20 Presidency, was launched earlier this year. This will strengthen communication among key stakeholders and facilitate effective debt treatment.

> We have democracy, demography and diversity with us. As I said, now a fourth D is getting added to it—Development
>
> **Narendra Modi**
> Primer Minister of India

Your message to Russian President Vladimir Putin that this is not an era of war won worldwide endorsement. Given the differences between the G-7 and China-Russia combine, it will be difficult for the bloc to adopt this message. In that context, what can India do as the president to help forge a consensus?

There are many different conflicts across various regions. All of them need to be resolved through dialogue and diplomacy. This is our stand on any conflict anywhere. Whether as G20 president or not, we will support every effort to ensure peace across the world.

We recognize that we all have our positions and our perspectives on various global issues. At the same time, we have repeatedly emphasized that a divided world will find it difficult to fight common challenges.

The world is looking at G20 to deliver results on many issues, such as growth, development, climate change, pandemics, and disaster resilience, which affect every part of the world. We can all face these challenges better if we are united. We have, and will always stand in support of peace, stability and progress.

Some of our neighbours raised objections to the venues of some of the meetings. What message did we send by hosting foreign leaders at G20 in Kashmir and Arunachal Pradesh, notwithstanding objection by Pakistan and China?

I am surprised that *PTI* is asking such a question. Such a question would be valid if we had refrained from conducting meetings in those venues.

Ours is such a vast, beautiful and diverse nation. When G20 meetings are happening, isn't it natural that meetings will be held in every part of our country?

How has India leveraged its position as the fastest-growing economy to forge a consensus on credit flow, inflation control and global tax deals?

In the three decades before 2014, our country saw many governments that were unstable and, therefore, unable to get much done. But in the last few years, the people have given a decisive mandate, which has led to a stable government, predictable policies and clarity in the overall direction.

This stability is the reason that over the past nine years, several reforms were brought in.

These reforms have laid a strong foundation, and growth is a natural by-product. The rapid and sustained progress made by India naturally evoked interest across the world, and many countries have been watching our growth story very closely.

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GUEST VIEW

The G20 must press ahead with sustainable and inclusive growth

Private businesses could play a significant role in helping G20 countries meet this ambitious goal

RAJAT DHAWAN & ANU MADGAVKAR

are, respectively, McKinsey & Company's India managing partner, and partner in New Jersey office of McKinsey Global Institute

First, the good news. Extreme poverty has dropped sharply around the world in the past 30 years: Almost 40% of the global population lived in extreme poverty in 1990; now it's less than 10%. That translates to hundreds of millions of people freed from hunger and severe deprivation.

Yet, the future merits a higher bar. How many people can meet all of their basic needs, including decent housing, healthcare and education? How many are still one emergency away from slipping back? How many have the resources to choose how they live, work and spend? As leaders of the G20 gather in Delhi, these questions should be top of mind.

According to McKinsey Global Institute research, approximately 4.7 billion people worldwide, including 2.6 billion in the G20, live below the economic 'empowerment line'. This empowerment line is based on each country's cost of living and is defined as being able to afford the essentials listed above; for India, the empowerment line is set at \$12 a day (in purchasing power parity terms). Despite our remarkable economic achievements over the past three decades, more than a billion Indians live below this standard. At the same time, India and the rest of the G20 face another pressing imperative: limiting global warming.

The moment calls for addressing both issues. We believe that jump-starting sustainable and inclusive growth can improve the quality of life for people and be of aid to the planet. This will not be easy—and it certainly will not be cheap.

McKinsey estimates that reducing G20 emissions by half by the end of the decade, in line with the 2015 Paris Agreement, will require its members to invest \$35 trillion towards closing the net-zero investment gap, over and above current spending. Lifting everyone to the empowerment threshold within the same time frame would mean boosting the spending power of the poorest segments by \$21 trillion. Together, this adds up to about 6% of the G20's annual GDP.

Economic growth is the single biggest determinant of how far we can get: Baseline economic growth of 2.5% paired with accelerating growth through higher productivity and innovation could bridge about half the G20's combined empowerment and net zero investment gap. This would lift incomes, create many better-paying jobs, and ensure workers are equipped to step into them. It would also expand the financing capacity to pay for the net-zero transition and spur innovation to reduce its costs.

The private sector's contribution is critical: Closing the empowerment gap without involving businesses would be impossible. In India, we estimate that growth and accelerating business-led innovation could close about 90% of the empowerment gap. That would put us well within reach of delivering a decent standard of living for all by 2030. Businesses are also critical to the financing and innovation that the net-zero transition requires.

Fortunately, there is momentum to build on. Private-sector initiatives can be sustainable, inclusive and profitable. For example, India is a leader in electric two-wheelers, which already account for about 15% of the country's two-wheeler sales; with costs falling and support rising, that share could become 70% by 2030. Meanwhile, the scale-up of solar energy has been truly remarkable, rising 6,000-fold from 2010 to 2022. Cheap and easy access to solar energy—most of it from private sources—means less drudgery for women and girls, fewer instances of respiratory ailments associated with smoky indoor cooking, and more time for children to study. In healthcare, there are also successful private-sector initiatives. Apollo Hospitals, for example, has created an integrated digital network to provide accessible and affordable services of high quality, while also providing a platform for growth and profitability.

India can also learn from success stories in other countries: Consider Türkiye's public-private affordable housing projects, or Renault and BMW's efforts to create truly circular production systems that minimize waste, energy use and emissions. India should also watch closely how steel-maker Arcelor Mittal advances its decarbonization strategy, including its planned construction of a zero-carbon plant in Spain.

None of this diminishes the role of government: Local, state, and national governments create the conditions under which businesses operate. They can also bring innovation to basic services. In fact, other countries are taking notice of how Aadhaar, India's digital identification infrastructure, has helped deliver government benefits more efficiently and fostered financial inclusion. The city of Indore in Madhya Pradesh could be a role model for many other urban municipal authorities in developing countries in how to transform the management of trash and human waste.

The most sustainable solutions, in all senses, come when businesses and governments work together. In India—and across the G20 in general—accelerating sustainable and inclusive growth is everyone's business

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STOCKED UP

PM Prasad, CMD, Coal India, says with sufficient domestic stock, the coal major will be able to meet power sector demand **p3**

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'CIL geared to handle surge in power demand'

ADEQUATE SUPPLY. The coal miner's pithead stock in August is higher by 45% compared with same date last year: Chairman PM Prasad

bl.interview

Richa Mishra
Hyderabad

PM Prasad, who took over as Chairman and Managing Director of public sector coal miner Coal India Ltd (CIL) is not new to the game. After joining on July 1, he had to explain why the financial results were lower than expectations.

He attributed this to wage revision that had taken place in earlier months.

A 30-year-old veteran in this sector, Prasad, in his first media chat with *businessline*, shares his thoughts on a number of issues, including supply concerns. *Excerpts*:

Coal availability at all locations, including pithead coal stock, is higher this year, but still there is constant concern raised by the power generators. Do you think the crisis in the power sector is a thing of passé?

With sufficient domestic stock available with CIL to meet the power sector's demand, we do not foresee any crisis as such.

The highly volatile nature of power demand makes it difficult to predict the future scenario. But we are geared to handle any surge in demand with adequate stock at our pitheads and increased production.

CIL's production is set to grow, and is growing at 11 per cent, whereas coal demand from CIL to the power sector is pegged to grow at 4 per cent this fiscal compared with last year.

Our pithead stock, at a little over 45 million tonnes at August end, is higher by 45 per cent or 14 mt compared with the same date last year.

The stock at domestic coal-based power plants, where the bulk of the supplies are met by CIL, is around 28 mt. Further, about 11 mt is available for domestic coal-based plants at goods sheds, private washeries, captive mines, and ports, including rakes on rail. This makes a total of around 84 mt of coal available in the circuit. With increased output from CIL in the coming months, there is no cause for concern.

> The highly volatile nature of power demand makes it difficult to predict future scenario. But with sufficient domestic stock at our pitheads, we do not foresee any crisis as such
>
> **PM PRASAD**
> MD& Chairman, Coal India Ltd

After a span of nearly five years, CIL has recently taken a price hike under fuel supply agreement (FSA). What impact will it have on profitability and volumes? Will CIL undertake any further price revisions given that domestic coal prices are still at a steep discount to international prices?

FSA prices were revised by a nominal 8 per cent for only high gross calorific value coal in G2 to G10 grades. These account for around 28 per cent of our total supplies. The balance 72 per cent, majority of which goes to the power sector, remains unaffected by the revision.

The impact on revenue due to 8 per cent revision would be a meagre 3.37 per cent for the remaining period of FY24.

The primary reason for revisiting the prices of G2 to G10 grades was to make the mines producing this category of coal financially viable. However, our coal prices are not benchmarked against international prices.

CIL has set a target of achieving 780 mt in FY-24. Do you think this is doable?

The base of 703 mt over which we have to grow is high but we will give our best shot to achieve 780 mt output target this fiscal. So far, the production is at par with the required 11 per cent growth with which we began the fiscal in our chase for 780 mt. We are confident of reaching the target.

What is assuring is the robust growth of 32 per cent in overburden removal that facilitates faster future production with the coal seams laid open.

What is the status of operationalising 15 mines through engagement of mine developer cum operators (MDOs)?

Of the 15 MDO projects having a combined targeted capacity of 170 mt per year, mining operations have begun in three projects — Siarmal OC, Ketki UG and Hura C OC — with a combined capacity of 54 mt annually.

This apart, work was awarded for eight projects of 68 mt per annum capacity. MDOs would contribute for increased production in an economically viable manner.