ONGC News as on 13 September 2023 (Print)

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Capex by CPSEs at 42% of FY24 target

NIKESH SINGH
New Delhi, 12 September

Capital expenditure (capex) by 54 large central public sector enterprises (CPSEs) and five departmental arms with an annual capex target of ₹100 crore and above has reached around 42.5 per cent of their annual target of about ₹7.33 trillion in this financial year so far, a senior official from the Ministry of Finance told *Business Standard*.

"The Centre is pushing the big public undertakings in the infrastructure and refinery sector to achieve 90 per cent of their target by the end of the third quarter," he said.

The capex by this group of CPSEs stands at around ₹3.1 trillion in the April-August period so far. This is around 37 per cent growth in capex compared to the roughly ₹2.27 trillion spent in the same period of FY23. The central government had increased the capex target by 13.4 per cent in FY24 over the revised target of about ₹6.46 trillion in FY23.

During FY23, these CPSEs and departmental arms were able to achieve 100.5 per cent of their full-year revised target of approximately ₹6.46 trillion.

In the first five months of FY24, the National Highways Authority of India has spent approximately ₹75,168 crore (46.4 per cent) against its annual capital expenditure target of about ₹1.62 trillion; Indian Oil Corporation (IOCL) achieved 51 per cent of its capex target of roughly ₹30,395 crore on the back of the resumption of work on its pipeline projects and the expansion of its refining capacity.

The Railway Board, excluding the Dedicated Freight Corridor Corporation of India and Kolkata Metro Rail Corporation, has spent around ₹1.13 trillion (46.6 per cent) of the capex target of approximately ₹2.44 trillion.

The official said the capex targets were taken seriously by these CPSEs as they help the government in evaluating their performance and deciding on performance-related pay.

India's largest crude oil and natural gas producer, ONGC, has spent approximately ₹12,791 crore in the first FIVE months against the annual capex target of ₹30,125 crore. NTPC managed to achieve 29 per cent of its annual target of ₹22,454 crore.

Hindustan Petroleum Corporation (HPCL) and Bharat Petroleum Corporation (BPCL) spent around ₹6,024 crore (59 per cent) and ₹3,278 crore (33 per cent), respectively, of their annual target.

Fuel retailers and refinery companies — IOCL, BPCL, and HPCL — collectively saw their capex target raised by 67 per cent, from approximately ₹30,293 crore in FY23 to around ₹50,605 crore in FY24.

The increase in petroleum capex would enable the retrofitting of refineries to meet emission standards and partly augment strategic reserves.

The capex report of these CPSEs is sent for review to the Prime Minister's Office (PMO) after the end of every month. The Centre has been focusing on a capex-led recovery for the economy through the exchequer as investments from the private sector lag.

In the Union Budget 2023-24, Finance Minister Nirmala Sitharaman announced an increase of 33 per cent in the capex outlay to approximately ₹10 trillion.

In the April-July period of FY24, the Centre was able to spend 31.7 per cent of its full-year capex target of approximately ₹10 trillion, according to the latest data available from the Controller General of Accounts.

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Day trading guide

20035 » **Nifty 50 Futures**

S1	S2	R1	R2	COMMENT
20000	19950	21000	21050	Go long on dips at 20010. Stop-loss can be kept at 19960

₹1637 » **HDFC Bank**

S1	S2	R1	R2	COMMENT
1620	1590	1655	1670	Go long now and at 1625. Keep the stop-loss at 1615

₹1501 » **Infosys**

S1	S2	R1	R2	COMMENT
1480	1460	1510	1550	Go long only above 1510. Keep the stop-loss at 1495

₹451 » **ITC**

S1	S2	R1	R2	COMMENT
449	445	454	458	Go long only above 454. Stop-loss can be kept at 452

₹181 » **ONGC**

S1	S2	R1	R2	COMMENT
178	176	182	184	Take fresh shorts now. Keep the stop-loss at 183

₹2438 » **Reliance Ind.**

S1	S2	R1	R2	COMMENT
2430	2400	2460	2485	Go long at current levels. Keep the stop-loss at 2420

₹588 » **SBI**

S1	S2	R1	R2	COMMENT
585	583	591	594	Can go either way. Avoid trading this stock for now

₹3580 » **TCS**

S1	S2	R1	R2	COMMENT
3545	3520	3620	3700	Wait for dips. Go long at 3555. Keep the stop-loss at 3530

S1, S2: Support 1 & 2; R1, R2: Resistance 1 & 2.

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LPG subsidy will hurt the exchequer

UTTAM **GUPTA**

The price cut especially for non-ujjwala beneficiaries was avoidable. It will serve no purpose and will be a drain on already strained oil companies

For several decades, it has been a common practice for governments to make decisions based on political expediency ignoring economic considerations. The incumbent Modi – dispensation has tried to change this practice but he too has fallen back to business as usual. One such area is the LPG subsidy.

On August 29, 2023, the Union Cabinet approved a reduction in the price of domestic cooking gas by Rs 200 per cylinder (14.2 kg) effective from August 30, 2023. De jure, the price of LPG is deregulated. How could the government decide on it? The reason is sale of LPG for household consumption is made by the three major oil marketing PSUs – Indian Oil Corporation (IOC), Bharat Petroleum Corporation (BPCL) and Hindustan Petroleum Corporation (HPCL) which are majority-owned and controlled by the Centre. So, the latter can give orders to the former.

The benefit of a price cut will be available to all the 330 million domestic consumers of LPG. They will now pay Rs 903 per cylinder (in Delhi) down from the existing Rs 1103 per cylinder.

Out of 330 million domestic HHs, 96 million are covered under the Pradhan Mantri Ujjwala Yojna or PMUY (under this scheme, the Centre provides free gas connection). They were already getting a subsidy of Rs 200 per cylinder for up to 12 refills per year. They will now pay Rs 400 less than the market/cost-based price or Rs 703 per cylinder in Delhi. Meanwhile, the government will provide an additional 7.5 million connections under PMJY, taking the total number of beneficiaries to 103.5 million. The Centre giving subsidies to all HHs (and more to Ujjwala Yojna beneficiaries) is out of sync with the policy signals it had started giving from January 2015.

Subsidy on LPG is the excess of its cost of supply – it is made up of the refinery-gate price or RGP (taken as import parity price or IPP and export parity price or EPP in the ratio of 80:20), freight, marketing costs, marketing margin, dealers' commission, and taxes and duties - over the price paid by the beneficiary. It ought to be given only to those HHs who are poor and can't pay the cost-plus price. Moreover, it should be withdrawn when the beneficiaries stand on their own.

> IN THE PAST, A SUBSIDY WAS GIVEN TO ANYONE WHO HAD AN LPG CONNECTION. IT WENT TO ALL AND SUNDRY INCLUDING THE RICH

(The writer is a political analyst, views are personal)

In the past, ignoring these cardinal principles, the subsidy was given to anyone who had an LPG connection. It went to all and sundry including the rich. The poor who alone should have got it sat at the bottom. According to the Economic Survey (2015-16), only 0.07 per cent of LPG subsidies in rural areas went to a fifth of the poorest households. In urban areas, the poorest fifth got only 8.2 per cent.

A lot of subsidies went to fake beneficiaries or the diversion of stocks (albeit subsidized) of LPG cylinders to hotels, restaurants, and other commercial users.

Despite lacking sound justification, sheer populism drove politicians to give subsidies. They found ways to give it without taking the burden on the Centre's balance sheet (BS). Initially, the subsidy on LPG (besides petrol, diesel, and kerosene) was cross-funded/subsidized by charging more on the sale of other products such as fuel oil, LSHS, naphtha, ATF, etc. hence, no burden on the budget, In 2002-03, the Vajpayee-led NDA government ended the above system and decided to give subsidy on these products directly from the budget with an intent to eventually disband them. The UPA government which took charge in 2004, even while continuing with the subsidized sale, used disingenuous methods such as the issue of oil bonds to PSUs, and the sale of domestic crude by ONGC and OIL, etc. at a discounted price to IOCL/BPCL/HPCL to fund it.

In June 2010, petrol was decontrolled followed by diesel in November 2014. As for LPG, the Kelkar Committee recommended the removal of 25 per cent of the subsidy in 2012-13 and 75 per cent in the following two years. Modi Government which took charge in May 2014, started acting on it but in a calibrated manner.

On January 1, 2015, it launched a direct benefit transfer (DBT) of subsidy. Under DBT, oil PSUs deliver the cylinder to the beneficiaries at a full cost-based price and follow it up by depositing a subsidy in the beneficiary's account. In turn, they claim reimbursement of the subsidy amount from the Centre. This has helped in eliminating fake beneficiaries and curbing misuse that was inherent in the erstwhile system wherein subsidy was embedded in the price. In June 2020, the government stopped giving subsidies. Was this a conscious policy decision?

This wasn't the case or else it would not have made a provision for it in the budget for 2020-21 being Rs 36,000 crore. The reality is that in that year, there was a steep decline in international prices (due to the COVID-19 pandemic) leading to a fall in price to Rs 600 a cylinder even on a cost-plus basis; hence subsidy support wasn't required. The budget allocation was used largely to clear past dues of oil PSUs and provide free gas connections under PMUY.

During 2021-22 when the international price rose due to waning COVID and demand revival, the retail price of LPG zoomed to over Rs 900 per cylinder. This led the government to restore subsidies, but only for PMUY beneficiaries - a move that protected the poor while denying subsidies to the rest. It spent Rs 14,000 crore during that year. During 2022-23, it spent Rs 9,170 crore on those under PMUY. But, these numbers don't give the full picture.

From June 2020 to June 2022, the government had asked the trio namely IOCL/BPCL/HPCL to sell LPG at a price below cost and gave them a one-time grant of Rs 22,000 crore to compensate for the losses incurred. This was nothing but subsidy (albeit 'hidden') given to all and sundry, and not just PMUY beneficiaries. This was a retrograde move and the retrogression is being continued during 2023-24.

In the Budget for 2023-24, Finance Minister Nirmala Sitharaman kept the budget estimate (BE) for LPG subsidy at a mere Rs 2,257 crore. With the subsidy at Rs 200 per cylinder, outgo on an average of 4 fills in a year per beneficiary comes to Rs 800. For 96 million PMUY beneficiaries, the subsidy requirement would be Rs 7,680 crore annually. The shortfall will have to be made up by seeking supplementary authorization from the Parliament.

But the real prick comes from the Cabinet's decision to reduce the price by Rs 200 per cylinder for all 330 million HHs. Taking 4 fills per HH, the annual burden comes to Rs 26,400 crore. Since the decision is effective from August 30, 2023, for the remaining seven months, the outgo would be Rs 15,300 crore.

The international price of crude is on the rise. Already, the price of the Indian crude import basket has increased from around US$ 75 per barrel in June 2023 to US$ 90 per barrel currently. This has led to a corresponding increase in LPG price as the two are linked. Given the cost-plus price going beyond Rs 1103, there will be pressure to give more subsidies to keep the voters happy. The Centre could end up giving well more than Rs 25,000 crore during the current year! The price cut especially for non-Ujjwala beneficiaries was avoidable. But, thanks to competitive populism, even Modi has drifted.

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Gadkari moots 10% extra GST on diesel vehicles; markets react

Minister later retracts, says no such proposal

AJITH ATHRADY
NEW DELHI, DHNS

Shares of oil marketing and automobile companies dropped on Tuesday as union Road Transport and Highways Minister Nitin Gadkari spoke on the need to levy an additional 10% goods and service tax on diesel-run vehicles to cut emissions.

As the markets immediately reacted to Gadkari's remarks, he posted a clarification that there was no proposal under government consideration to impose such a tax.

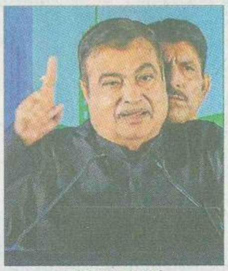
Speaking at the annual convention of automobile manufacturers body Society of Indian Automobile Manufacturers (SIAM), the Minister said "I am requesting the Finance Minister to impose an additional 10% GST on diesel engines/vehicles. This is the only way to phase out diesel vehicles," he said.

Indicating that a meeting was scheduled with the Finance Minister to hand over a letter he had drafted on the issue, Gadkari said that rising pollution level is a serious health concern and there is a case for increasing taxes to dissuade the sale of diesel vehicles.

The reaction was swift. Shares of Hindustan Petroleum fell 5.3%, Bharat Petroleum declined 4.11% and Indian Oil dipped by 3.78% on the Bombay Stock Exchange.

Among the auto shares, Ashok Leyland ended the day 2.68% down, Tata Motors slipped by 2.19%, Eicher Motors fell 1.85%, Mahindra & Mahindra declined 1.55%, and TVS Motor was down 1.17%

The BSE Auto index declined by 1.77% to 36,406.77.



Nitin Gadkari

Gadkari took to X, clarified saying that, "It is essential to clarify that there is no such proposal currently under active consideration by the government. In line with our commitments to achieve Carbon Net Zero by 2070 and to reduce air pollution levels caused by hazardous fuels like diesel, as well as the rapid growth in automobile sales, it is imperative to actively embrace cleaner and greener alternative fuels. These fuels should be import substitutes, cost-effective, indigenous, and pollution-free."

Addressing the gathering earlier, Gadkari said that the auto industry was growing at 15-18% annually and there was a concern over increased use of fossil fuels. The auto industry should leave petrol, diesel and adopt alternatives, the Minister suggested.

Pointing out that India is utilising a major portion of fossil fuels in the transport sector which is posing a big economic as well as pollution challenge, the Minister suggested the automobile industry use alternatives such as biofuels, ethanol and green hydrogen in addition to electric vehicles.

Currently, automobiles attract a 28% GST along with an additional cess (ranging from 1% to 22% as per the vehicle type). SUVs attract the highest tax -- 28% GST coupled with 22% cess.

Earlier in May, a government panel recommended banning diesel-powered four-wheeler vehicles by 2027 and switching to electric and gas-fuelled vehicles.

"By 2030, no city buses should be added which are not electric... diesel buses for city transport should not be added from 2024 onwards," the panel had said in a report posted on the oil ministry's website.

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PM TO LAY BPCL'S BINA PLANT FOUNDATION

PRIME MINISTER NARENDRA Modi will on Thursday lay the foundation stone of ₹49,000 crore petrochemicals complex and refinery expansion project of Bharat Petroleum Corporation's (BPCL) Bina refinery in Madhya Pradesh. **AGENCIES**

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63rd SIAM ANNUAL CONVENTION

Alt fuels turn ignition key in mobility sector

NITIN KUMAR
New Delhi, 12 September

During the 63rd Annual Convention of the Society of Indian Automobile Manufacturers (Siam), the Indian automotive industry and the government reached a mutual agreement to collaborate closely in their efforts to embrace alternative fuels. They aim to achieve carbon neutrality well ahead of the 2070 deadline.

Minister of Road Transport and Highways Nitin Gadkari urged the automotive industry to shift away from environmentally harmful fuels like diesel and petrol in favour of alternative, eco-friendly options. He emphasised the need for the industry to rapidly expand its utilisation of green technologies, including biofuels, electric vehicles (EVs), and hydrogen-powered vehicles. Expressing gratitude for the industry's efforts in decreasing the use of diesel in passenger vehicles from 53 per cent in 2014 to 18 per cent in 2023, he encouraged the industry to continue reducing this figure.

He cautioned that if the industry doesn't make further progress, the government may implement stricter policies. "Bring down the diesel vehicle's share; otherwise, we will have to impose an additional 10 per cent pollution tax," Gadkari said.

Vinod Aggarwal, president of Siam and managing director (MD) and chief executive officer of Volvo Eicher Commercial Vehicles, underscored the imperative need for sustainable mobility to secure a better tomorrow.

He highlighted the six pillars of sustainability on which the automotive industry and Siam are presently focusing in close association with the government, namely Jaivik Pahal (biofuel), Vidyutikaran (electrification), Gas Gatisheelta (gaseous fuels), Harit Hydrogen (green hydrogen), Chakriyata (recycling), and finally Surakshit Safar (safe journey). He also mentioned the progress undertaken by the industry to increase its localisation content. Alternative fuels are often low-cost, produce less waste and particulate matter, carbon monoxide, unburned hydrocarbons, and sulphur dioxide. Shailesh Chandra, vice-president of Siam and MD of Tata Motors Passenger Vehicles and Tata Passenger Electric Mobility, said, "Siam has embarked on a proactive journey, with a strong focus on biofuels and a future centred around green energies."

Gadkari urged the automotive industry to increase the production of EVs. He said that EV sales in India are expected to reach 10 million by 2030. Gadkari also urged the industry to move towards green hydrogen. He added that the government is working on generating thermal, hydro, wind, nuclear, and geothermal energy to meet the growing demand for electricity from EVs. The minister underscored that transitioning away from fossil fuels is not merely an environmental imperative but also a significant economic one. India's monthly import bill for oil is around $10 billion.

"Flex-fuels are the solution for the future. Biofuel is cheaper and generates jobs, making it a good option for developing countries," Suani Teixeira Coelho, professor at the Institute of Energy and Environment and Coordinator of the Research Group of Bioenergy at the University of Sao Paulo, said. Coelho highlighted that Brazil started its transition for economic reasons, but today, it is a necessity to decarbonise the environment.

Minister of Heavy Industries Mahendra Nath Pandey highlighted that the government will help the industry in achieving its targets.

"We have extended the production-linked incentive scheme by another year to enable the automotive industry to reap the benefits of the incentives being provided for manufacturing advanced automotive technologies," Pandey said.

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OPEC data show 3-mn-bbl/day shortfall on Saudi supply cut

GRANT SMITH
September 12

GLOBAL OIL MARKETS face a supply shortfall of more than 3 million barrels a day next quarter — potentially the biggest deficit in more than a decade — as Saudi Arabia extends its production cuts.

The latest data published by the OPEC show why the kingdom's supply squeeze, amid a period of record demand, has sent oil prices surging beyond $90 a barrel in London. Riyadh announced last week it will extend an extra 1 million-barrel-a-day output reduction until the end of the year, even though markets are already tightening.

World oil inventories, having depleted sharply this quarter, are set for an even steeper drop of roughly 3.3 million barrels a day in the next three months, the Organization of Petroleum Exporting Countries indicates in its September Report published on Tuesday.

If realised, it could be the biggest inventory drawdown since at least 2007, according to a Bloomberg analysis of figures published by OPEC's Vienna-based secretariat.

Saudi's hawkish strategy, aided by export reductions from fellow OPEC+ member Russia, threatens to bring renewed inflationary pressures to a fragile global economy. Diesel prices have surged in Europe, while American airlines are warning passengers to brace for increased costs.

It could even become a political issue for US President Joe Biden as he prepares for next year's reelection campaign, with national gasoline prices nearing the sensitive threshold of $4 a gallon. The White House has said the Saudi move doesn't complicate its economic efforts.

OPEC's 13 members have pumped an average of 27.4 million barrels a day so far this quarter, or roughly 1.8 million less than it believes consumers needed, according to the report. If the organization keeps output unchanged, as group leader Saudi Arabia has signalled it plans to do, the gap between supply and demand will almost double in the final three months of the year. OPEC estimates it needs to provide 30.7 million barrels a day in the fourth quarter to satisfy consumption.

WORLD OIL DEMAND IN 2023*, MB/D

World oil demand	2022	1Q23	2Q23	3Q23	4Q23	2023	Change 2024/23 Growth	Change 2024/23 %
Americas	25.11	24.71	25.42	25.68	25.19	25.25	0.15	0.58
of which US	*20.43*	*20.11*	*20.72*	*20.83*	*20.37*	*20.51*	*0.08*	*0.39*
Europe	13.52	13.1	13.4	13.99	13.39	13.47	-0.05	-0.35
Asia Pacific	7.38	7.81	6.93	7.22	7.65	7.40	0.02	0.31
Total OECD	**46.00**	**45.62**	**45.75**	**46.89**	**46.22**	**46.12**	**0.12**	**0.26**
China	14.85	15.63	15.96	15.57	16.11	15.82	0.97	6.51
India	5.14	5.40	5.40	5.21	5.50	5.38	0.24	4.69
Other Asia	9.02	9.40	9.44	8.99	9.14	9.24	0.22	2.41
Latin America	6.44	6.60	6.70	6.73	6.68	6.68	0.24	3.75
Middle East	8.30	8.63	8.32	8.86	8.73	8.64	0.34	4.09
Africa	4.40	4.69	4.27	4.43	4.88	4.57	0.17	3.79
Russia	3.56	3.69	3.45	3.60	3.87	3.65	0.09	2.49
Other Eurasia	1.15	1.24	1.21	1.02	1.23	1.17	0.02	2.03
Other Europe	0.77	0.84	0.77	0.75	0.83	0.80	0.03	4.00
Total Non-OECD	**53.62**	**56.12**	**55.51**	**55.17**	**56.96**	**55.94**	**2.32**	**4.32**
Total World	**99.62**	**101.74**	**101.26**	**102.06**	**103.18**	**102.06**	**2.44**	**2.45**
Previous estimate	99.57	101.65	101.18	101.96	103.21	102.01	2.44	2.45
Revision	0.05	0.08	0.08	0.09	-0.04	0.05	0.00	0.00

Note: * 2023 = Forecast. Totals may not add up due to independent rounding. Source: OPEC

While OPEC officials regularly say their objective is to keep world oil markets in balance, the latest projections suggest they are intent on shrinking inventories rapidly. Crude stockpiles in developed economies are already about 114 million barrels below their average for the 2015 to 2019 period, the report stated.

The supply squeeze reflects financial needs within the organization. Saudi Arabia may require prices of almost $100 a barrel to cover government spending as well as ambitious projects of Crown Prince Mohammed Bin Salman, estimates from Bloomberg Economics indicate. The kingdom has spent considerable sums on ventures ranging from the futuristic city known as Neom to the acquisition of top-flight footballers like Cristiano Ronaldo for its domestic league.

The report largely kept estimates for global demand and supply this year and next unchanged. OPEC and its allies are due to meet on Nov. 26 to review production policy for the year ahead.

While the supply tightening engineered by the Saudis reflects the sway the kingdom still holds over energy markets, the International Energy Agency on Tuesday served a reminder of how that grip could be weakened.

As consumers shift to renewable energy to avert catastrophic climate change, "we may be witnessing the beginning of the end of the fossil fuel era" with demand reaching its peak this decade, the IEA said.

—BLOOMBERG

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FIRST-MILE CONNECTIVITY

Coal India to invest ₹24k cr in 61 projects

MITHUN DASGUPTA
Kolkata, September 12

STATE-RUN MINER COAL India has planned capital investment of around ₹24,750 crore in the next few years into 61 first-mile connectivity (FMC) projects in a push towards eco-friendly coal transportation.

When completed, these projects, to come up in three phases, will have a combined capacity of 763.5 million tonne per annum (MTPA).

"FMC projects involve transportation of coal in mechanised piped conveyors from production point to coal handling plants/silos with rapid loading system, where coal is loaded directly into rail wagons," Coal India said in an exchange filing on Tuesday.

It is essential that coal transportation is environment-friendly to improve the quality of life of people living in the proximity of coalfield areas, a senior CIL official said.

FMC projects offer benefits like suppression of dust pollution and carbon emissions. "They also reduce the load on road transportation leading to safety. Other benefits include precise quantity and quality coal is loaded for consumers with minimal manual intervention," the official said.

CLEANER TRANSPORTATION

- FMC projects involve transportation of coal in mechanised piped conveyors from production point to handling plants
- Environment-friendly can improve the quality of life of people living in near coalfield areas
- The 61 projects, set to come up in three phases, will have a combined capacity of 763.5 MTPA

As many as 35 FMC projects are under the first phase, having 414.5 MTPA capacity and accounting for ₹10,750 crore investment. Of these, eight projects of 112 MTPA capacity are already operational. CIL is gearing up to commission 17 more projects of 178 MTPA by FY24-end. The remaining 10 projects, comprising 124.5 MTPA capacity, are expected to be operative by FY25.

The second and third phases will have nine and 17 projects, respectively. While their respective evacuation capacities are 57 MTPA and 292 MTPA, the investments sequentially, would be about ₹2,500 crore and ₹11,500 crore. In the second phase, five projects of 21.5 MTPA capacity are under construction and these are expected to be commissioned by FY25. The remaining projects are in different stages of progress with tenders issued and bid document under preparation.

"For the third phase, tenders have been floated for three projects of 65 MTPA capacity. Nine projects are to be executed through mine developers and operators. Phase three projects are anticipated to be commissioned by FY29," the company added.

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JCB bets big on hydrogen engines on its road towards zero carbon goal

KUNAL DOLEY
Rocester (UK), September 12

BRITISH CONSTRUCTION EQUIPMENT manufacturer JCB is betting big on hydrogen technology, as it rolled out its 50th hydrogen combustion engine off the production line as part of the development process.

With an investment of 100 million pounds and a team of 150 engineers working on the project for nearly two years, the company is already powering prototype backhoe loaders and loadall telescopic handlers with its hydrogen engines.

Recently, it also unveiled a mobile refuelling bowser -- designed and built inhouse -- to take the fuel to the machines. The tanker has enough hydrogen to fill 16 hydrogen backhoe loaders and is able to be transported either on the back of a modified Fastrac tractor or on a trailer.

At the heart of the project is the UK's legally binding requirement to reach net zero emissions by 2050.

"The JCB engineering team has done a fantastic job to develop a brand-new hydrogen engine. They have gone back to first principles to completely re-design the combustion process to work for hydrogen. In doing so, they have achieved two major things -- secured JCB's place in history as the first construction equipment company to develop a fully working combustion engine fuelled by hydrogen and steered us towards the production of a landmark 50 hydrogen combustion engines," said JCB chairman Lord Bamford.

Lord Bamford, JCB chairman

The company is also eyeing India, which is its largest market outside Europe, to manufacture its hydrogen combustion engines. Without giving a timeline, Bamford said: "We are investing in India all the time, more than any other part of the world... If we make hydrogen engines commercially, we would be making them in India as well." Bamford was addressing a select group of journalists from India at the company's global headquarters in Rocester, UK, recently.

In India, JCB has been making engines since 2011, so hydrogen combustion engines are an exciting prospect for the company. "Hydrogen is a mobile fuel, perfect for the Indian market. In line with the Government of India's National Hydrogen Mission, as the hydrogen economy develops in India, the opportunity for this zero CO2 fuel for use in construction machinery is significant," said Deepak Shetty, CEO and managing director of JCB India. JCB's commitment to reducing emissions goes back almost 25 years and the latest diesel engines designed to comply with European Stage-V regulations have already delivered a 97% reduction in NOx emissions since 1999 and a 98% reduction in particulates. As claimed by the company, JCB machines today use 50% less fuel on an average than those manufactured more than a decade ago – delivering significant carbon dioxide reductions and saving customers' money on fuel.

As part of its hydrogen development, JCB also investigated its use in fuel cells and in July 2020, unveiled the construction industry's first ever hydrogen powered excavator - a 20-tonne 220X. For the time being, JCB has concluded that fuel cells are too expensive, too complicated, and not robust enough for construction and agricultural equipment.

Consequently, hydrogen engine seemed to be the technology to go the zero-carbon way. "The unique combustion properties of hydrogen enable the hydrogen engine to deliver the same power, the same torque, and the same efficiency that powers JCB machines today, but in a zero-carbon way," said Tim Burnhope, chief innovation and growth officer at JCB, while showcasing the locally developed hydrogen combustion engine to the group of Indian reporters. "Hydrogen combustion engines also offer other significant benefits. By leveraging diesel engine technology and components, they do not require rare earth elements and critically, combustion technology is already well proven on construction and agricultural equipment. It is a technology which is cost effective, robust, reliable and well known throughout not just the construction and agricultural industry, but the whole world," added Bamford.

Meanwhile, the company aims to increase exports from its unit in India, where every second construction machine sold is a JCB, from 10% five years ago to 45% of its output this year, said Graeme Macdonald, its chief executive officer.

JCB is the world leader in backhoe loaders and loadall telescopic handlers, with a market share of about 55% and 33%, respectively. With a turnover of 4.4 billion pounds in 2021, it retailed about 95,650 machines during the year, compared to 3.1 billion and 74,590, respectively, the previous year. India had a 23% revenue share in 2021.

(The writer was in the UK at the invitation of JCB)

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Sterlite Power net profit rises 30%

Sterlite Power on Tuesday reported over a 30% rise in its standalone net profit to ₹322.01 crore for 2022-23, mainly on the back of higher revenues. The company's standalone net profit was ₹246.57 crore in the preceding fiscal ended March 2022, a company statement said. Its revenue from operations rose to ₹3,923.51 crore in fiscal 2022-23 from ₹3,797.38 crore a year ago. Sterlite Power managing director Pratik Agarwal said, "The results demonstrate our continuous focus on garnering new opportunities and operational efficiencies and underscores our commitment to be a key player in building the nation's energy landscape". Recently, a record ₹75,408 crore worth of power transmission projects have been approved by the 14th National Committee on Transmission (NCT) and are likely to be awarded this year through the bidding route, he added. PTI