ONGC News as on 16 April 2024 (Print)

Publication : Echo of India	Editions : Kolkata
Date :16 April 2024	Page : 11

VLL Board allots Equity Shares to SresthaFinvest Ltd against Warrants

EOI CORRESPONDENT

NEW DELHI, APRIL 15/- -/VikasLifecare Limited (VLL) (BSE: 542655, NSE: VIKASLIFE), has announced that in its board meeting held on April 05, 2024, the company has allotted equity shares against conversion of warrants to SresthaFinvest Ltd. VikasLifecare Ltd. converted 5,20,00,000 warrants and allotted the same number of equity shares.

Recently, VikasLifecare Limited announced that the Company has acquired a considerable stake in BenchmarkNewsLabPrivate Limited. The Company has invested INR 150 Million to acquire 7.5% Equity in the popular News Channel Bharat Express News. The company may enhance its stakes in the venture and also the relevant industry during the upcoming Financial Year 2024~25. Pursuing the Expansion Plans and in order to Broadbase its business interests, VikasLifecare recently ventured into the Media & Entertainment Business Industry and has been exploring various options to set a firm foothold in the industry via acquisitions and mergers while also eying to evaluate and start an independent business division to enhance its business in the relevant segment.

VikasLifecare Limited (VLL) is an ISO 9001:2015 certified company, conventionally engaged in manufacturing and trading of Polymer and Rubber compounds and Specialty Additives for Plastics, Synthetic & Natural Rubbers. Manufacturing up-cycled compounds from industrial and post-consumer waste materials like EVA, PVC, PP, PE etc., while actively contributing to the Environment Protection initiatives from the Government of India and fulfilling the mandated EPR obligations for the conglomerates consuming hundreds of thousands of tons of plastic products and packaging materials. VLL is also a Del-Credere agent of ONGC (Oil and Natural Gas Corporation Ltd.) Petro Additions Limited, a public sector undertaking producing a wide variety of base Polymers and Commodity Plastic Raw Materials. VLL's subsidiary M/s Genesis Gas Solutions Pvt. Ltd. is engaged in the business of Smart Gas Meters being supplied to all the major Gas Distribution Companies for domestic and commercial consumers. Genesis pioneers in Smart Gas and Water Metering and commands about 20% of the Domestic Gas Metering business share in India.

As a long-term business strategy, the company has most recently diversified its business interests beyond raw materials (B2B businesses) and forayed into the B2C segment with a host of consumer products including FMCG, Agro, and Infrastructure Products; paving way for an aggressive business growth with intricately planned and making continuous additions to the products & services portfolios via acquisitions, joint ventures and tie-ups.

Publication : Financial Express	Editions : New Delhi
Date :16 April 2024	Page : 1, 6

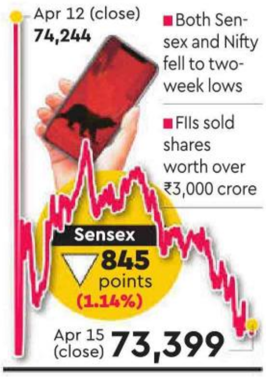
Sensex, Nifty decline over W Asia fears; oil on the boil

BENCHMARK INDICES FELL on Monday as the fear of geopolitical tensions in West Asia saw investors, especially the foreign institutional players, withdrawing over ₹3,000 crore, reports **Vivek Kumar M**.

Both Sensex and Nifty50 declined over 1% each to hit two-week lows. The Sensex closed 845 points down at 73,399.78, while the Nifty fell 247 points to end at 22,272.50. The BSE Midcap and BSE Smallcap indices also ended 1.5% lower each.

Oil prices breached the $91 per barrel mark intraday before falling, bringing some relief. ■ PAGE 6

IN THE RED



Publication : Financial Express	Editions : New Delhi
Date :16 April 2024	Page : 1, 6

West Asia tensions push key indices to two-week low

FIIs continue to withdraw, sell shares worth ₹3,268 crore

VIVEK KUMAR M
Mumbai, April 15

THE INDIAN STOCK market indices fell on Monday, as the fear of geopolitical tension in West Asia saw investors, especially the foreign institutional players, withdrawing over ₹3,000 crore.

Both the Sensex and Nifty 50 fell more than 1% each to hit two-week lows. The Sensex closed at 73,399.78 points while the Nifty fell to 22,272.50 points, respectively. The fall in broader market was sharper as both BSE Midcap and BSE Smallcap ended 1.5% lower. The fall wiped out ₹5.18 trillion from investors' wealth.

Foreign institutional investors (FIIs) net sold shares worth ₹3,268 crore on Monday, while domestic institutional investors net bought equities worth ₹4,762.93 crore, according to provisional data. With this, FIIs have net sold shares worth ₹11,208 crore or over a $1 billion in last two trading sessions.

The escalation of conflict in the Middle East has raised concerns over potential increase in crude oil prices. While Brent crude oil prices surpassed $91 per barrel mark intraday, it fell 1% to $89.69 per barrel bringing relief to many.

Kotak Securities said the oil prices eased on the speculation that the conflict would remain contained. However, it added that in case of any retaliation by Israel, targeting Iranian military infrastructure, it would mark the beginning of a wider conflict and that might lead to sharp rise in oil risk premium.

Any sharp uptick in crude oil prices or even a potential of such a scenario does not bode well for equities as it will fuel inflation worries, strengthening the case for the US Federal Reserve to hold interest rates higher for a longer time.

Consequently, only six Nifty50 companies managed to end higher on Monday. Upstream oil company Oil and Natural Gas Corporation topped the list of gainers as it rose nearly 6% on prospects of higher crude oil prices.

Among top losers were Larsen & Toubro, Tata Motors, Adani Ports and Special Economic Zone, Bajaj Finance, ICICI Bank, Wipro, and Shriram Finance as they fell around 2-3%.

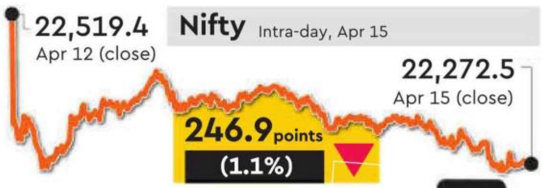
The advance decline ratio on the BSE was the lowest in a month at 0.31 as 2,991 stocks fell as against 913 gainers. All sectoral indices on the BSE, barring oil and gas, and energy, ended lower.

"The escalation in the potential conflict between Iran & Israel is a serious development and will likely adversely impact oil pricing. The Indian markets will be pressured over the short term as well," said Samir Bahl, CEO - Investment Banking at Anand Rathi Advisors.

Market participants expect volatility to continue in the near-term as investors will closely monitor the developments in the Middle East and assess the possibility of a rate cut in June by the Federal Reserve.

In Asian markets, Seoul, Tokyo and Hong Kong settled lower while Shanghai ended in the positive territory. European markets were trading mostly on a positive note.

BROADER MARKETS SEE SHARPER FALL



Major global equity markets

Country	Index	% loss*
Vietnam	Ho Chi Minh Stock	-4.7
Philippines	Psei - Philippine Se	-1.5
Taiwan	Taiwan Taiex	-1.4
India	S&P BSE Sensex	-1.1
Singapore	Straits Times	-1.0

* at 4:20 pm IST

Top sectoral losers

Sector	% loss
Services	-2.12
Financial services	-1.81
Information tech	-1.58
Bankex	-1.55
Capital goods	-1.49

Top Sensex losers

Company	% loss
Wipro	-2.70
ICICI Bank	-2.37
Bajaj Finserv	-2.15
Bajaj Finance	-2.09
Tata Motors	-2.05

Source: Bloomberg

Rupee falls 6 paise to settle at 83.44 against dollar

The rupee declined 6 paise to settle at 83.44 against the US dollar on Monday, in line with deep losses in equity markets and an elevated dollar against major rivals overseas amid geopolitical tensions.

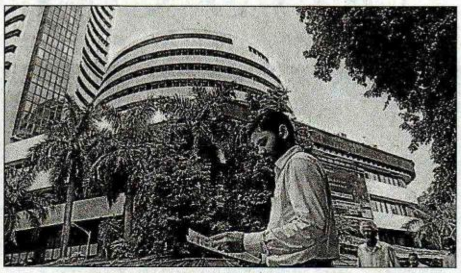
Meanwhile, the dollar index, which gauges the greenback's strength against a basket of six currencies, was trading 0.15% lower at 105.68.

Publication : Hindustan Times_edge	Editions : New Delhi
Date :16 April 2024	Page : 8

Shares fall as Iran-Israel tensions spook investors

NSE Nifty 50 fell 1.1%, while the S&P BSE Sensex lost 1.14% on fears of rising conflict

Reuters
feedback@livemint.com



Small- and mid-caps lost 1.73% and 1.57%, respectively, after outperforming the benchmarks so far in April. MINT

BENGALURU: Indian shares declined on Monday as investors turned risk-averse after Iran's retaliatory attack on Israel over the weekend spurred fears of a wider regional conflict.

The NSE Nifty 50 fell 1.1% to 22,272.50, while the S&P BSE Sensex lost 1.14% to 73,399.78, at close.

"The escalation in the Iran-Israel conflict is a serious development and Indian markets will be under pressure over the next few sessions," said Samir Bahl, chief executive of investment banking at Anand Rathi Advisors.

The worries in the Middle East have forced investors to look for safer places for their money, according to three analysts. Both benchmarks dropped about 1% each for two sessions in a row.

"Hotter-than-expected U.S. inflation data last week and rising geopolitical worries have kept global markets on tenterhooks," said Devarsh Vakil, deputy head of retail research at HDFC Securities.

Other Asian peers also traded lower, with the MSCI Asia ex-Japan index shedding 0.9%.

Forty-four of the Nifty 50 stocks and twelve of the 13 major sectors logged losses.

Oil and Natural Gas Corporation jumped 5.33% after Jefferies initiated coverage of the Indian oil explorer and set a Street-high price target.

Aluminium producer Hindalco Industries gained 2.35%, tracking the rise in global aluminium prices after the U.S. and UK imposed restrictions on the trading of new Russian commodities in exchanges.

ONGC and Hindalco were the top two Nifty 50 gainers.

Battery maker Exide Industries climbed 2.67% to a record high after Morgan Stanley raised the price target to a Street-high of ₹485, citing gains from the government's push for making electric vehicles in India.

Small- and mid-caps lost 1.73% and 1.57%, respectively, after outperforming the benchmarks so far in April.

Publication : The Free Press Journal	Editions : Mumbai
Date :16 April 2024	Page : 11

STOCK IDEAS

ONGC - TECHNICAL CALL OF THE DAY

ONGC has given trend line breakout on daily chart and managed to close above the same. It has formed a strong bullish candle on daily scale with surge in volumes which may support the ongoing up move. Momentum indicator RSI is positively placed which may take the prices higher.

BUY ONGC	
CMP	280
SL	270
TRGT	300

Publication : The Hindu Business Line	Editions : New Delhi
Date :16 April 2024	Page : 8

Day trading guide

22364 » **Nifty 50 Futures**

S1	S2	R1	R2	COMMENT
22240	22150	22410	22520	Go short now and at 22390. Keep the stop-loss at 22430

₹1495 » **HDFC Bank**

S1	S2	R1	R2	COMMENT
1485	1460	1510	1540	Go short only below 1485. Keep the stop-loss at 1495

₹1467 » **Infosys**

S1	S2	R1	R2	COMMENT
1460	1445	1475	1500	Go short below 1460. Keep the stop-loss at 1465

₹426 » **ITC**

S1	S2	R1	R2	COMMENT
423	420	428	430	Go short now and at 427. Stop-loss can be kept at 429

₹280 » **ONGC**

S1	S2	R1	R2	COMMENT
278	274	285	290	Take fresh longs now and at 279. Keep the stop-loss at 277

₹2933 » **Reliance Ind.**

S1	S2	R1	R2	COMMENT
2890	2830	2970	3010	Go short only below 2890. Keep the stop-loss at 2910

₹758 » **SBI**

S1	S2	R1	R2	COMMENT
749	740	762	772	Go short now and at 761. Stop-loss can be kept at 764

₹3942 » **TCS**

S1	S2	R1	R2	COMMENT
3920	3860	3960	4030	Go short on a break below 3920. Stop-loss can be kept at 3935

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

Publication : The Statesman	Editions : New Delhi
Date :16 April 2024	Page : 8

Market extends losses on wide-spread selling amid Israel- Iran tensions

Sensex was down 845.12 points, or 1.14%, at 73,399.78, and the Nifty was down 246.90 points, or 1.10%, at 22,272.50

STATESMAN NEWS SERVICE
NEW DELHI, 15 APRIL

Stock market extended losses for the second consecutive session on Monday on wide-spread selling amid Israel and Iran tensions.

The losses were weighed on investors' risk appetite who will also closely track March quarter results at home.

Sensex was down 845.12 points, or 1.14 per cent, at 73,399.78, and the Nifty was down 246.90 points, or 1.10 per cent, at 22,272.50. Sensex opened with a cut of 930 points at its day's low level of 73,315.16, against its previous close of 74,244.90 while the Nifty 50 opened 180 points lower at 22,339.05 against its previous close of 22,519.40.

In the sector-wise performance, only Nifty Oil & Gas ended higher with up 0.41 per cent growth.

Other key sectors on the losing side were Nifty Bank (down 1.63 per cent), PSU Bank (down 1.98 per cent) and Private Bank (down 1.66 per cent), Nifty Media (down 2.23 per cent), Financial Services (down 1.75 per cent), and IT (down 1.58 per cent).

Further, Nifty Metal index also emerged as a standout performer. At the start of the session, the Nifty Metal index experienced a decline of 2.3 per cent, reaching an intraday low of 8,744 points.

However, within the subsequent hours of trading, the index rebounded sharply, currently showing a gain of 0.95 per cent at 9,041 points. From the day's low, the index has recovered by almost 3.40 per cent.

Among individual stocks, a volume spike of more than 300 per cent was seen in SAIL, Exide Industries and Mahanagar Gas. A long build-up was seen in ONGC, Indus Towers and Gujarat Gas, while a short build-up was seen in Coforge, Atul and Bandhan Bank.

The overall market capitalisation of BSE-listed firms stood at nearly Rs 394.7 lakh crore.

Investors lost nearly Rs 5 lakh crore in just one day as in the previous session, BSE-listed firms' cumulative market capitalisation was nearly Rs 399.7 lakh crore.

The mid and smallcap indices suffered deeper losses. The BSE Midcap index fell 1.50 per cent while the Smallcap index declined 1.54 per cent.

Gold prices were trading with a positive bias on Monday as the Iran-Israel crisis fueled a rush into safe-haven assets.

Given the sharp uptrend in recent weeks, analysts expect some consolidation for the next few days as India Inc unveils their fourth quarter financials and voting for the Lok Sabha begins later in the week.

Markets in Asia-Pacific were on a downtrend this morning as investors weighed the impact of Iran's attack on Israel over the weekend.

Japan's Nikkei 225 fell 1 per cent while Australia's S&P 200 index slipped 0.6 per cent, and South Korea's Kospi slid over 1 per cent.

Publication : The Economic Times	Editions : New Delhi
Date :16 April 2024	Page : 13

GAIL Plans to Double Capacity at Its Dabhol LNG Terminal

Sanjeev.Choudhary
@timesgroup.com

New Delhi: GAIL is planning to more than double the capacity of its LNG terminal at Dabhol, Maharashtra, and build new terminals in the country to tap opportunities expected to emerge from the future growth in gas imports.

The nation's largest natural gas marketer and transporter plans to raise the capacity of its Dabhol terminal to 12 million tonnes per annum (mtpa) in a phased manner by 2030-31, GAIL chairman Sandeep Kumar Gupta told **ET**.

The Dabhol terminal has a nameplate capacity of 5 mtpa but operates at about 2.9 mtpa as it remains idle during the monsoon season. The company is building a breakwater infrastructure, which will help the terminal operate also during monsoon.

GAIL is also drawing up plans for new LNG import terminals but those are in the preliminary stages, Gupta said.

"Around half the current gas consumption is met by imports and the share is unlikely to come down by 2030. If more gas has to be imported, more terminals will be needed," Gupta said.

Of the 7 LNG terminals in the country, 4 operate below 25% capacity and another 2 below 40%. Just one terminal at Dahej operates above 95%

The country has about 48 mtpa of LNG import capacity and another 20 mtpa is said to be in the pipelines. "But if the gas goals are to be met, these terminals will not be sufficient, and we will need to add more," Gupta said, referring to the national goal of increasing the share of natural gas in the primary energy mix to 15% by 2030 from around 6.5% now.

The government's goal of increasing the use of natural gas in the economy has spurred the growth of multiple LNG terminals in recent years. Gas consumption or imports, however, haven't increased at the same pace, resulting in a deep underutilisation of terminals.

Gupta said the underutilisation would be addressed over time by rising domestic demand and imports.

Of the seven LNG terminals in the country, four operate below 25% capacity and another two below 40%. Just one terminal at Dahej, India's oldest and largest, operates above 95%.

GAIL also has a 12.5% stake in Petronet LNG Ltd, which operates the Dahej terminal. Petronet's spectacular earnings for years have helped draw new players into the LNG terminal business.

Publication : Business Standard	Editions : Mumbai
Date :16 April 2024	Page : 1, 7

Exports shrink 3% in FY24 but tide is turning: Govt

SHREYA NANDI
New Delhi, 15 April

Snapping the trend of growth in three consecutive months, goods exports in March year-on-year (Y-o-Y) contracted a moderate 0.67 per cent to $41.68 billion due to falling commodity prices and persistent geopolitical challenges.

With March being the seventh month when exports contracted in 2023-24, on a cumulative basis outbound shipments saw a 3.11 per cent decline at $437.06 billion, the data released by the commerce department on Monday showed.

The contraction came after exports grew during the last two financial years.

However, Commerce Secretary Sunil Barthwal exuded optimism and said exports had moved into a "positive cycle of growth", particularly in the calendar year 2024.

"This year was extremely difficult for trade. The Russia-Ukraine war continues, and other conflicts came up. There was a huge issue due to the Red Sea (crisis) and Panama Canal. There were recessionary trends as well ... We have beaten all odds," Barthwal said.

Turn to Page 7

MERCHANDISE EXPORTS: TAPERING AGAIN

Year	Value ($bn)	Change (%)
2018-19	330.8	8.75
2019-20	313.36	-5.06
2020-21	291.81	-6.88
2021-22	422	44.62
2022-23	451.07	6.89
2023-24	437.06	-3.11

Source: Department of Commerce

ELECTRONICS EXPORTS RISE 23.6% IN FY24

Publication : Business Standard	Editions : Mumbai
Date :16 April 2024	Page : 1, 7

Exports...

The commerce secretary said that sectors such as electronic goods, drugs, and pharmaceuticals had done well despite adversities. Even though exports contracted in March, their value in the month was the highest in FY24. According to the data, the trade deficit in March fell to an 11-month low of $15.6 billion because imports declined at a faster pace than exports did. On a cumulative basis, the trade deficit narrowed from $265 billion in FY23 to $240 billion in FY24.

In March, India imported goods worth $57.28 billion, down nearly 6 per cent mainly on the back of lower imports of items such as coal, petroleum products, gold, and fertilisers. On a cumulative basis, growth in imports was 5.41 per cent at $677.24 billion during FY24, the data showed.

Madan Sabnavis, chief economist at Bank of Baroda, said the decline in imports in FY24 could be attributed to lower oil imports, which went down 14.1 per cent, supported by reduced oil prices.

Aditi Nayar, chief economist and head of research and outreach, ICRA, said led by a larger Y-o-Y decline in merchandise imports vis-à-vis such exports, India's merchandise trade deficit eased to an 11-month low in March, while also trailing the levels seen in the year-ago month, amid a halving of gold imports and a fall in non-oil non-gold imports.

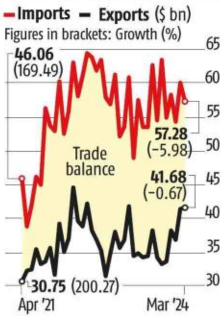
Services exports saw a 6.25 per cent contraction at $28.54 billion in March, while that of imports saw 6.57 per cent decline to $15.84 billion, resulting in a surplus of $12.69 billion. The services trade data for January, however, is an "estimate", which will be revised based on the Reserve Bank of India's subsequent release.

India's overall exports -- goods and services -- saw only 0.04 per cent growth at $776.68 billion in FY24.

FIAO President Ashwani Kumar said the tensions in West Asia, especially the threat for consignments routing through Red Sea, had added to the woes of the exporting community, because the freight rates, along with the insurance cost, had gone up "unimaginably high", with the burden of various surcharge.

Much will depend on the new contracts to be signed with buyers in the new financial year because the exporters have been absorbing the burden of increased freight cost in accordance with the old agreement.

MERCHANDISE TRADE



Source: Department of Commerce

Publication : Business Standard	Editions : Mumbai
Date :16 April 2024	Page : 2

Mahindra unit makes green hybrid foray with ₹1.2K cr project

PRESS TRUST OF INDIA
New Delhi, 15 April

Mahindra Susten on Monday said it will foray into the hybrid renewable energy segment by setting up a ₹1,200-crore 150-megawatt solar wind energy project in Maharashtra. The project includes installation of a 101 megawatt (Mw) wind and 52 Mw solar capacity, the Mahindra group said. The facility is expected to generate 460 million kilowatt-hour (Kwh) of clean energy, offsetting 420,000 tonne of Co2 emissions.

The project includes installation of a 101 Mw wind and 52 Mw solar capacity

The company aims to commission the project within two years. It will have more than 80 per cent locally manufactured components, the company said. The project also marks Mahindra Susten's foray into the 'hybrid RE' segment and will be one of the largest co-located solar + wind hybrid projects in Maharashtra to deliver clean energy to commercial and Industrial (C&I) customers, the statement said.

Publication : Business Standard	Editions : Mumbai
Date :16 April 2024	Page : 4

Centre in a huddle to assess impact of Israel-Iran flare-up

Inter-ministerial meets, stakeholder talks take off

RUCHIKA CHITRAVANSHI, SUBHAYAN CHAKRABORTY & SHREYA NANDI
New Delhi, 15 April

Top government officials in New Delhi have started discussions with stakeholders ranging from shipping and container companies to export promotion councils to understand the impact of the Iran-Israel tensions and plan ahead. Inter-ministerial talks are also being lined up amid the crisis situation in West Asia, sources confirmed.

While the crude flows are not directly under any threat, elevated oil prices remain a concern, according to officials.

Commerce Secretary Sunil Barthwal told reporters at a press conference on Monday that the government is monitoring the situation and will take appropriate action or remedial measures.

"Whenever such conflicts occur, we start monitoring trade, conduct stakeholder consultation. Policy interventions will come when we understand what issues traders are facing," Barthwal said. He pointed out that the government has been dealing with regional conflicts over the last couple of years and has devised a strategy to diversify exports to different regions.

Two days after Iran's drone and missile attacks on Israel, finance ministry officials said they were taking stock of the situation and staying in touch with concerned ministries on the issue.

New Delhi-based think tank Global Trade Research Initiative (GTRI) said that India's trade problems due to shipping disruption in the Red Sea could get worse because of the new conflict between Iran and Israel.

While the hostilities between Israel and Iran are not expected to affect oil flows directly, the government remains concerned about the cascading impact on global prices.

"We have always maintained that prices crossing $100 per barrel would lead to a very difficult situation. There is still enough buffer before that is reached. But the impact of successive crises in West Asia may lead to oil prices remaining elevated for a period much longer than we had expected earlier," a top Petroleum and Natural Gas Ministry official said.

The GTRI report said that this conflict might not affect petrol prices in India. "The conflict makes the situation in West Asia very unstable, which could force projects like the India Middle East Corridor (IMEC) trade corridor to remain on paper for a long time," the report said, adding that India's trade with Iran and Israel are at higher risk due to potential escalations and disruptions in maritime security affecting Red Sea shipping routes.

Rice exporters, for instance, are a worried lot and are holding an internal meeting on Tuesday to discuss the transit issues in the Red Sea among other challenges, in light of the ongoing conflict, according to sources.

"The challenge is with the immediate neighborhood hosting several shipping routes. Freight charges for transporting crude already remain elevated, and further increase in shipping rates will negatively impact procurement by oil marketing companies. We are monitoring the situation," another oil ministry official said.

In 2023, India's trade with Iran included merchandise exports worth $1.7 billion and imports of $672 million. Key exports from India to Iran were rice at $1.03 billion and organic chemicals $113 million.

The wars in Ukraine and Gaza, and subsequent threats by Iran-backed Houthi militants to shipping in the Red Sea and Gulf of Aden have kept tensions elevated and the oil trade volatile.

Brent crude prices slid back below the crucial $90 per barrel level on Monday, ending at $89.77. Brent prices had risen to a six-month high of $92.09 per barrel last week.

Officials, however, say the latest flashpoint in West Asia does not threaten India's import channels directly as it does not import crude oil from Iran, given difficulties in payments to the heavily sanctioned Islamic regime in Tehran.

Iran was the third-largest source of crude oil for India till 2018-19, when imports had topped at $12.1 billion.

After more than a year of securing major shipments of Russian crude, India is increasingly looking to re-establish supplies from its traditional partners in West Asia. All crude delivered from these nations travel via the Persian Gulf and Gulf of Oman, often through Iranian economic waters.

As of January, Iraq and Saudi Arabia were the second and third-largest sources of crude for India, according to estimates made by London-based commodity data analytics provider Vortexa, which tracks ship movements to estimate imports. The share of crude coming from these nations has risen over the past few months.

(Inputs from Sanjeeb Mukherjee)

WEIGHING OPTIONS

- **Officials say crude** flows are not directly under any threat and elevated oil prices remain a concern
- **Finance ministry officials** said they were taking stock of the situation and staying in touch with ministries concerned on the issue
- **According to GTRI, India's** problems due to shipping disruption in the Red Sea could get worse
- **Rice exporters holding** an internal meeting on Tuesday to discuss the transit issues in the Red Sea

![ONGC logo]

Publication : Financial Express	Editions : Mumbai
Date :16 April 2024	Page : 2

Crude at $100 likely to push CPI by 60 bps, delay rate cut

PRIYANSH VERMA
& ARUNIMA BHARADWAJ
New Delhi, April 15

THE PROBABILITY OF Brent crude price touching $100 a barrel in the backdrop of escalation of tensions in West Asia and remaining at that level in the near term could seriously alter key macro indicators.

According to an *FE* analysis and estimates by economists, crude at $100 could push up CPI inflation by 60 basis points (bps) from the RBI estimate which pegged oil at $85, assuming full pass-through to retail consumers of auto fuels. It could also inflate the oil import bill by $2.5-3 billion and increase fertiliser subsidy for FY25 by at least 5% from the Budget estimate of ₹1.64 trillion.

Oil around $100 could likely delay the beginning of the rate cut cycle by the Reserve Bank of India (RBI). "If crude oil prices sustain higher than $100/bbl, it can delay monetary policy easing beyond Q3FY25," said Dhiraj Nim, economist, ANZ Banking Group.

A $100/bbl price of crude, or India's crude oil basket, will lead to a rise in inflation, decline in growth and widening of both current account deficit (CAD) and fiscal deficit, say economists.

The RBI has projected CPI inflation and GDP growth to average 4.5% and 7%, respectively, in FY25. But this is based on the assumption of India's crude oil basket price averaging at $85/bbl. In case, crude price rises by 10% over the baseline, retail inflation may rise by 30 bps and growth may decline by 15 bps. The current account deficit may widen by 30 bps and fiscal deficit may expand by 40 bps, say economists. For FY25, the CAD is projected at around 1-1.2% of the GDP, and fiscal deficit at 5.1%.

Since crude is not only linked to pump prices of auto fuels, but also to naptha, gas and other industrial feeds, the rise in prices affects a broad range of products in the petrochem-to-plastics value chain, fertilisers like urea, metals, etc. India imports 20% of its urea requirement, and since prices of this commonly-used fertiliser at the retail levels are fixed, higher costs could jack up the fertiliser subsidy.

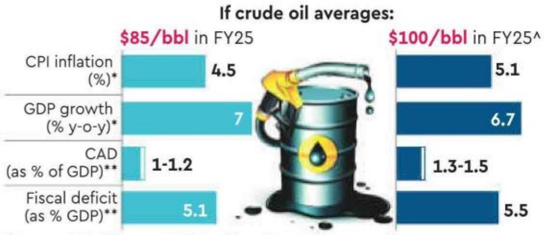
Madan Sabnavis, chief economist, Bank of Baroda, said a $100/bbl crude will push up the import bill by $2.5-3 billion, assuming the full passage of higher cost.

In FY24, the price of India's crude basket had averaged $82.5/bbl. Retail inflation during the year averaged 5.4% and GDP growth 7.6% (as per NSO's second advance estimate). CAD likely averaged in the range of 0.8-0.9% of the GDP and fiscal deficit came in at 5.8%, as projected in the interim Budget's revised estimate.

Abhishek Upadhyay, senior economist, ICICI Securities Primary Dealership, said: "If Indian crude basket price averages $100/bbl in this fiscal versus $82/bbl in FY24, inflation should then be higher by around 60 bps (5.1%) while GDP growth should be lower by 30 bps (6.7%), ceteris paribus. However, the impact on inflation could differ depending on the degree of pass-through to retail prices."

Experts believe the pass-through of high crude oil prices to retail prices will not happen at least till the elections are over. "Every $1 increase in crude prices reduces OMCs' margins by 30-40 paisa per litre," said an analyst, who doesn't want to be identified. "Because of the price reduction and in the run up to the elections, they (OMCs) may be exposed to (rising) oil prices. But, once elections are over, there could be price hikes," the analyst said.

ALTERING MACRO INDICATORS



* As per RBI; **As per ANZ Banking Group;
^As per FE analysis, assuming full pass through

Publication : The Hindu Business Line	Editions : Mumbai
Date :16 April 2024	Page : 11

Thermal coal imports surged 23% y-o-y to a two-year high in January-March

Rishi Ranjan Kala
New Delhi

India's thermal coal imports in the first quarter of 2024 calendar year rose to its highest in the last two years as the world's third-largest energy consumer prepares to meet the peak power demand during April to June.

According to data from energy intelligence firm Kpler, India's import of thermal coal, largely consumed by the power sector, rose 23 per cent y-o-y to 42.95 million tonnes (mt) during January-March this year from 34.85 mt in the same quarter of 2023.

SUMMER RUSH

However, imports during the first three months in 2024 were lower by 19 per cent compared to the record 52.85 mt coal imported in October-December 2023. Kpler's Lead Major Dry Bulks Analyst, Alexis Ellender told *businessline* "India's thermal coal imports were in line with our expectations in March as they climbed by 1.60 mt y-o-y to a three-month high of 15.12 mt. This slower pace of annual growth compared to late 2023 and January-February 2024 was primarily due to a higher base."

Increased imports and domestic production growth means the country is entering the peak summer demand season with significantly larger thermal coal stockpiles than in recent years, he added.

India's thermal coal imports (million tonnes)

	January	February	March	Total
2022	7.38	7.74	16.39	31.51
2023	10.55	10.78	13.52	34.85
2024	13.68	14.15	15.12	42.95

Source: Kpler

At 51 mt on March 31, stocks at Central Electricity Authority monitored plants were up by more than 13 mt y-o-y and close to double the same point in 2022. "As a consequence, we do not expect a surge in summer imports of the type seen in 2022 however, we do anticipate steady annual growth in shipments through the second quarter and into the third quarter.

RISING DEMAND

The potential for weak hydropower generation presents upside risk to forecasts however, on the downside, if coal burn underperforms expectations, then high power plant stocks could become a weight on import demand," Ellender explained.

A senior government official said that imports will be higher in FY24 as electricity consumption is inching up coupled with Power Ministry's March 4 advisory to TPPs to continue importing the fuel for blending at 6 per cent till June 2024.

Government and analysts expect power demand to grow at 6-7 per cent y-o-y on the back of rising consumption from industries and households.

Keeping thermal power plants well stocked is critical as the Meteorological Department (expects extreme heat conditions during April to June with Central and Western India likely to face the worst impact.

As expected, the Power Ministry directed all the imported-coal based power plants to continue operating at full capacity till September 2024.

Publication : The Indian Express	Editions : New Delhi
Date :16 April 2024	Page : 9

Govt raises windfall tax on petroleum crude

New Delhi: India has raised its windfall tax on petroleum crude to Rs 9,600 a metric tonne from Rs 6,800 with effect from April 16, the government said on Monday. The tax, which is revised every fortnight, will remain unchanged at zero for diesel and aviation turbine fuel. The government had on April 4 raised windfall tax on petroleum crude to Rs 6,800 a metric tonne from Rs 4,900. **REUTERS**