



**ONGC News as on 19 April 2024 (Print)**

## Exceeding Target: Oil PSUs Had a Capex of ₹1.28 Lakh Cr in FY24

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ONGC, the nation's top producer of oil and gas, was the second-largest spender. It spent ₹34,551 crore, 14% higher than ₹29,209 crore in the previous year and 15% more than the original capex target of ₹30,125 crore for 2023-24. The company has drilled a record number of 541 wells during

the year, said Manish Patil, director (finance) at ONGC. "ONGC has plans to maintain this enhanced level of capex of around ₹33-35,000 crore in the next three fiscals for newer energy prospects and to monetise the discovered reserves on fast-track," said Patil.

Hindustan Petroleum made an expenditure of ₹13,842 crore in 2023-24, the third highest among state oil firms. This was similar to the amount HPCL spent in 2022-23 but higher than the initial target of ₹10,210 crore set for 2023-24. HPCL is building a



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greenfield refinery-cum-petrochemical complex in Barmer, Rajasthan. The project has seen massive cost escalation. The company has also been investing in expanding its natural gas, bio-fuel and transportation infrastructure.

Bharat Petroleum, another refiner and fossil fuel retailer, spent ₹11,000 crore, higher than the ₹10,000 crore it had budgeted for this year originally but marginally lower than its previous year's spending of ₹11,527 crore.

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## India's nuanced approach in the South China Sea

In March 2024, India's External Affairs Minister, S. Jaishankar, articulated, in a joint statement during his visit to Manila, India's full support for the Philippines in upholding its national sovereignty. Mr. Jaishankar's comment was made amid the ongoing South China or West Philippine Sea dispute between Manila and Beijing which witnessed, arguably, its most intense and volatile year in 2023, with frequent tensions at sea and diplomatic friction. A joint statement in 2023 between New Delhi and Manila had also called for China to adhere to the rules-based maritime order and acknowledge the International Court of Justice ruling of 2016 in favour of Manila. Both these statements are part of an evolving approach that signals a departure from India's earlier more cautionary and neutral position *vis-à-vis* the South China Sea. New Delhi's position on the South China Sea has changed significantly in recent years, mirroring its broader strategic and economic aspirations on the global stage through a more clearly articulated stance backing the provisions of international maritime law, sovereignty, and sovereign rights in the South China Sea.

### A policy evolution

New Delhi's engagement with the region was initially primarily economic, driven by its Look East Policy, which aimed to enhance economic integration with Southeast Asia and the imperative to secure energy resources to fuel its growing economy. The participation of Indian state-owned enterprises, such as the Oil and Natural Gas Corporation's overseas arm (ONGC Videsh), in oil and gas exploration projects in Vietnam's exclusive economic zones (EEZs) and other similar ventures not only signified India's economic stakes in the region but also its support for the principle of freedom of exploration and exploitation of maritime resources within the bounds of international law, specifically the United Nations Convention on the Law of the Sea (UNCLOS).



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New Delhi's strategic recalibration recognises the South China Sea's critical importance to regional security and the global maritime order

The transformation of India's policy orientation from Look East to Act East under Prime Minister Narendra Modi's administration has marked a shift towards a more strategic and active engagement with the Indo-Pacific region. This policy evolution reflects India's acknowledgment of the changing geopolitical landscape and the need for a more proactive and multifaceted foreign policy approach with the Act East Policy emphasising not only economic integration but also strategic partnerships and expanded security cooperation with countries in the Indo-Pacific including Vietnam, Malaysia, and Singapore, besides the Philippines. India has also simultaneously strengthened its own capacities through forward positioning, mission-based deployments, reinforced maritime domain awareness, and deep-water maritime facilities.

### India's complex ties with China

With geopolitical tensions in the South China Sea having steadily escalated, particularly due to China's assertive territorial claims and militarisation efforts, India's stance has become more nuanced while simultaneously becoming less cautious. The evolution of India's position on the South China Sea cannot be decoupled from its complex relationship with China. The two countries have a long history of border disputes which have intensified since the Galwan Valley incident of 2020, with Beijing's periodic incursions into India's territory and, most recently, even renaming Indian villages in Arunachal Pradesh.

The Galwan Valley incident also saw India sending a frontline warship to the South China Sea in a demonstration of India's capability for asymmetric deterrence. China's assertive posture and territorial claims in the South China Sea and along India's land border have substantially disruptive implications for regional stability. India's strategic engagements, including regular naval exercises and the strengthening of military cooperation with Southeast Asian nations, serve

dual purposes: they underscore India's commitment to regional security and act as a counter to China's unlawful assertions.

### The ASEAN factor

New Delhi's strategic recalibration has been driven by a recognition of the South China Sea's critical importance to regional security and the global maritime order. The disputes in the South China Sea, primarily involving China and several Association of Southeast Asian Nations (ASEAN) countries, have implications for the freedom of navigation and overflight – principles that are vital for not only India's trade and energy transportation routes but also that of countries across the globe. As a responsible stakeholder in the Indo-Pacific, India can no longer shy away from taking unambiguous positions on matters of such critical importance. Its centrality in the Indo-Pacific theatre means that its periphery is no longer only the Indian Ocean but also the wider maritime domain where China's rise is challenging the status quo in ways not anticipated before. The ASEAN centrality in India's Indo-Pacific strategy also makes it imperative for India to buttress the ASEAN position, though differences within the regional grouping continue to pose a challenge to such endeavours.

New Delhi's advocacy for a rules-based international maritime order, especially its emphasis on UNCLOS, reflects a stance against unilateral actions that threaten regional stability. This stance, while rooted in India's principled foreign policy approach, also indirectly challenges China's expansive territorial claims and activities in the South China Sea and reflects India's positioning of itself as a responsible stakeholder committed to regional stability and security. India's nuanced approach in the South China Sea, therefore, is emblematic of its broader strategy aiming to safeguard its interests while contributing to a collective effort to maintain peace, stability, and respect for international law in the Indo-Pacific region.



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**FIFTY YEARS AGO** APRIL 19, 1974

## Oil development fund planned

New Delhi, April 18: The Petroleum and Chemicals Minister, Mr. D.K. Barooah, to-day announced that an Oil Industry Development Fund for Rs. 45 crores would be created and placed at the disposal of the Oil and Natural Gas Commission.

Replying to the demands for grants of the

Petroleum and Chemicals Ministry in the Lok Sabha, Mr. Barooah said that though the ONGC "is notionally an autonomous body, it entirely depended on the Government for funds."

Mr. Barooah indicated that Rs. 45 crores would be given annually. This fund would be adequate for the ONGC's purpose. The ONGC was not only going to have off-shore drilling but was also trying to get locations in other countries for oil exploration.

The Haldia refinery, which had been completed, would go into production in a couple of months.

## ONGC awards PMC contract to Nauvata Energy Enterprise and PERC Engineering

**Our Bureau**  
New Delhi

Oil and gas exploration and production (E&P) major ONGC has awarded a front end engineering design (FEED) and project management consultancy (PMC) contract to a consortium of Nauvata Energy Transition Enterprise and PERC Engineering.

The contract, for pre-FEED, FEED and PMC services, encompasses concept study and tender bid package preparation for two developments in the Krishna-Godavari (KG) basin on the east coast, Nauvata said.

The award comes on the heels of ONGC achieving its first oil from its KG-DWN-98/2 development project where Nauvata, along with its consortium partner, was the project management consultant for SURF (sub-sea umbilicals, risers, and flowlines), SPS (subsea production systems), FPSO (floating production storage and offloading) and onshore scopes of work.

### DEEPWATER PROJECTS

“We have played a significant role in ONGC’s KG-DWN-98/2 project by providing PMC services.

ONGC’s KG-DWN-98/2 is one of the most complex deepwater development projects in the world. At its peak, Nauvata had close to 100 resources deployed for the project, managing the interfaces on a very elaborate and complex contracting quilt, which comprised of multiple international and local contractors,” NET Enterprises Group CEO Baroruchi Mishra said.

The company intends to maintain the same momentum on this newly awarded contract, he added.

“The project is a great opportunity to showcase our capabilities in this exciting market and we are confident that our successful execution will result in a longstanding relationship with both ONGC and Nauvata,” PERC President Felipe Gonzalez said.

## Day trading guide

### 22046 » Nifty 50 Futures

S1	S2	R1	R2	COMMENT
22000	21900	22200	22350	Buy if it rebounds from 22000; place stop-loss at 21850.

### ₹1494 » HDFC Bank

S1	S2	R1	R2	COMMENT
1485	1470	1515	1550	Buy if the stock goes above 1500; stop-loss at 1480.

### ₹1420 » Infosys

S1	S2	R1	R2	COMMENT
1415	1385	1440	1470	Go short as the trend is bearish; stop-loss at 1450.

### ₹418 » ITC

S1	S2	R1	R2	COMMENT
416	400	425	430	Sell the stock as it looks set to fall; stop-loss at 430.

### ₹274 » ONGC

S1	S2	R1	R2	COMMENT
272	265	288	300	Go long if the stock bounces off 272; stop-loss at 265.

### ₹2928 » Reliance Ind.

S1	S2	R1	R2	COMMENT
2900	2880	2960	3000	Refrain from trading as the intraday trend is uncertain.

### ₹744 » SBI

S1	S2	R1	R2	COMMENT
740	730	755	762	Sell if the stock slips below 740; place stop-loss at 755.

### ₹3863 » TCS

S1	S2	R1	R2	COMMENT
3840	3750	3940	4000	Do not initiate fresh trade; intraday trend in unclear.

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

# EC, India Inc team up to encourage people to vote

Tamil Nadu is set to vote for all constituencies today

SHINE JACOB  
(Chennai, 18 April)

Thanks to India Inc and various arms of the government, the message that the election commission (EC) wants you to hear will now be delivered loud and clear. Whether you are in the sky on-board an aircraft, boarding a train, getting fuel for your car or watching your favourite cricket team in action, you will be asked to exercise your franchise in the elections starting Friday.

About 297 million eligible voters did not turn up at polling booths in the 2019 general elections, and the poll panel doesn't want a repetition.

And for this, the EC has roped in scores of private and public sector companies to help spread the word, and bring eligible voters to the voting booths. The companies that have joined the bandwagon to woo the voters include Tata Group, Indian Oil Corporation (IOC), Bharat Petroleum Corporation (BPCL), and Hindustan Petroleum Corporation (HPCL), all public and private sector banks through the Indian Banks' Association (IBA), Indian Premier League teams through BCCI, aviation companies like Indigo, ride-hailing service Rapido, Spotify India, and several others.

In Tamil Nadu, which is voting on Friday, Rapido is offering free rides to people to cast their votes in cities like Chennai, Coimbatore, Madurai, Tiruchirappalli, and Salem.

Rapido has collaborated with the Tamil Nadu State Election Commission for this initiative to offer free bike taxi rides to voters on election day. As an active proponent of driving strong democracy, we recognise the importance of every single vote and hence aim to increase the voter turnout," said a Rapido official in response to queries from *Business Standard*.

Tata Group is sharing the election commission messages with its employees. Google India is expected to come out with a doodle, while Facebook and Instagram are sharing alerts with their users.

Spotify India too has clipped by launching the "Play Your Part" campaign. According to sources, EC is guiding these private companies in spreading the right message to voters.

Airlines like Indigo are also sending across the same message through on-board messages on its flights.

Meanwhile, oil marketing companies, Indian Oil Corporation (IOCL), Hindustan Petroleum Corporation Ltd. (HPCL) and Bharat Petroleum Corporation Ltd. (BPCL), are spreading messages through around 16,000 fuel outlets across the country.

The idea is to ensure that the appeal to voters to exercise their democratic right to vote reaches every nook and cranny of the country, especially in select states having lower voter turnouts.

The election commission is conducting this voter outreach through its SVEEP (Systematic Voters' Education and Electoral Participation) programme.

The 11 focus states are Bihar, Uttar Pradesh, NCT of Delhi, Maharashtra, Uttarakhand, Telangana, Gujarat, Punjab, Rajasthan, Jammu and Kashmir, and Jharkhand, where voter turnout was lower than the national average of 67.4 per cent in the 2019 Lok Sabha elections. In addition to the above, a memorandum of understanding has also been signed with Indian Banks' Association (IBA) and Department of Post to promote voter education through their extensive network.

While IBA, through its members, is spreading messages through websites and ATMs to attract voters, the postal department will affix a special cancellation stamp (bearing voter education messages) on the postal articles.

The EC is also collaborating with BCCI through which players of the IPL franchises such as Chennai Super Kings, Mumbai Indians, Lucknow SuperGiants, Delhi Capitals, Gujarat Titans, and Royal Challengers Bangalore are encouraging fans to vote.

Messages are being displayed on screens during matches.



Shivraj N, a sub-inspector in Tamil Nadu police votes at a polling station, a day ahead of the first phase of the election, in Tiruvannamalai. PHOTO: RUPAK

## BRAND PLAN

**Rapido:** Free bike ride in Tamil Nadu by commuting application

**Google India:** Expected to launch a doodle, while Facebook and Instagram are sharing alerts with users

**Spotify India:** Launched "Play Your Part" campaign

**IOC, BPCL, and HPCL:** Sharing messages at around 16,000 fuel outlets

**BCCI:** Using IPL franchise players to appeal to voters

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GAIL, the nation's top transporter and marketer of natural gas, spent ₹10,388 crore in 2023-24, higher than the budgeted ₹7,750 crore for the year and ₹8,313 crore used in the previous fiscal.

Oil India's expenditure of ₹5,390 crore was higher than the target of ₹4,896 crore and the previous year's spending of ₹5,057 crore.



## Israel-Iran Conflict: Impact on the Indian Stock Market

BY TEJI MANDI

Recently, tensions have escalated between Iran and Israel. Hostility has persisted between the two countries for many years, and recent events have only exacerbated this tension. There is concern worldwide that the recent attacks by Iran on Israel could escalate into a full-blown conflict in the Middle East, causing alarm across the globe. But how might this conflict affect the Indian stock market or economy? Let's understand.

### What's Happening?

You may have recently heard about the escalating tensions between Iran and Israel, which could lead to volatility in the Indian stock market in the coming week.

On April 13, in response to an April 1 attack on its embassy in Damascus, Iran launched a drone and missile strike on Israel, turning the ongoing tension between the two countries into direct conflict. In retaliation, Israel and its allies launched a strong counterattack. Now let's delve into the reasons behind this attack and its implications for investors.

### Impact of the Conflict on the Indian Stock Market

Due to the unrest in the global market caused by the Iran-Israel conflict, the Indian benchmark indices, Sensex and Nifty, witnessed a decline of nearly 1% on Monday.

According to Money Control, analysts believe that if the Iran-Israel conflict escalates into war, Brent crude oil prices could rise above \$100 per barrel, already showing its impact on the Indian stock market.

**Oil Market Companies:** Increase in crude oil prices could raise costs for these companies, putting pressure on their margins. For



example, stocks of HPCL, IOC, Adani Total Gas, and BPCL saw a decline of up to 3% on Monday. **Tyre Companies:** Tyre industry utilises derivatives of crude oil to manufacture synthetic rubber. Therefore, an increase in crude oil prices could also raise costs for these companies. Stocks of MRF, Apollo Tyres, and CEAT saw a decline of up to 2%.

**Paint Companies:** Paint manufacturers also use derivatives of crude oil in their production. Hence, an increase in crude oil prices could raise input costs for these companies.

### What's in it for Investors?

The relationship between Iran and Israel has always been tense, and it seems that the current situation could escalate into ongoing conflict. Therefore, volatility in the market is expected in the near future. Investors can benefit by selecting quality companies with rapid growth potential during market declines to achieve better returns.

### What's Next?

According to ET, as global leaders urge both parties to show restraint, President Biden cautioned Israeli Prime Minister Benjamin Netanyahu that the United States will not join any retaliatory actions against Iran should Israel decide to respond. While reaffirming U.S. support for Israel's defense, John Kirby, the top national security spokesperson for the White House, emphasised on ABC's 'This Week' program that the U.S. seeks to avoid war.

Teji Mandi (TM Investment Technologies Pvt Ltd) is a SEBI registered Research Analyst (RA). Information in this article should not be construed as investment advice. Please visit [www.tejimandi.com](http://www.tejimandi.com) to know more.

## दूरदृष्टि • हमारे लिए महंगी साबित होगी यह लड़ाई इजराइल-ईरान टकराव से तेल के दाम उछल सकते हैं



**मनोज जोशी**

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इजराइल और ईरान के बीच जो कुछ हो रहा है, वह भारत के लिए भी बड़ी चिंता का विषय है। शनिवार को- हमला शुरू होने से पहले- ईरानी फौज ने होर्मुज के जलडमरूमध्य में एक मालवाहक जहाज को ज्वर कर लिया था, जिसमें चालक-दल के 25 सदस्यों में से 17 भारत के थे। जहाज का स्वामित्व आंशिक रूप से एक इजराइली के पास था और इस कार्रवाई का उद्देश्य मध्य-पूर्व क्षेत्र में तनाव बढ़ाना था। इजराइल पर ईरानी हमले के तुरंत बाद भारत ने इस पर गंभीर चिंता व्यक्त करते हुए एक बयान जारी किया और तत्काल तनाव कम करने का आह्वान किया। तेहरान से बातचीत में अलग से जहाजकर्मियों को हिरासत का मुद्दा भी उठाया और चालक-दल से मिलने की अनुमति मिली।

वैसे इजराइल और ईरान लंबे समय से इस क्षेत्र में शौडो-वॉर लड़ रहे हैं। इजराइल ईरानी अधिकारियों और परमाणु वैज्ञानिकों की हत्या करता है तो ईरान हिजबुल्ला और हूती सहयोगियों की मदद से इजराइली ठिकानों पर हमला बोलता है। लेकिन गत 1 अप्रैल को इजराइलियों ने कथित रूप से दमिश्क में एक ईरानी कॉन्सुलेट पर हमला कर दिया, जिसमें कुदूस फोर्स के सात वरिष्ठ अधिकारी मारे गए। यह ईरान के इस्लामिक रिवोल्यूशनरी गार्ड्स कॉर्प्स (आईआरजीसी) की एक इकाई है। इसके बाद ईरान को लगा कि अब उसे इजराइल के खिलाफ सीधे जवाबी कार्रवाई करने के लिए मजबूर होना पड़ेगा।

शनिवार रात एक बड़े हमले के माध्यम से उसने ऐसा ही किया। इजराइल ने अमेरिका, ब्रिटेन, फ्रांस, जॉर्डन और सऊदी अरब की मदद से ईरानी ड्रोन और मिसाइल हमले को सफलतापूर्वक रोक दिया। अगर एक भी मिसाइल इजराइल में घुस जाती और उसके हमले में कई इजरायली मारे जाते तो तेल अवीव को जवाबी हमला बोलने में कोई हिचकिचाहट नहीं होती। लेकिन हमलों से अपना लगभग पूर्ण बचाव करने के बाद इजराइल के लिए इस अमेरिकी दबाव को नजरअंदाज करना मुश्किल था कि वह भले अभी अपनी जीत की घोषणा कर दे, लेकिन जवाबी कार्रवाई न करे। हालांकि इजराइल के प्रधानमंत्री नेतन्याहू पर उनके दक्षिणपंथी गठबंधन के सदस्यों की ओर से ईरान को मुंहतोड़ जवाब देने का बहुत दबाव है। इसका एक कारण यह भी है कि इससे इजराइल द्वारा गाजा में किए गए विनाश से भी दुनिया का ध्यान भटकेगा।

7 अक्टूबर को इजराइल पर हमला के आतंकवादी हमले के बाद से ही भारत ने स्थिति को शांत करने के लिए मध्य-पूर्व क्षेत्र के सऊदी अरब, ईरान, इजराइल, मिस्र और फिलिस्तीन के साथ-साथ यूरोप के नेताओं से बात की है। लेकिन भारत इससे अधिक कुछ कर नहीं सकता है। भारत के ईरान के साथ लंबे समय से रणनीतिक संबंध हैं, वहीं मोदी सरकार ने रक्षा के क्षेत्र में इजराइल के साथ गहरे संबंध विकसित किए हैं। इजराइल ने पिछले दशक में 2.9 अरब डॉलर मूल्य की मिसाइलें, रडार और निगरानी और लड़ाकू ड्रोन हमें निर्यात किए हैं। ईरानी तेल-गैस भी भारत के लिए हाइड्रोकार्बन के निकटतम स्रोत हैं। अमेरिकी प्रतिबंधों से पहले भारत ईरानी तेल का बड़ा खरीदार था।

भारत इस तथ्य से भी अवगत है कि इस्लामी कट्टरवाद की लहर में भी भारत कभी शिया चरमपंथियों के निशाने पर नहीं रहा था। दरअसल, भारत और ईरान दोनों ही पाकिस्तान और अफगानिस्तान से सुन्नी चरमपंथियों द्वारा आतंकवाद के निर्यात को लेकर चिंतित हैं। इसके अलावा, पाकिस्तानी नाकाबंदी को देखते हुए ईरान ने भारत को चाबहार और बंदर अब्बास

**भारत कच्चे तेल का दुनिया का तीसरा सबसे बड़ा उपभोक्ता है और अपनी ऊर्जा-आवश्यकताओं की पूर्ति के लिए आयात पर निर्भर है। विश्लेषकों का मत है तनाव के चलते तेल की कीमतें 100 डॉलर प्रति बैरल तक पहुंच सकती हैं।**

के बंदरगाहों के माध्यम से मध्य एशिया और यूरोप के लिए एक रास्ता प्रदान किया है। भारत ने 2016 में चाबहार को विकसित करने के लिए 8.5 करोड़ डॉलर का निवेश किया था और तेहरान को 15 करोड़ डॉलर की क्रेडिट लाइन भी दी थी। ईरान-इजराइल संघर्ष के चलते तेल की कीमतों में वृद्धि से भी भारत अप्रत्यक्ष रूप से प्रभावित हो सकता है। भारत आज कच्चे तेल का दुनिया का तीसरा सबसे बड़ा उपभोक्ता है और अपनी अधिकांश ऊर्जा-आवश्यकताओं की पूर्ति के लिए वह आयात पर ही निर्भर है।

विश्लेषकों का मत है कि मध्य-पूर्व तनाव के चलते तेल की कीमतें बढ़कर 100 डॉलर प्रति बैरल तक पहुंच सकती हैं। आज भारत ईरानी कच्चा तेल तो नहीं खरीद रहा है, लेकिन गत मार्च में उसने सऊदी अरब, इराक और यूएई से अपने कुल तेल-आयात का 48 प्रतिशत हिस्सा लिया था। इराक और सऊदी तेल होर्मुज के जलडमरूमध्य से ही होकर आता है और तनाव बढ़ने पर ईरानी इसकी नाकाबंदी कर सकते हैं।

(ये लेखक के अपने विचार हैं।)

## JNK India Ltd's IPO to open on April 23 Price band set at Rs 395 to Rs 415 per Equity Share

### EOI CORRESPONDENT

MUMBAI, APRIL 18/--/ JNK India Limited is in the business of manufacturing the process-fired heaters, reformers, and cracking furnaces (together, the "Heating Equipment") that are required in process industries such as for oil and gas refineries, petrochemical and fertilizer industries. , has fixed the price band of Rs 395 to Rs 415 per Equity Share of face value ₹2/- each for its initial public offer. The Initial Public Offering (IPO or Offer) of the Company will open on Tuesday, April 23rd, 2024, for subscription and close on Thursday, April 25th, 2024.

The issue consists of a fresh issue of Rs 3,000.00 million and offer for sale (OFS) of up to 8,421,052 Equity Shares from promoter selling shareholders and individual selling shareholder.

The Company have capabilities in thermal designing, engineering, manufacturing, supplying, installing, and

commissioning heating equipment and caters to both domestic and overseas markets. (Source: F&S Report). Over the years the Company has diversified into flares and incinerator systems and

India, it has completed projects in, amongst others, Andhra Pradesh, Assam, Bihar, Karnataka, Kerala, Maharashtra, Tamil Nadu, West Bengal and globally have completed projects in Nigeria and



have been developing capabilities in the renewable sector with green hydrogen. The Heating Equipment are required in process industries such as oil and gas refineries, petrochemicals, fertilizers, hydrogen and methanol plants etc.

As of December 31, 2023, it has served 21 customers within India 8 customers overseas. In

Mexico. Further, it has ongoing projects in Gujarat, Odisha, Haryana, Rajasthan in India and globally in Oman, Algeria, and Lithuania. Further, it has successfully completed projects in far-reaching locations which included projects in India at atNumaligarh, Assam; Kochi, Kerala; Barauni, Bihar; and overseas at Lagos, Nigeria.

## Oil steadies after hitting three-week low intra-day

**OIL PRICES WERE** broadly steady on Thursday, as investors weighed US sanctions on Venezuela and Iran, and robust US jobs data against the wider backdrop of demand concerns and easing Middle East tensions that had pushed prices 3% lower on Wednesday.

Brent futures were up 10 cents, or 0.11%, to \$87.39 a barrel at 1358 GMT, while US crude futures were 26 cents higher, or 0.31%, at \$82.95 a barrel.

Both benchmarks had dropped over \$1 at their intra-day lows, touching their weakest in around three weeks.

Venezuela lost a key US licence that allowed it to export oil to markets around the world, which would hit the volume and quality of its crude and fuel sales.

The market is "finally starting to metabolize the fact that Venezuelan sanctions are back," said Kpler's lead crude analyst Viktor Katona.

"Venezuela being sanctioned back happens simultaneously to Mexico cutting its crude exports, meaning the U.S. Gulf Coast is headed into the summer season with limited options on the supply of heavy crudes," Katona added.

—REUTERS



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**UJJWALA NUMBERS  
SEE BIG JUMP:  
103.3 MN IN FY24**

THE CENTRE, under its Pradhan Mantri Ujjwala Yojana, has been able to extend benefits of clean cooking fuel to 103.3 million households from the scheme's start till the end of 2023-24, data show. ■ [PAGE 2](#)

# 103 million households get Ujjwala Yojana benefits

PNG connections still a far cry from target

ARUNIMA BHARADWAJ  
New Delhi, April 18

**THE GOVERNMENT UNDER** its flagship Pradhan Mantri Ujjwala Yojana has been able to extend the benefits of the clean cooking fuel to 103.3 million households between the start of the scheme and the end of 2023-24, according to data from the Petroleum Planning and Analysis Cell.

Sales of domestic liquified petroleum gas (LPG) by the state-owned oil marketing companies stood at 26.21 million tonne in 2023-24, from 25.38 MT in 2022-23.

"LPG has had good growth after 2014, when the Ujjwala scheme came. The jump in consumption from 29 MT is because of the scheme reaching all places... people are enjoying the benefits and comfort," said a member of the Petroleum and Natural Gas Regulatory Board, who did not wish to be identified.

The government now expects to extend the benefit to 103.5 million households under the scheme by 2025-26.

The government had launched the scheme back in 2016 with an aim to provide cooking fuel to poor households while discouraging the use of traditional kitchen fuels, including cow dung cakes and firewood which are more polluting.

Last year in August, the government had announced a price cut of ₹200 per cylinder in LPG prices for all domestic consumers and

## A SUCCESS STORY

■ Govt expects to extend the benefits to **103.5 mn** households by 2025-26

■ LPG sales by the OMCs stood at **26.21 MT** in FY24, against **25.38 MT** in FY23



■ Centre keen on increasing penetration of piped natural gas

■ PNG is facing a bit of difficulty because it has to replace LPG which is already subsidised

decided to expand the scheme with additional 7.5 million connections. In October 2023, the government again hiked the subsidy for PMUY consumers by ₹100, taking it to ₹300 per cylinder. In March this year, Prime Minister Narendra Modi announced a cut of ₹100 per LPG cylinder while encouraging the use of LPG cylinders.

After realising the success of the Ujjwala scheme with an increased consumption of LPG, up by 3.8% on year at 29.6 MT in FY24, the government is now shifting its focus on increasing the penetration of piped natural gas (PNG) across the country.

In its manifesto for general elections, the BJP said it will extend PNG connections across the country while expanding LPG connections under the Ujjwala Yojana. The move is expected to aid in realising the government's target of increasing the share of natural gas in the energy mix from 6.8% at present to 15% by 2030.

According to the data by PPAC, domestic PNG connections as of February stood at 12.56 million. The government has targeted 125 million PNG connections by 2030, based on the minimum work programme targets of city gas distribution companies, it informed Parliament last year.

"PNG is facing a bit of difficulty because it has to replace LPG which is already subsidised," the PNGRB member said. "Wherever PNG is possible and they are using domestic gas, it makes sense to connect all places to PNG. But it is not happening because LPG is also an alternative which people are comfortable with."

"Entities that have LPG are not able to realise its benefits. But we are advocating that this is to be done," the official said. "If PNG is directly being transported to homes, the government does not need to give the kind of subsidy (like on LPG), so the subsidy burden will get reduced."

## Ministry of Petroleum and Natural Gas looking to hire consultants to provide business vision, restructuring plan

**AMITAV RANJAN**

**NEW DELHI:** With the global energy landscape muddled by various alternatives to fossil fuels, Ministry of Petroleum and Natural Gas plans to hire consultants to provide a business vision and a restructuring plan to keep itself and its various public sector undertakings relevant in the continuously changing energy world.

"The objectives of the project are towards policy transformation and capacity building," says its proposal seeking budgetary funding of Rs 75 crores to pay the consultants. The proposal for hiring consultants

was mooted to the Delegated Investment Board end-February. They would be hired for providing guidance for three years starting fiscal 2024-25.

"Major interventions/components include energy sector landscape assessment (Energy Security, Energy Transition, Emerging Alternatives, New Energy etc.), future projections, a gas economy strategy, setting the business vision for the future Ministry of Petroleum & Natural Gas," it says.

The key targets of the study would be:

(1) Strengthening the ministry's delivery capability across its mandate through global

benchmarking, process re-engineering, knowledge management and consolidated monitoring.

(2) Studying the trends, outlook and fiscal regime applicable to oil and gas industry in major oil and gas producing countries. Studying the framework adopted by these countries to promote indigenous production of supply chain and ancillary industries.

(3) Complete appraisal and exploration of all sedimentary basins and enhancing oil and gas production of the country at a faster pace along with Integrated Offshore Energy Development.

(4) Increasing the role of biofuels in the Indian energy basket to reduce import dependence.

(5) Emphasizing decarbonization to help India achieve its net zero targets.

(6) Preparing a gas economy strategy of India.

(7) Assessing and analysing the nationwide financial incentives and tax structures to prepare an incentive framework for promoting "Make in India" initiative.

(8) Analysing the current decommissioning, site restoration and disaster management system.

(9) Developing a monitor-

ing and evaluation structure for the Upstream, Midstream and Downstream sectors of the exploration and production business.

"The overall objective," it says, "is to assess the changing landscape in the energy domain, conceptualize and drive associated strategic initiatives, provide execution and monitoring support to realise the outcomes and improve the capabilities and effectiveness of organisational structures, governance models and management systems considering the present responsibilities as well as the emerging opportunities for the ministry."

## Even without war in the Gulf, pricier petrol is here to stay

The Economist

When Iran's missiles whizzed towards Israel on Sunday April 14th, oil markets were closed. When they opened 24 hours later, their reaction was a loud "meh". Brent crude, the global benchmark, dipped below \$90 a barrel. It has since hovered around that level (see chart).

Traders had expected an attack of precisely this variety: big enough to cause concern; obvious enough to be foiled. They are now betting that Israel will avoid anything too rash in response. Yet even if oil

prices do not surge, they remain uncomfortably elevated and seem likely to rise higher still in the summer, when increasing demand amid tight supply will probably tip the market into deficit. A cast of decision-makers—from central bankers to President Joe Biden, who faces re-election in November—is watching anxiously.

Geopolitical risk explains, in part, why oil prices have risen by a quarter since December. Brent passed \$90 for the first time in nearly six months after Israel bombed Iran's consulate in Damascus on April 1st. Supply disruptions are playing an even bigger role. Mexico is slashing shipments in order to produce more petrol at home.



Brent passed \$90 for the first time in nearly six months after Israel bombed Iran's consulate in Damascus on April 1st. REUTERS

A leaky Scottish pipeline was forced to close. Turmoil in Libya is disrupting output; war in South Sudan could do the same.

Meanwhile, tougher sanc-

tions on Russia are leaving more of its oil stranded. In March refiners in India—Russia's second-biggest buyer since 2022—said they would no longer welcome tankers

owned by Sovcomflot, Russia's state-owned shipping firm, for fear of Western retribution. Most of the 40-odd tankers subject to sanctions by America since October have not gone on to load Russian oil. The reimposition of sanctions on Venezuela could further dent supply. America may also decide to better police its existing embargo on Iran's oil sales.

The biggest supply disruption is deliberate. It is coming from the Organisation of the Petroleum Exporting Countries and its allies (OPEC+). In November the group pledged to slash output by 2.2m barrels a day (b/d), or 2% of global production. Most observers had expected that, with prices likely to rise throughout 2024, mem-

bers would take the chance to row back on the cuts. Instead, several announced in March that they would extend them until the end of June. Russia even said it would deepen its cuts by another 471,000 b/d, reducing output to 9m b/d, from 10.8m b/d pre-war.

Last year's supply growth outside the cartel more than made up for the rise in demand. This year non-OPEC output will rise again—Brazil and Guyana are expected to pump record amounts—but growth will slow. Global oil stocks are already falling; they will shrink faster this summer, as holiday-makers in America take to the road.

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The most likely scenario is that oil prices remain tolerable to the world economy, at somewhere in the region of \$85-90 a barrel.

## Even without war in the Gulf, pricier petrol is here to stay

FROM PAGE 1

All this is happening in the face of robust demand. Measures of manufacturing activity in America, China and Europe have surprised on the upside, leading the International Energy Agency, an official forecaster, to predict that global crude demand will rise by an average of 1.2m b/d this year, up from the 900,000 b/d it suggested in October. Others, including some big traders and OPEC itself, reckon demand growth may near or surpass 2m b/d.

Where will the oil price go next? If OPEC+ keeps its cuts unchanged, it could reach \$100 within months. But that is not an outcome the cartel really wants. Many members, not least Saudi Arabia, worry that a rapid rise in the oil price could destroy demand. Dearer crude is pushing American petrol prices, already at \$3.60 a gallon, closer to \$4. A surge past that point could shave 200,000 b/d off petrol demand over the summer, estimates JPMorgan Chase, a bank. Thus OPEC+ may signal its intention to produce more at its next meeting. Jorge León, a former OPEC analyst now at Rystad Energy, a consultancy, expects crude to average \$90 a barrel in the third quarter of the year and \$89 in the final quarter. Futures markets are even more sanguine: buying crude for delivery in December costs around \$85 a barrel.

### Black cloud

Even if the tit-for-tat between Israel and Iran escalates, it is unlikely to change much. Any reduction in Iran's exports—worth 1.6m b/d in March—might be balanced by more pumping from the rest of OPEC. In a worst-case scenario, Iran could decide to close the Strait of Hormuz, a waterway that connects the Gulf to the Indian Ocean, through which 30% of the world's seaborne oil, and nearly all of the Gulf's, must pass. Doing so would anger just about everyone in the region, and cut off Iran from its sole oil buyer: China. Perhaps Iran would opt to cause trouble in less self-harming ways, such as harassing ships in the Gulf. Yet even the "tanker war" of the 1980s—when hundreds of tankers were attacked—failed to durably boost prices.

The most likely scenario, therefore, is that oil prices remain tolerable to the world economy, at somewhere in the region of \$85-90 a barrel, while allowing OPEC members to earn juicy margins. Prices are unlikely to fall soon, though. And whether such a level is tolerable to American voters, who see gasoline prices advertised in big red numbers by the highway every day, is another matter entirely.

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## Escalation of Iran-Israel conflict to impact inflation, oil price, interest rates in India: Acuite Ratings

PTI / New Delhi

The price of crude oil would breach \$100, the central bank may delay cutting the repo rate over uncertainty over disinflation, exports to West Asia may be affected and an increase in shipping costs are some of the likely impact if the conflict between Iran and Israel escalates, said a top economist at Acuite Ratings & Research.

"With the drone and missile attacks on Israel by Iran, there is a perceptible increase in the geopolitical risk quotient, imparting higher uncertainty to the global economic outlook. Although crude oil prices are yet to rise sharply beyond \$90 per barrel, there is a significant likelihood that it will breach the \$100 level if the conflict intensifies further over West Asia," Suman Chowdhury, Chief Economist and Head-Research, Acuite Ratings said.

According to him, the US Federal Reserve and Reserve Bank of



India (RBI) would delay cutting the interest rate owing to the increased geopolitical risks and uncertainty on disinflation.

Further, there will be higher under-recoveries for the public sector oil companies in India if the increase in crude prices are not passed on to the consumers of petrol, diesel and LPG.

"The oil subsidy bill is likely to be above the interim budget for FY25. If the price rise is sustained, there is also a likelihood of pass-through after the elections," Chowdhury said.

Similarly, the prices for oil derivatives are likely to rise, impacting the operating margins for sectors like petrochemicals, speciality chemicals, and paints.

**Crude oil stabilises on demand concerns**



Crude oil prices were little changed after a three per cent drop in the previous session as the market remains concerned about demand this year and on signs that a wider conflict in the key Middle East producing region could be avoided. Brent futures were up 29 cents at \$87.58 a barrel, while US WTI crude futures traded 20 cents higher at \$82.89. REUTERS