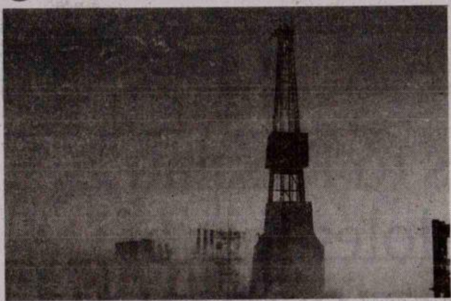
ONGC News as on 25 & 26 March 2024 (Print)

Publication : Morning India	Editions : Kolkata
Date :25 March 2024	Page : 5

Central govt extends time frame of bidding for oil and gas blocks



MI News Service, New Delhi: The Modi government has extended the ninth round of bidding for oil and gas blocks (OALP) to May 15, amidst lacklustre response from explorers. The open acreage licensing programme (OALP) regime offers pricing and marketing freedoms to successful bidders. Officials said the last date of the latest bidding round has been extended to May 15 from February 29.

The government has offered eight blocks spread over 0.42 lakh sq km for exploration and production (E&P) of hydrocarbons. Of the eight blocks, three are in the Cauvery basin, two each in Saurashtra and Assam Shelf and one in the Cambay basin. While six blocks are spread over Category-I basins, the other two are in Category-II.

Category–I basins have proven hydrocarbon resources and established commercial production; Category–II have contingent resources that are yet to be converted to recoverable reserves and commercial production. Category–III basins have prospective resources with no hydrocarbon discovery and few exploration inputs and data. In the ninth OLAP round, three blocks each are in ultra-deep deep-water (27,154 sq. km) and onland (3,666 sq. km), while another two blocks are in shallow water (11,039 sq.km.).

In the last bidding round, ONGC and Oil India collectively secured eight of the 10 oil and gas blocks. A consortium of Reliance Industries (RIL) and BP as well as Sun Petrochemicals secured a block each. While ONGC secured the highest seven blocks, OIL secured one block. An upstream player will now be allowed to explore both conventional and unconventional resources, including coal bed methane, shale gas under a single licence.

Publication : The Economic Times	Editions : New Delhi
Date :25 March 2024	Page : 10

ONGC to Drill Well in Bihar

First drilling will be done this year in Samastipur and is likely to cost ₹30-35 crore

Sanjeev.Choudhary
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New Delhi: Oil and Natural Gas Corp (ONGC) is planning to drill a well in Bihar this year to look for oil and gas. A commercial discovery will not just put the state on India's oil map but also open up for exploration the entire Ganga basin stretching from Bihar to Uttar Pradesh and Punjab.

Sushma Rawat, director (exploration) at ONGC, told ET that the company has acquired 3D seismic data for 300 sq km for its block in Samastipur, Bihar, and is now planning to drill two exploratory wells. The first drilling will be done this year and may cost ₹30-35 crore, she said.

Data from the first well's drilling will help guide the company's plans for the rest of the exploration block, including the planned drilling of the second well.

Exploratory drilling was last undertaken in Bihar about half a century ago. Since then, a lot of seismic data have emerged and drilling of wells can help calibrate that.

"This one well will open up the entire basin for future exploration, of which we are very hopeful," said Rawat. And if a commercial discovery is made, it will change the "energy scenario as well as lead to the development of local industry around the oil and gas production area".

ONGC, India's largest oil and gas producer, also plans to drill an exploratory well in another block in the Ganga basin in Ballia, Uttar Pradesh, but has been facing hurdles in acquiring land.

Data from the first well's drilling will help guide the company's plans for the rest of the exploration block

Both blocks in Samastipur and Ballia were obtained in the fourth Open Acreage Licensing Policy (OALP) round a few years ago.

"We don't require a very big patch (for well). It's just 130x130 or 150x150 meters of land. It's a small parcel but still difficult to acquire as over the years, the number of owners (for a land parcel) increases and convincing each and every owner is difficult," Rawat said.

In the absence of full property division within families, some land parcels tend to be collectively owned by multiple family members, coordinating with whom is a challenge.

"We reassessed the subsurface data. Then we shifted the on-surface location so that we can drill an inclined or a deviated well. Now we are in the process of finalising the acquisition of that land," Rawat said on shifting the well location in Ballia. "There is a lot of support required from the local administration."

ONGC and other explorers have to directly deal with land owners to acquire land.

Explorers get licence to explore an oil and gas block for a limited time. They have to undertake seismic surveys, obtain multiple clearances from several authorities, and drill wells in the given time to know if the area has commercially exploitable resources.

FILE PHOTO

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Date :26 March 2024	Page : 11

ONGC to Drill Well in Bihar to Put State on India's Oil Map

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FILE PHOTO

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Date :26 March 2024	Page : 1, 7

STRONG BONDING.

How India-UAE ties have touched a new high

Chennai: India and the United Arab Emirates (UAE) have always had close ties. But the relations have significantly deepened in recent years. While trade has strengthened following the Russia-Ukraine war, a few recent developments across the commerce and cultural spheres have brought a new dimension to bilateral relations. **p7**

Publication : The Hindu Business Line	Editions : Mumbai
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How India-UAE ties have touched a new high

STRONG BONDING. Recent developments across commerce and cultural spheres have brought a new dimension to bilateral relations

Sindhu Hariharan
Chennai

With geographical proximity, cultural affinity and friendship dating back to the 1970s, India and the United Arab Emirates (UAE) have always had close ties. But the relations have significantly deepened in recent years.

DEEP DIVE.

While trade has strengthened following the Russia Ukraine war, a few recent developments across the commerce and cultural spheres have brought a new dimension to bilateral relations.

BI-LATERAL PACTS

Recently, the central banks of the two countries gave permission to use local currencies (rupees and Dirhams) for cross-border transactions including trade, remittance, and investment flows. India's payment system, UPI, was linked with UAE's instant payment system Aani in a move likely to benefit over 3.5 million Indians living in the UAE, and travellers between the two countries. India's Rupay cards can also be used in the UAE.

CEPA

The boost to trade also came from the landmark Comprehensive Economic Partnership Agreement (CEPA) signed between the two nations in February 2022. While UAE is India's second top export destination after the US, India is UAE's second largest trading partner after China.

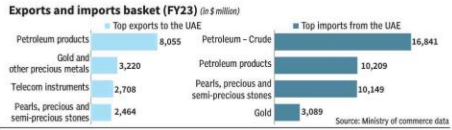
Eyeing bilateral trade of $100 billion in the next five years, CEPA brings cuts in tariff, fast-tracked approvals for business, access to trade zones etc. As a result, trade between India and the UAE touched historic highs going from $72.9 billion in FY22 to $84.5 billion in FY23. During its implementation (May 2022 to March 2023), bilateral trade grew 14 per cent y-o-y. 90 per cent of India's exports to UAE now attract zero duty under the FTA with gems and jewellery, pharmaceuticals, food, energy, etc the key beneficiaries.

Ajay Sahai, Director General & CEO, Federation of Indian Export Organisations (FIEO), says that the CEPA with the UAE is India's first such agreement with a complementary economy compared to those in the past with South Korea or Japan. "FTA utilisation is going up and this is further helped by digitisation of issue of certificate of origins (COOs) for exports," he said. While official data on FTA utilisation is not released, analysts estimate this at over 50 per cent based on the COOs issued.

FOREIGN INVESTMENT

In FY23, Emirates emerged as the fourth largest foreign investor into India from being in the seventh spot in FY22. $3.3 billion of FDI inflow came from the UAE into India in the said fiscal. Further, UAE's sovereign fund has been an active participant in Indian stock market; Abu Dhabi Investment Authority (ADIA) holds 22 listed stocks with a net worth of over ₹3,447 crore, per a December 2023 filing. This is across real estate, infrastructure, logistics, food, and other sectors. Reports also suggest that ADIA is setting up a $4-5 billion fund to invest in India through GIFT City, Gujarat.

Inspired by Saudi Arabia's success with its Vision Fund, UAE funds ADIA, Mubadala and ADQ have also deployed money in India's new-age firms. Reliance subsidiaries Jio Platforms and Reliance Retail, Byjus, Greenko and Lenskart are a few private companies backed by the Emirati investors.



Prime Minister Modi inaugurated a ₹700-crore BAPS temple in Abu Dhabi last month. Built on land gifted by the UAE ruler Sheikh Mohamed bin Zayed Al Nahyan, this is the third temple in UAE but the largest by far in the Middle East, placing UAE among India's top allies.

INNOVATION PUSH

Neelesh Bhatnagar, founder of Dubai-based VC firm NB Ventures, said that the UAE's innovation push has increased start-up opportunities for Indian entrepreneurs in e-commerce, logistics, EVs and other areas. NB Ventures has invested in more than 50 start-ups and helps them tap UAE and larger West Asia region.

DP World, Sharaf, and Lulu Group are few top UAE companies with presence in India and similarly Indian enterprises like L&T, ONGC, Adani Group, and others also operate in the UAE. Recent data from the Dubai Chamber of Commerce show that 15,481 new Indian-owned companies became members of the industry body in 2023, a growth of 38 per cent year-on-year.

"UAE's ease of doing business makes it attractive for Indian companies, especially those looking to expand in Africa and GCC," Rudra Kumar Pandey, partner, Shardul Amarchand Mangaldas, said.

DEMOGRAPHY

Almost 30 per cent of the UAE's population are Indians, which is around 3.5 million. Dubai and Sharjah, in particular, are preferred destinations and are popularly considered as "an India without the everyday hassle."

As the UAE builds a knowledge economy, it has also acknowledged the role of Indian professionals. Many of India's investors, entrepreneurs, doctors, scientists, creatives and others are beneficiaries of the Golden Visa scheme.

Per a recent World Bank report, the UAE and other GCC nations are major contributors to India's foreign remittance inflow and the use of local currencies in cross-border transactions will further increase this.

EXIM TIES. The boost to trade also came from the landmark Comprehensive Economic Partnership Agreement (CEPA) signed between the two nations in February 2022. While UAE is India's second top export destination after the US, India is UAE's second largest trading partner after China ISTOCK

15,481
Number of new Indian-owned companies that became members of the Dubai Chamber of Commerce in 2023

18%
UAE's share in India's total forex remittances in CY2023

3.5 million
Indians in the UAE – making up 30% of the Emirate's population

SOFT POWER

Leaders of both countries have increasingly demonstrated their new relations on the world stage. PM Narendra Modi alone made seven visits to the UAE during his 10-year tenure. In a milestone moment for cultural ties, PM Modi inaugurated a ₹700-crore BAPS temple in Abu Dhabi last month. Built in land gifted by UAE ruler Sheikh Mohamed bin Zayed Al Nahyan, this is the third temple in the UAE but the largest by far in the Middle East, placing UAE among India's top allies.

CHALLENGES REMAIN

Trade analysts noted that while CEPA is increasing trade, it is yet to pick up in new categories. Moreover, the value add in India's exports to the UAE is low as they are mostly import-dependent, they added.

"While exports from India to the UAE are on a rise, it's important to note that imports are also rising," Ajay Srivastava, founder, Global Trade Research Initiative, says. India's imports from UAE rose 19 per cent year-on-year in FY23 to end at $53,231 million. "Gems and jewellery, petroleum, and smartphones comprise 60 per cent of India's exports to the UAE; trade diversification is yet to happen," he added.

FIEO's Sahai says value-added jewellery exports are on a rise and the growth in the lab-grown diamonds market will help increase this in the coming years. "It takes three to five years for any trade agreement to show results," said Sahai.

Shardul Amarchand Mangaldas' Pandey notes that while foreign portfolio investment from the UAE has picked up, FPIs are still constrained by the steep valuation of the Indian stock markets.

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Day trading guide

22155 » **Nifty 50 Futures**

S1	S2	R1	R2	COMMENT
22100	22000	22255	22325	Go short on a break below 22100 with a stop-loss at 22120

₹1443 » **HDFC Bank**

S1	S2	R1	R2	COMMENT
1430	1410	1450	1475	Go long only above 1450. Keep the stop-loss at 1440

₹1509 » **Infosys**

S1	S2	R1	R2	COMMENT
1500	1485	1530	1545	Take fresh shorts below 1500 with a stop-loss at 1510

₹428 » **ITC**

S1	S2	R1	R2	COMMENT
426	424	431	435	Go long only above 431. Stop-loss can be placed at 430

₹263 » **ONGC**

S1	S2	R1	R2	COMMENT
261	258	265	267	Outlook is unclear. Avoid trading this stock for now

₹2910 » **Reliance Ind.**

S1	S2	R1	R2	COMMENT
2890	2875	2920	2960	Go long only above 2920. Stop-loss can be kept at 2910

₹746 » **SBI**

S1	S2	R1	R2	COMMENT
741	738	751	758	Go long only above 751. Stop-loss can be placed at 749

₹3913 » **TCS**

S1	S2	R1	R2	COMMENT
3850	3830	3930	3950	Go short now and also at 3925. Stop-loss can be kept at 3945

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

Publication : Financial Express	Editions : Mumbai
Date :26 March 2024	Page : 2

Appointment of CEO for Land Monetization Corporation gets delayed

FE BUREAU
New Delhi, March 25

TWO YEARS AFTER the Cabinet's approval for the creation of the National Land Monetization Corporation (NLMC), land monetisation has yet to take off meaningfully, as the government has not appointed a full-time chief executive officer for the corporation.

The Department of Public Enterprises (DPE) invited applications from government officers in May of last year to apply for the CEO position at the NLMC. Additionally, applications were solicited for the chairperson position from the corporate sector. Although candidate screenings have been completed, the process of appointing these key personnel has not advanced, and it will be addressed after the new government assumes office following elections, an official said. The CEO position will be offered to a government officer for a five-year term on deputation from the cadre controlling authority. Candidates for the Chairperson position should possess ample experience in real estate, banking, investment funds, and construction. The chairperson's tenure will also span five years.

The CEO position will be offered to a government officer for a five-year term on deputation

Currently, the NLMC operates on an ad-hoc basis with a DPE official serving as CEO, providing advisory services for the monetisation of land assets belonging to BSNL and RINL.

Since the desired skill in the monetisation of non-core assets in government is limited, the NLMC would carry out monetisation of the land and other non-core assets of CPSEs/departmental arms in line with international best practices. These lands would boost affordable housing and other infrastructure projects, which were delayed due to unavailability of land.

The CPSEs, departments and ministries are eagerly looking forward to the full operationalisation of the entity.

NLMC will likely advise on about 5,000 acres of land for monetization from a clutch of sick CPSEs i.e., MTNL, BSNL, BPCL, B&R, BEML, HMT Ltd and Instrumentation Ltd, among others, in urban and semi-urban areas. The defence ministry might take the help of NLMC to monetise about 32,000 acres of land belonging to military farms, abandoned airfields and camping sites, grounds and encroached land.

Publication : Mint	Editions : New Delhi
Date :25 March 2024	Page : 4

Sterlite Power Transmission may consider listing post demerger

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NEW DELHI

Sterlite Power Transmission Ltd (SPTL), which will retain only its manufacturing vertical following the proposed demerger of the transmission business, may explore a public listing as part of its fundraising plans, said managing director Pratik Agarwal.

The Vedanta Group's manufacturing arm, Global Products and Services, produces power transmission components, such as conductors, power cables and overhead wire cables.

In November, the company announced the demerger of its transmission business into a separate entity. In an interview, Agarwal said the company is awaiting the approval for the demerger from the National Company Law Tribunal (NCLT) and expects the process to be completed by the second quarter of FY25.

"The most suitable business for the public markets is our manufacturing business. There are multiple listed players in that space—some are in B2B, some in B2C—and some are capitalizing on the Indian growth story. We are also riding a global growth wave, with 50% of our business coming from exports. We have 40 customers across the US, Europe, Latin America, Southeast Asia, and Australia. So, it is very suitable. Post-demerger, we will evaluate all fundraising options," he added.

"We have no urgency, but we will evaluate all options. If the markets are favourable and, depending on investor interest, we will surely consider a listing of the manufacturing business."

The company is also considering expanding its existing manufacturing facilities in India, besides setting up a new facility, Agarwal said. "The total investment for expansion (both brownfield and greenfield) should be in the range of ₹350-400 crore."

The manufacturing business is projected to grow by 20-30% in 2024-25, buoyed by the around ₹2 trillion worth of central sector transmission projects in India.

The company is also in talks with private equity investors for raising funds for its transmission business, he said.

"That is the business where we operate like a highway operator, where we build, own and operate transmission lines, providing transmission services to end users, generators, and consumers. That business is growing very, very fast. And then we're looking at closing a large transaction with a very large investor, which we also hope to finalize soon."

Publication : The Economic Times	Editions : Mumbai
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LNG Importers Rush to Buy as Price Hits 3-year Low

BRANDS & COMPANIES ▸▸ 3

Publication : The Economic Times	Editions : Mumbai
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LNG Importers Rush to Buy Spot Cargoes as Price Hits 3-yr Low

STOCKING UP Gail, GSPC, IOC, others look to take advantage as prices fall to \$8.3-\$9 per mmBtu

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Mumbai: Power companies and refineries are doubling down on spot liquefied natural gas (LNG) as prices have hit a three-year low, according to industry officials aware of the development.

LNG importers Gail, Gujarat State Petroleum Corporation (GSPC), Torrent Gas, Bharat Petroleum Corp (BPCL) and Indian Oil Corp (IOC), among others, are buying spot cargoes as the Asia spot LNG price has declined between \$8.3 and \$9 per million British thermal units (mmBtu) due to weak demand and high inventory in both Asia and Europe, giving these companies room to expand sourcing and sales to the power, fertiliser, refining and other sectors.

During the same period last year, spot LNG prices averaged \$18.75 per mmBtu. In 2022, spot LNG prices touched a record \$70 per mmBtu on the back of the Russia-Ukraine war.

LNG is mostly traded through long-term contracts of 20-25 years and in the spot market. The price of spot LNG is higher than long-term LNG.

"This price drop in LNG is aiding power units, refineries, petrochemical and fertiliser plants," said one of the persons cited above. "Reliance Industries and HPCL (Hindustan Petroleum Corp) have sought cargoes from GSPC, and Indian Oil is also procuring LNG cargoes for its refineries."

As demand for power rises amid higher temperature, power companies including Torrent Power and NTPC are also buying more LNG. India has 25,000 MW of installed gas-based power capacity. While NTPC owns 5,000 MW, the rest is with private as well as state government entities.

"The government wants power generation companies to buy gas and commission their stranded power units. We are anticipating record power demand this summer," he said. The Central Electricity Authority (CEA) has said power demand may see a spike between March and June.

Gail, GSPC, Torrent Gas, and BPCL did not respond to queries.

India's LNG demand in January 2024 continued to rise strongly to 95 million cubic meters per day (mmcmd) from 90 mmcmd in December 2023 due to the moderation in spot LNG prices to \$10-16 per mmBtu from \$16-17 per mmBtu in November.

Powering Up

Price drop in **LNG** seen aiding power units, refineries, petrochemical and fertiliser plants

Last year spot LNG prices averaged at **\$18.75 per mmBtu**

Central Electricity Authority has predicted a power demand spike between **March** & **June**

India aims to raise share of natural gas in primary energy mix from **6%** to **15%** by **2030**

VIJAY P

This was driven by higher demand in the power, fertiliser and other industrial segments. Total gas demand for the city gas distribution sector, however, continues to be flat with a reduction in administered pricing mechanism (APM) gas allocation offset by higher LNG consumption. APM gas is sourced from domestic gas fields of oil and gas exploration companies and its price is determined by the Petroleum Planning & Analysis Cell (PPAC), a unit of the ministry of petroleum and natural gas.

Internationally, the US Henry Hub gas price declined to \$1.9 per mmBtu due to weak domestic demand on the back of a mild winter, leading to high inventories and a temporary pause in approval of new LNG export plants to consider the environmental and economic impacts of such facilities, JM Financial said in a March 6 report.

India aims to increase the share of natural gas in its primary energy mix from 6% to 15% by 2030, focusing on key end-use sectors such as fertiliser, city gas distribution, power, refineries and petrochemicals.

"After digesting the shocks of the Covid-19 pandemic and the Russia-Ukraine war, gas consumption in FY24 is expected to be the highest ever in the country," Care Ratings said in a March 19 report.

Publication : The Hindu Business Line	Editions : New Delhi
Date :25 March 2024	Page : 2

Venezuela, India's fifth largest crude oil supplier

Rishi Ranjan Kala
New Delhi

In February, Indian refiners took advantage of the US sanctions waiver on Venezuela to increase crude oil imports from the South American country to over 175,000 barrels per day (b/d), making it the fifth-largest supplier.

Trade sources and refiners said that imports are continuing at a "healthy pace" during March but at lower levels compared with last month. After the US lifted sanctions on Venezuela for six months—beginning October 18, 2023—India has been procuring cargoes from December 2023, after a hiatus of over three years, emerging as the largest buyer of crude oil in January 2024 from the country with the world's largest proven oil reserves.

As per energy intelligence firm Kpler, the world's third largest importer secured more than 2,54,000 b/d in January and over 1,91,000 b/d in December 2023 from Venezuela. Until 2019, India was Venezuela's third largest purchaser, after the US and China, importing roughly 3,00,000 b/d on average.

SECURING CARGOES

Viktor Katona, Kpler's Lead Crude Analyst, told *businessline* that Indian refiners exploited the US sanctions waiver in less than a month after the lifting of sanctions. India's refining system is one of the most sophisticated in the world, so the likes of Reliance Industries (RIL) or Indian Oil Corporation (IoC) would want to buy heavier grades, even

with higher levels of sulphur, because they can convert residue into diesel and gasoline, the high-value products, he explained.

Even though RIL took the lead in February, importing two very large crude carriers (VLCCs), IoC and HPCL-Mittal Energy (HMEL) also participated in sharing one VLCC tanker worth of cargo. RIL bought its first cargo that was already loaded in early December 2023 (aboard M/T Gustavia S).

When asked about the scenario in March, Katona said, "After Indian buyers received three cargoes in February, March should see the arrival of three new cargoes again (of this, two have already discharged to Jamnagar - Nissos Kea and Eurohope), whilst one Phoenix Vigor is en route and should start discharging March 31. So after a three-year high of 1,75,000 b/d in February, March should see a marginal decline to 1,55,000 b/d." Back in the day when Venezuelan grades were off-market and only Chinese buyers were in, a cargo of Merey would be priced around $20 a barrel to Brent, however, by now, with Venezuelan crude trading freely, a cargo of Merey would be discounted only to $8 to Brent. So the sanctions waiver also lifted Venezuelan prices massively, he added.

However, the threat of reimposition of sanctions by the US, after April 18, due to no visible progress between Venezuela's President Nicholas Maduro and Unitary Platform, particularly on allowing all presidential candidates to compete in the election, has threatened to impact the trade. But, an official with a domestic refiner said that so far imports are continuing and even if sanctions are imposed, the impact on imports would 'not be substantial'.

Publication : BizzBuzz	Editions : Hyderabad
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Auto players line up range of new EV models

New Delhi

THE Indian auto industry is gearing up to roll out an array of electric vehicle models over the next few years amid a renewed push by the government to encourage environment-friendly mobility solutions with the unveiling of a new policy.

Mass market players like Maruti Suzuki, Hyundai, Mahindra & Mahindra and Tata Motors are lining up new models to cater to the demand across segments. Mahindra & Mahindra CEO

Automotive Sector Nalinikanth Gollagunta told that starting January 2025, the company will be rolling out five new battery electric vehicles in the coming years. "These electric SUVs will be built on Mahindra's innovative INGLO platform and aim to cater to a variety of consumers through their diverse range. The launch of these SUVs is part of Mahindra's broader strategy to lead in the electric vehicle sector, and we expect 20-30 per cent of our portfolio to be electric by 2027," he noted. Maruti Suzuki India Executive Officer (Corporate Affairs) Rahul Bharti said the auto major is making serious investments in EVs. "We will start production of a high-spec EV designed-fresh as an EV with 550 km range in FY24-25 and will have about six EV models in the next 7-8 years," he noted.

Publication : Financial Express	Editions : New Delhi
Date :25 March 2024	Page : 1, 2

DEPENDENCE ON CHINA AUTO PARTS TO RISE WITH EVs

THE RENEWED POLICY push to make India a hub for EV manufacturing could lead to an increase in dependence on auto parts from China, said GTRI, reports **Mukesh Jagota**. ■ PAGE 2

Publication : Financial Express	Editions : New Delhi
Date :25 March 2024	Page : 1, 2

Govt EV push may deepen reliance on Chinese parts

China has rapidly advanced in electric vehicle technology

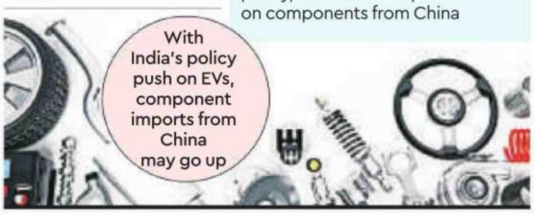
MUKESH JAGOTA
New Delhi, March 24

KEY FINDINGS

$20.3 bn
India's auto-components imports in 2022-23, **30%** of it from China

■ China is estimated to have **75%** of the world's battery production capacity

■ Tesla and Vinfast, likely to enter India after the new e-vehicle policy, will also be dependent on components from China



THE RENEWED POLICY push to make India a hub for e-vehicle manufacturing with short-term customs duty reliefs could lead to a sharp increase in dependence on auto component imports from China, a report by a trade policy think tank said.

India's auto-components imports were a massive $20.3 billion in 2022-23 of which 30% came from China. As the EVs take the centre stage, component imports from China will increase further, given the country's strong hold over the global supply chains for these goods.

According to estimates, China has 75% of the world's battery production capacity and battery accounts for 40% of the cost of an EV. It also accounts for more than 50% of global EV production and exports.

China's automotive industry, buoyed by substantial state support, has rapidly advanced in electric vehicle technology, making it a leading exporter of EVs and related components.

While Chinese brands are themselves expanding their India presence, the likes of Tesla and Vinfast, which are likely to enter India taking advantage of the new e-vehicle policy will also be dependent on components from China, the report by Global Trade Research Initiative said.

The new policy allows imports of fully built electric vehicles on concessional duty of 15% against an investment commitment of $ 500 million minimum. Against that concession, the companies will also have to get to 25% domestic value addition in three years and 50% by five years.

So India's decision to allow Chinese car makers in India and cutting import tariffs on electric vehicles (EVs) will benefit Chinese manufacturers directly or indirectly.

China has firm plans to increase its presence in India in the Passenger Vehicle and commercial vehicle segments, after flooding the market with e-rickshaws and two-wheelers.

The Shanghai-based SAIC Motor Corporation's ambitious JV with Indian firm JSW aims to emulate the Maruti Suzuki moment of the 1980s, which revolutionised the Indian auto sector.

But SAIC Motors is not alone. Chinese car companies like BYD, Changan Automobile, Jinko Solar, and several bus and truck manufacturers like Zhongtong Bus and Foton Motor, also contribute to China's automotive presence in India.

Great Wall Motors and Haima Automobile are also looking to enter the Indian market, and these companies are also expected to rely on supplies from China.

China's EV exports to the European Union and the United States are declining due to anti-subsidy probes and increased trade restrictions over export of subsidised cars/ EV batteries. India market entry provides a much needed relief for Chinese firms. While India aims for higher EV penetration and adoption does India need China dominated ventures to do this, GTRI asked.

China's investments in India are subject to higher scrutiny since 2020 but because of the lead it has gained in EVs the country will have to brace for even higher imports.

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DISCOMS IMPROVE COMPLIANCE ON GREEN ENERGY

RECORD-LOW PRICES OF renewable energy certificates (RECs) on power exchanges have allowed power distribution companies (discoms) to improve compliance with their renewable purchase obligations (RPOs) in the current financial year, reports **Arunima Bharadwaj.** ■ PAGE 2

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RECORD-LOW PRICES ON EXCHANGES

Discoms improve renewable energy purchase compliance

Exchanges' REC price drop due to surplus certificate availability

ARUNIMA BHARADWAJ
New Delhi, March 25

RECORD-LOW PRICES OF renewable energy certificates (RECs) on power exchanges have empowered power distribution companies (discoms) to enhance compliance with their renewable purchase obligations (RPOs) in the current financial year.

In the last trading session on March 13, REC prices hit an all-time low on the Indian Energy Exchange, dropping to ₹300 per certificate, compared to the previous floor of ₹1,000. The upcoming trading session is scheduled for March 26.

For many years till FY23, discoms' compliance with RPO stood at around 60%, but it improved to 90% in the last fiscal year.

Analysts suggest that this year's compliance could mirror last year's, though they note that achieving 100% compliance would have been feasible if not for the decline in hydro power generation.

"Considering the existing competitive band of REC prices, there is tremendous opportunity for obligated entities including state discoms to meet their RPO compliance before the end of the current financial year (March 31, 2024) at optimum costs," said an industry source who did not wish to be identified.

The decline in REC prices on exchanges can be attributed to the surplus availability of certificates amid the market's inability to keep pace with regulatory changes.

RECs are green tradeable certificates that represent power generated from RE but not actual power, allowing discoms and captive power producers to meet their obligation without actual procurement of RE power.

One REC is equivalent to 1MWh of renewable energy power injected into the grid. These are purchased on power exchanges.

In December 2022, the Central Electricity Regulatory Commission eliminated the concept of floor and forbearance prices, allowing RECs to be traded at market-determined prices and facilitating bilateral trade.

In FY24 till date, around 13 million RECs have been traded and out of this approximately 85% have been on the power exchanges, as per data by IEX. REC inventory as of March is more than 30 million.

"This reflects a clear indication that power exchanges are the most preferred platforms for REC trades considering its competitiveness, transparency and depth of liquidity," the source said.

Based on the analysis of respective tariff orders and true-up orders, it has been observed that several states including Uttar Pradesh, Chhattisgarh, Punjab, Maharashtra, and West Bengal have still not complied with their respective RPOs. A decline in prices of RECs is an opportunity for these states to advance their targets at minimal costs.

The procedure is another step to boost the growth of renewable energy and inject it into the grid as the country strives to meet the target of net-zero by 2070 ensuring that state and central mandates for RE consumption are met.

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JSW-MG'S 'MARUTI' MOMENT FRAUGHT WITH ROADBLOCKS

IN 1983, WHEN Maruti Suzuki launched its first passenger vehicle, there were few challengers. JSW Group chairman Sajjan Jindal's ambition to recreate a 'Maruti' moment in the EV space is commendable, albeit fraught with roadblocks, according to experts, reports **Swaraj Baggonkar**. ■ PAGE 4

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● BATTERY COST, CHARGING INFRA, DISTRIBUTION KEY CHALLENGES

JSW-MG's 'Maruti' moment is fraught with roadblocks

SWARAJ BAGGONKAR
Mumbai, March 25

IN 1983, WHEN Maruti Suzuki launched its first passenger vehicle, there were few challengers like Contessa, Ambassador and Padmini. But all of them were making much heavier and larger cars. No wonder, the light-weight, efficient and easy-to-fix Maruti 800 and Omni blew away competition in no time. And within just three years of commencing sales, Maruti grabbed more than 40% of India passenger vehicle market.

The stranglehold on the top spot was dotted with multiple launches over the succeeding years such as the M1000, Zen and Alto. Except for some occasional dips, Maruti Suzuki has been largely able to sell one car in every two cars sold in the country in its four decades of existence.

Obviously, JSW Group chairman Sajjan Jindal's ambition to re-create a 'Maruti' moment in the electric vehicle space is commendable, albeit fraught with roadblocks. "Forty years ago, Maruti came to India and it changed the industry. Today it has a 50% market share. With MG, I believe, we can create a new energy vehicle (NEV) Maruti moment, that's the idea," Jindal said last week while announcing the acquisition of 35% equity in MG Motor India.

Clearly, the steel-to-energy conglomerate seems to be in a hurry. It wants to grab one-third of India's passenger electric vehicle market or 1 million units in just six years. JSW will bring to India MG's both mainstream and premium cars which will be built locally. Jindal has committed to launch one such car every 3-4 months starting September 2024.

However, industry players think that Jindal might have set his target too high. "Either JSW is overestimating India's appetite for EVs or Maruti Suzuki has underestimated the same so far," said a former head of a car making company.

The positives are better control over supply chain. "JSW has promised to make battery cells and other EV parts from its proposed Odisha plant. This should lead to lower costs and better control on the supply chain," said a Bengaluru-based consultant.

But the challenges are many more — one that, perhaps, stalled Maruti's entry into the space. While its debut slated for FY25, one of the biggest reasons behind its reluctance to join the bandwagon has been the steep acquisition price of the EV, as they are typically 70-100% more expensive than their petrol counterparts. Procuring parts, including batteries locally, is the key for keeping prices affordable.

The other big deterrent for prospective EV buyers is the underdeveloped charging network. Because of fewer public charging stations in cities and on the highways, anxiety about the driving range persists among new buyers. "Jindal has spoken about his strategy of tying with start up companies through JSW Energy for setting up EV charging stations. It has the option of providing renewable energy to these stations," said a Mumbai-based analyst.

In addition, a mass scale EV adoption targets cannot be achieved without the support of a sizeable distribution network. Maruti Suzuki dealership network stands at around 3,800 while its service network has 4,900 touch points. For its EV roll out, the company is likely to tap into its existing dealerships giving it an inbuilt advantage over newcomers like JSW. MG currently has around 400 touch points in 270 cities.

Of course, things are changing. "Before mobile phones came to the market, there were the PCO booths next to every shop. Something similar will happen in the EV charging industry. Every shop will have charging stations," Jindal had said.

JSW's aim to bring down acquisition cost of the EV to at least on par if not lower than the petrol/diesel vehicle will stem from the group's efforts to boost design and develop cars within India. That is why the JV company will be strengthening its research, development and technical prowess by setting up a R&D centre.

Its entry into the segment will also coincide with an accelerated new vehicle launch sequence by the competition. With almost every car company jumping into the EV space, the competition will heat up significantly in the coming years.

SPEED BREAKERS

- **JSW-MG** wants to grab one-third of India's passenger EV market or **1 mn units** in just six years
- **JSW will bring to India MG's both mainstream and premium cars** which will be built locally
- Sajjan Jindal has committed to launch one such **car every 3-4 months starting September 2024**
- However, industry players think that Jindal might have set his target too high
- Also, one other challenge is the steep acquisition price of the EV, typically **70-100%** more expensive than their petrol counterparts

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Tata Motors sees 40% sales surge in rural markets, driven by CNG and EVs

Aroosa Ahmed
Mumbai

Tata Motors has seen an uptick in sales of its vehicles in the rural market. The company's sales contribution from the hinterland is now at 40 per cent compared with 32 per cent pre-Covid with an uptick in sales of CNG and electric vehicles. The CNG vehicle penetration is up to 17 per cent, and electric vehicle penetration is up to 30 per cent in the rural market.

"In the last four to five years, we have expanded our network in the rural market. From 500 touchpoints, we are now at 830 touchpoints which are very near to villages where the consumers can visit and check our cars. If you look from a manpower perspective, we now have 270 workshops that cater especially to the consumers in the rural market. Our vehicle portfolio, including electric vehicles, is doing well in the market," Amit Kamat, Chief Commercial Officer, Tata Motors Passenger Vehicles Ltd, told *businessline*.

The carmaker has also witnessed an uptick in demand for alternative fuel vehicles and electric vehicles in the rural market. "We have seen the penetration of CNG and EV improve in the market. The CNG penetration is between 16 to 17 per cent, while the electric vehicle penetration is 25 to 30 per cent in the upcountry for us. The shift in terms of the latest technology is also what we are seeing; products that have automatics have seen 13 to 14 per cent penetration. Higher variants are also being preferred in the hinterland," he said.

Further, the company has witnessed up to 70 per cent first-time car buyers for its entry-level cars.

"In the rural market, first-time buying is higher...around 10 per cent more first-time buyers than in the urban market. We see the market growing this year with a forecast of better rain," he said.

ANUBHAV VANS

To penetrate deeper into the hinterland, the company has introduced vans that travel across villages and towns informing and showcasing the vehicles digitally.

"The company started with the initiative Anubhav Vans two years back and created mobile vans. We have 135 mobile vans that are designed to address the needs of the consumers. The vans travel to villages and explain our product capabilities and features. This and our digital footprints have helped us to expand our presence," added Amit Kamat.