ASIAN AGE, Delhi, 1.6.2024
Page No. 7, Size:(9.25)cms X (4.01)cms.

Core sectors grow 6.2% in April on higher demand

MADHUSUDAN SAHOO
NEW DELHI, MAY 31

The eight key infrastructure sectors' growth rose to 6.2 per cent in April, up from 6 per cent in March, the official data released by ministry of commerce and industry said on Friday.

"Coal production grew 7.5 percent, while electricity generation rose 9.4 percent. In March, coal production rose 8.7 percent and electricity generation grew 8.6 percent," the ministry data showed.

"Similarly, steel production grew 7.1 per cent year-on-year in March, against a 6.4 per cent increase a month earlier, while natural gas output registered a growth of 8.6 per cent in April, where it rose 6.3 per cent in March. Besides, cement production increased by only 0.6 per cent in April, 2024 over April, 2023," it showed.

Also, the data showed that the petroleum refinery products also increased by 3.9 per cent in April, 2024 over April, 2023, but fertiliser production declined by 0.8 per cent in April 2024 over April, 2023," it added.

• THE FISCAL deficit for 2023-24 stood at 5.63 per cent of gross domestic product marginally, better than the 5.8% of ₹17.34 lakh crore estimated in the interim Budget.

Meanwhile, the fiscal deficit for 2023-24 stood at 5.63 per cent of gross domestic product marginally, better than the 5.8 per cent of ₹17.34 lakh crore estimated in the interim Budget, said government data. In actual terms, the fiscal deficit was at ₹16.53 lakh crore, according to official data.

Net tax collection was at ₹23.26 lakh crore in FY24, while the expenditure stood at ₹44.42 lakh crore.

High power demand pushes gas trade in May

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NEW DELHI

In the wake of high power demand and increased operations of gas-based power plants to meet the rising demand, volumes of gas traded on the Indian Gas Exchange (IGX) increased multifold in May compared to the same period a year ago. So far in May about 4.9 million mmBtu (million metric British thermal units) have been traded on the exchanges, nearly six times more than 850,000 mmBtu in May last year, according to data from IGX.

"We have traded 4.9 million mmBtu equivalent to 1.5 LNG vessels and it is double of what we did last month. The increase in volume is largely due to power demand. Initially, there was some shortage of gas as the demand was not expected. Further demand from CGD (city gas distribution) is also increasing as the supply of APM gas is declining," said Rajesh Kumar Mediratta, MD and CEO of IGX.

In April, the trading volumes on the IGX stood at 2.48 million mmBtu.

Among other measures to ensure uninterrupted availability of power, the Union government has already directed gas-based power plants to operate at full capacity. The plant load factor (PLF) of the 62 gas-based plants which account for about 25 GW has also increased.

In April 2024, the PLF of gas-based power plants stood at 21.4%, against 14.2% in April last year. PLF is the measure of a power plant's capacity utilization.

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Core sector grows 6.2% in Apr

In FY24, production growth across the eight core industries was 7.6%, the slowest in three years

Dhirendra Kumar
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NEW DELHI

In April, India's core infrastructure sectors grew by 6.2% due to strong natural gas, electricity and steel output, according to data released by the ministry of commerce and industry on Friday.

In March, the eight core infrastructure sectors—coal, crude oil, steel, cement, electricity, fertilizers, refinery products, and natural gas—grew by 5.2%. This figure was later revised to 6% in the data released for April.

According to commerce ministry data, in FY24, production growth across the eight core industries was 7.6%, the slowest in three years.

However, FY24 has outperformed most years under Prime Minister Narendra Modi's government, except for FY22 and FY23, which saw growth rates of 10.4% and 7.8%, respectively.

The ministry reported that core sector growth stood at 4.6% in April 2023, benefiting from a lower base, and contributing to higher growth in the index during the month under review.


Natural gas, refinery products, steel and electricity pushed the core sector growth with single-digit growth. AFP

"The core sector data is very encouraging, with growth rising from 5.2% in March 2024 to 6.2% in April 2024. This positive trend is expected to significantly boost the quarterly GDP numbers for the current quarter," said Ajay Sahai, director general, Federation of Indian Export Organisations (FIEO)—a commerce ministry body.

"We anticipate surpassing 8% growth in the current fiscal year, building on the impressive 8.2% GDP growth recorded in 2023-24. This continued strong performance reinforces our position as one of the fastest-growing economies in the world," Sahai said.

While fertilizer output contracted by 0.8%, there were also signs of slowing in the production of cement, coal, and crude oil. Crude oil production declined month-on-month from 2% in March to 1.6% in April. Similarly, cement production fell sharply from 10.6% in March to 0.6% in April, and coal production decreased from 8.7% to 7.5% during the same period.

However, natural gas, refinery products, steel and electricity pushed the core sector growth with single-digit growth.

In April, electricity (weightage of 19.85% in the index) drove growth in core industries' output, posting a 9.4% increase in production. Steel production surged 7.1% from 6.4% growth in March, the ministry data showed.

Additionally, natural gas production expanded by 8.6%, refinery products by 3.9% and steel by 7.1%. Although both coal and crude oil production witnessed month-on-month decline, they remained in positive territory, indicating potential growth in the coming months.

OUTPUT DATA

WHILE fertilizer output shrunk by 0.8%, there were also signs of slowing coal, cement production

IN FY24, all industries registered decent growth except crude which witnessed stagnant production

The contraction in fertilizers (-0.8%) has not impacted the production index of the eight core industries, given its lowest weightage of 2.63%. Refinery product growth remained moderate for much of FY24, spiking only in August and November.

For the full year, all core sector industries have registered decent growth barring crude oil which witnessed stagnant production (0.6%). On a positive note, crude oil production has jumped into the positive zone in FY24 for the first time since FY13.

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CPSUs to pay record ₹1.26 trn dividend for FY24

KRISHNA KANT
Mumbai, 31 May

Led by a sharp surge in payouts by oil-marketing companies and public-sector lenders, including banks and Life Insurance Corporation, central public-sector undertakings (CPSUs) will fork out an all-time high equity dividend of around ₹1.26 trillion in FY24, up 28.7 per cent from around ₹97,750 crore in FY23.

This includes the interim dividend paid by listed CPSUs in the first three quarters of FY24.

State-run entities will distribute 26.8% of net profit as equity dividend in FY24 — lowest payout ratio in at least a decade

Nearly 60 per cent of this dividend will go to the central government as the promoter's share. As a result, the central government is expected to earn ₹76,166 crore, up 28.2 per cent from the ₹59,406 crore in FY23. With this, in the last five years, dividend payment by CPSUs has increased at a compound annual growth rate (CAGR) of 19.2 per cent while the government share in the kitty has grown at a CAGR of 18.9 per cent in the period.

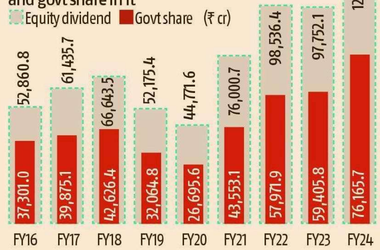
The government stake in various CPSUs ranges from a low 51.1 per cent in NTPC to as high as 98.25 per cent in Punjab & Sind Bank.

Record high dividend from listed CPSUs in FY24 will be a double bonanza for the Budget after it got nearly ₹2.11 trillion from the Reserve Bank of India (RBI). The Interim Budget, presented in February this year, had projected dividends and profit receipts of ₹1.54 trillion from public-sector enterprises, including the RBI, according to Revised Estimates. The government had earned ₹99,913 crore as dividends and profits in FY23. Refiner Indian Oil Company (IOC) is the biggest dividend payer in FY24 -- paying ₹16,945.5 crore to its shareholders in FY24 — up 300 per cent from its FY23 payout. It is followed by Coal India (₹15,715 crore), Oil & Natural Gas Corporation (₹15,411 crore), and Power Grid Corporation (₹10,463 crore).

More than half (56.2 per cent) the dividend payout in FY24 is accounted for by the big five payers, while the 10 biggest take care of 77.5 per cent. In all, 42 of the 60 listed CPSUs in the *Business Standard* sample have declared dividend for FY24, down from 47 in FY23 and 44 in FY22. Turn to Page 10

29% SURGE IN PAYOUT

Historical trend in listed CPSUs' equity dividend and govt share in it



INDIAN OIL LEADS THE CHART

Top equity dividend among listed PSUs in FY24

	FY24 equity dividend (₹ cr)	Y-o-Y chg (%)
Indian Oil	16,945.5	300.0
Coal India	15,715.0	5.2
ONGC	15,410.8	8.9
SBI	12,226.7	21.2
PowerGrid	10,463.2	1.7
NTPC	7,514.9	6.9
LIC	6,325.0	233.3
BPCL	4,486.2	426.7
PFC	4,455.1	27.4
Bank of Baroda	3,935.0	38.2

Note: Total dividend includes interim plus final dividend for the respective financial year
Source: Capitaline, Business Standard Calculation based on March-end promoter's holding
Compiled by BS Research Bureau

BUSINESS STANDARD, Delhi, 1.6.2024
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CPSUs to pay record ₹1.26 trn dividend for FY24

The analysis excludes listed entities such as Hindustan Petroleum Corporation, Mangalore Refineries & Petrochemicals, REC, Petronet LNG, Indraprastha Gas, SBI Cards, SBI Life Insurance, and IDBI Bank that are owned and promoted by other CPSUs with no direct government stake.

According to the analysts, this will help the government in its fiscal consolidation effort and result in a lower overall fiscal deficit than that projected in the Budget. This may lower the yields on government bonds, which is a positive development for asset prices such as equities.

In comparison, the combined adjusted net profits of 60 listed CPSUs in the sample were up 40.2 per cent to record a high of ₹4.69 trillion in FY24, up from the ₹3.35 trillion a year earlier.

As a result, the CPSUs will distribute 26.8 per cent of their net profits as equity dividend in FY24, down from the 29.2 per cent in FY23.

These CPSUs' combined net sales (gross interest income in the case of lenders) were, however, up only 2.6 per cent Y-o-Y in FY24 to ₹44.8 trillion, growing at the slowest pace in the last three years.

LOOKING UP

Steel, electricity push Apr core sector output 6.2%

SHREYA NANDI
New Delhi, 31 May

The output of India's eight key infrastructure industries expanded 6.2 per cent year-on-year (Y-o-Y) in April, aided by robust growth in sectors such as steel, electricity and natural gas.

In comparison, the growth in output was 4.6 per cent in April 2023. However, growth in these industries was revised to 6 per cent in March, up from the government's earlier estimate of 5.2 per cent, data released by the Department for Promotion of Industry and Internal Trade (DPIIT) showed.

The eight sectors — coal, steel, cement, fertilisers, electricity, natural gas, refinery products, and crude oil — comprise 40 per cent of India's total industrial production. As a result, they have a significant impact on the index.

Barring fertiliser, the remaining seven sectors witnessed a positive growth. However, in some of them, the high growth came on the back of a low base. Similarly, while fertiliser output witnessed a degrowth of 0.8 per cent, it was mainly due to a high base. Fertiliser output grew 23.5 per cent in April last year.

"April has been the time when there has been less focus on spending by the government given the ongoing elections. Hence, the numbers must be read with caution," said Madan Sabnavis, chief economist at Bank of Baroda.

Production of coal, crude oil, natural gas, refinery products, steel, cement and electricity witnessed 7.5 per cent, 1.6 per cent, 8.6 per cent, 3.9 per cent, 7.1 per cent, 0.6 per cent and 9.4 per cent growth, respectively, in April, as compared to the same period a year ago.

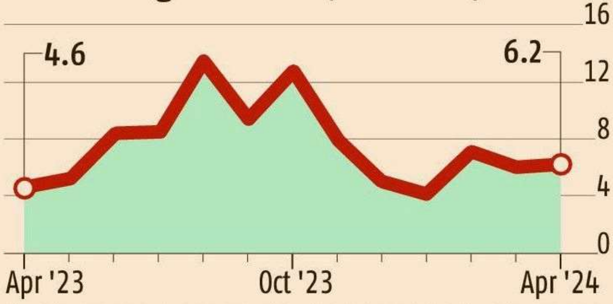
Although the cement sector saw marginal but positive growth in April, on a sequential basis, output witnessed 12 per cent contraction.

According to Aditi Nayar, chief economist at ICRA, the decline in cement output growth in April partly reflects a high base, and could also be dampened by some slowdown in government capex during the Parliamentary elections.

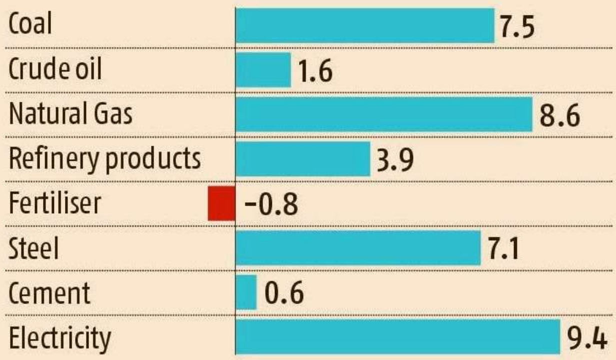
"The steel sector, however, displayed a healthy 9.4 per cent rise in April 2024, which may be driven by consumer durables," Nayar said.

THE TREND

Core sector growth rate (in % Y-o-Y)



Sector-wise break-up for Apr '24 (in % Y-o-Y)



Source: DPIIT

BUSINESS STANDARD, Delhi, 1.6.2024
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Opec meet to shape India's Russian oil purchases as May levels stay high

S DINAKAR
New Delhi, 31 May

The extent of India's import of cheap, discounted Russian oil, which is linked to the financial health of oil-marketing companies, led by Indian Oil, in 2024 hinges on the outcome of a meeting of some of the world's top oil-exporting nations in early June, said industry officials.

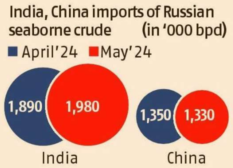
Meanwhile, India continued to consolidate its lead over China in importing seaborne crude oil from Russia in May, increasing purchases over its northern neighbour by over 650,000 barrels per day (bpd) or by around 50 per cent. Indian refiners sourced 4 per cent more crude oil in May month-on-month to around 2 million bpd, the highest level since July last year, cementing the country's status as the world's biggest buyer of seaborne Russian oil, according to industry sources and ship-tracking data. (India's import was 1.9 million bpd in April and 1.98 million bpd in May, according to Paris-based market intelligence agency Kpler.)

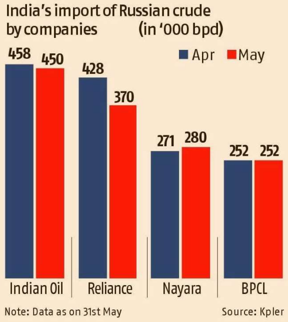
India's last import of over 2 million bpd from Russia was in July last year, with the share of Russian oil in the total being 44 per cent.

The share of Russian oil increased to nearly 41 per cent of India's import of 4.85 million bpd in May from 39.6 per cent of April's 4.8 million bpd.

The Russian cargo, purchased in spot terms on a delivered basis, was booked in March for May deliveries, and state-run refiners are in talks now with Russian traders for July shipments, two refining sources said. Indian refiners expect Russian purchases to hold at current levels until July but they are unsure about the extent of import for the rest of the year — the outcome will depend on the Opec+ meeting.

A crucial ministerial-level meeting of Opec+, the world's top oil exporters, on June 2 will determine if some portion of the 5.6 million bpd of crude oil that was taken off the market since 2022 will come back in the second half of 2024.





"Market expectations have shifted to an extension of the latest 2.2 million b/d tranche of voluntary cuts by eight members, with the option of additional action to support prices," said United States (US) information provider Energy Intelligence. Serious issues will need to be resolved later on how to bring back the large volumes taken off the market since 2022 as non-Opec+ supply grows.

In the case of some reduction in Russian oil production after the meeting, it could impact Indian import, said Prashant Vasisht, senior vice-president and co-group head (corporate ratings), ICRA, a US Moody's affiliate. That in turn will hurt the refining margins of Indian Oil, Bharat Petroleum and Hindustan Petroleum, among others, industry officials said.

"Russian oil is being imported in large quantities by Indian refiners, which is aiding their gross refining margins, especially when diesel and petrol cracks are quite low," Vasisht said. "Though discounts have come down, Russian oil is aiding the companies in posting better profits."

The greater availability of Russian crude oil on non-sanctioned vessels belonging to a thriving 700-strong shadow fleet has helped India evade the sanction noose of the US and average 1.9 million bpd of purchases in 2024-25 after averaging only 1.5 million bpd in the December-March period of 2023-24 fiscal, according to Kpler. US sanctions on the Russian shipping fleet, led by Russian state-owned shipping behemoth Sovcomflot, are having no impact on Indian purchases because the shadow fleet is huge, an Indian official in refining said.

Urals cargo, which accounted for 78 per cent of India's Russian purchases in May, was shipped in non-sanctioned vessels such as the Fos Picasso, Suez Fury, Isabella, Rhea, Orion, Katiuska, Nemo, Firn, and Hydra. These vessels do not seem affiliated to Sovcomflot or any sanctioned ship managers, according to the ship-tracking data. India is using non-sanctioned vessels to ship Russian cargo, industry officials said.

China imported around 1.33 million bpd of Russian crude oil via tankers last month, almost the same as April, according to Kpler. The country also receives the fuel via cross-country pipelines from Russia and Central Asian countries. Chinese purchases had surged in March to a record 1.7 million bpd in March after buying over 13 million barrels of Sokol crude oil rejected by Indian refiners for fear of US sanctions.

BUSINESS LINE, Delhi, 1.6.2024
Page No. 3, Size:(12.71)cms X (14.35)cms.

At 6.2%, core sector growth in April hits a 3-month high

GOOD PERFORMANCE. Except fertilizers, all 7 core industries showed positive growth

KR Srivats
New Delhi

Aided by a strong show from electricity generation, coal and natural gas sectors, the output of eight core industries hit a three-month high of 6.2 per cent in April 2024, higher than the upward revised output growth of 6 per cent in March 2024.

The latest reading was substantially higher than the April 2023 overall core industries growth of 4.6 per cent, official data released by Commerce and Industry Ministry on Friday showed.

Given the latest revision in January 2024 and March 2024 readings, the overall core industries growth for 2023-24 now stands revised upwards to 7.6 per cent (as against 7.5 per cent estimated earlier) as compared to growth of 7.8 per cent in previous fiscal.

For the month under review, other than fertilizers (-0.8 per cent), all the seven core industries recorded positive growth.

However crucial sectors like cement and steel output growth were impacted by huge base effect and also lower focus on government capex spending due to the seven phase general elections that began on April 19.

Core sector: Strong show *(in %)*

Sector	March 2024	April 2024	April 2023
Coal	8.7	7.5	9.1
Crude oil	2.0	1.6	-3.5
Natural gas	6.3	8.6	-2.9
Refinery products	1.5	3.9	-1.5
Fertilizers	-0.8	-0.8	23.5
Cement	10.6	0.6	12.4
Steel	6.4	7.1	16.6
Electricity	8.6	9.4	-1.1
Total	**6.0**	**6.2**	**4.6**

While cement sector saw a tepid growth of 0.6 per cent (12.4 per cent), the steel output in April 2024 grew 7.1 per cent (16.6 per cent).

The eight core industries —coal, natural gas, crude oil, refinery products, fertilizers, cement, steel and electricity —comprise 40.27 per cent of the weight of items included in the Index of Industrial Production (IIP).

The government has also now revised upwards the eight core industries output growth for January 2024 to 4.1 per cent. Last month, the reading for December 2023 was revised upward to 5 per cent. Previously, the government had revised upwards the November 2023 core industries growth to 7.9 per cent. The monthly readings for September 2023 and October 2023 were also revised upwards in earlier months.

In April 2024, coal sector output grew 7.5 per cent (9.1 per cent in April 2023); crude oil at 1.6 per cent (-3.5 per cent); natural gas at 8.6 per cent (-2.9 per cent); refinery products at 3.9 per cent (-1.5 per cent); fertilizers at -0.8 per cent (23.5 per cent); cement at 0.6 per cent (12.4 per cent); steel at 7.1 per cent (16.6 per cent) and electricity at 9.4 per cent (-4.6 per cent).

EXPERTS' TAKE

Aditi Nayar, Chief Economist, Head Research and Outreach, ICRA Ltd, said that the core sector expansion recorded a mild uptick to 6.2 per cent in April 2024, with the improved sequential performance of five of the eight constituents offset by a sharp slide in the cement growth to a marginal 0.6 per cent from as high as 10.6 per cent in the previous month, as well as more modest dips in the performance of coal and crude oil.

"The decline in the cement output growth in April 2024 partly reflects a high base, and could also be dampened by some slowdown in government capex during the Parliamentary elections.

The steel sector however displayed a healthy 9.4 per cent rise in April 2024, which may be driven by consumer durables", she said.

Madan Sabnavis, Chief Economist, Bank of Baroda said that the 6.2 per cent growth in April 2024 has been driven quite decisively by base effects for several components of the index. "April has been the time when there has been less focus on spending by the government given the ongoing Elections. Hence the numbers must be read with caution", Sabnavis said.

"We can expect IIP growth of around 6-6.5 per cent in April".

On electricity production hitting a robust 9.4 per cent, Sabnavis highlighted that it came over a negative growth of 1.1 per cent last year. "Higher demand due to the heatwave as well as steady business activity contributed to this growth", he said.

FINANCIAL EXPRESS, Delhi, 1.6.2024
Page No. 2, Size:(6.02)cms X (11.03)cms.

Imports of oil from Russia hit new peak

Shipments may slow in summer on lower Russian refinery runs

ARUNIMA BHARADWAJ
New Delhi, May 31

RUSSIAN CRUDE OIL imports to India touched a new high of 1.96 million barrels per day, highest since July last year when the imports stood at 2.06 million barrels per day, according to the latest ship tracking data from Kpler. Imports rose as Russian refiners had more crude to export due to lower refinery runs after the Ukrainian drone strikes.

Russia exported 1.96 million barrels of crude oil per day to India last month, up 3% from the previous month, the data showed. However, it is still lower than the 2.15 million barrels per day the country imported in the same period last year.

Post the Russian invasion of Ukraine, this is the 23rd consecutive month when Russia has been the largest supplier of crude to India, Kpler's lead crude analyst Viktor Katona noted. This is despite the narrowing discounts by the country on the crude oil it supplies.

"As India's imports of Russian barrels usually edge higher into the spring months as there's more crude available (Russian refinery runs have been counter-seasonal low because of the Ukrainian drone strikes, so there was more crude going into the wider markets for exports), May marked the fifth consecutive month-on-month increase in imports," Katona said.

Moreover, Saudi Arabia's market share in India's crude imports reduced to 11% last month compared to 13% in April, primarily on the back of rising official selling price (OSPs) of Saudi crude grades. Iraq's crude market share has inched up slightly to 20% in May from 18% in April.

"Rising OSPs of Saudi crude grades are definitely impacting Asian refiners' interest for the crude, in light of the current weakness in refining margins. It is too early to conclude that Iraq has taken over Saudi's market share, as the crude exporters could consider adjusting their crude prices to remain competitive despite interests to maximise crude revenues," said Serena Huang, analyst at Vortexa.

TRADE BOOST

India's crude imports by origin country (million barrels per day)

Source: Kpler