



ATF price hiked 2%, commercial LPG up ₹6.5 per 19 kg cylinder

NEW DELHI: Aviation turbine fuel (ATF) price, on Thursday was hiked 2 per cent and the rate of commercial LPG by Rs 6.5 per 19-kg cylinder in the monthly revision in line with global oil price trends.

ATF price was hiked Rs 1,827.34 per kilolitre, or 1.9 per cent, to Rs 97,975.72 per kl in the national capital, according to a price notification of state-owned fuel retailers.

This is second straight

monthly increase in jet fuel rates. ATF prices were on July 1 hiked by 1.2 per cent (Rs 1,179.37 per kl). That increase followed a steep 6.5 per cent (Rs 6,673.87 per kl) reduction effected on June 1.

The ATF rate in Mumbai was increased to Rs 91,650.34 per kl on Thursday from Rs 89,908.31 previously.

Alongside, oil firms increased the price of commercial LPG by Rs 6.5 to Rs 1,652.50 per 19-kg cylinder.

The increase follows four monthly price reductions, the last one being that of Rs 30 per cylinder on July 1.

In four price reductions, rates were cut Rs 148 per 19-kg cylinder.

Commercial LPG now costs Rs 1,605 per 19-kg cylinder in Mumbai, Rs 1,764.50 in Kolkata and Rs 1,817 in Chennai.

Rate of cooking gas used in domestic households, however, remained unchanged at Rs 803 per 14.2-kg cylinder. PII

Budget spending on refineries, petchem on the rise since FY20

Rishi Ranjan Kala
New Delhi

The Ministry of Petroleum & Natural Gas (MoPNG) has consistently increased its spending on the sectors of refinery & marketing (R&M) and petrochemicals in the last six fiscal years, beginning FY20. However, spending on exploration and production (E&P) has declined.

The Ministry under the sub head 'Investment in public enterprises' provides details about its investment plans for CPSUs in R&M, Petrochemicals, E&P and Engineering.

In FY25, under investment in public enterprises, it allocated a cumulative ₹1,19,402.52 crore.

Of this, R&M has been allocated ₹57,451.04 crore followed by ₹50,382.49 crore (E&P), ₹10,850.94 crore (Petrochemicals) and ₹90 crore (Engineering).

BUDGETARY SPENDING

Comparing Budget Estimates (BE) of last six fiscal years reveals that investments in E&P (out of the total) fell from 52.39 per cent in FY20 to 42.20 per cent in FY25.

On the other hand, R&M investments grew from 42.10 per cent in FY20 to 48.12 per cent in FY25. Similarly, in Petrochemicals, the allocation rose from 4.21 per cent to 9.08 per cent.

Analysing Revised Estimates (RE) also shows a similar pattern. Investments in E&P fell from 51 per cent of the total in FY20 to 43.16 per cent in FY24.

However, R&M investments rose from 44.98 per cent to 48.57 per cent. In Petrochemicals also investments rose from 3.81 per cent to 8.14 per cent.

Gaining vs losing sectors

Comparison of Budget Estimates (%)

	FY20	FY21	FY22	FY23	FY24	FY25
Exploration & production	52.39	52.80	47.14	45.38	34.15	42.20
Refinery & marketing	42.1	42.28	47.49	48.38	38.9	48.12
Petrochemicals	4.21	4.83	5.19	6.05	4.94	9.08
Engineering	1.34	0.10	0.20	0.20	0.10	0.11
Capital infusion	-	-	-	-	21.91	0.53

Comparison of Revised Estimates (%)

	FY20	FY21	FY22	FY23	FY24	FY25
Exploration & production	51.00	48.00	46.58	40.35	43.66	NA
Refinery & marketing	44.98	47.05	47.45	50.74	48.57	NA
Petrochemicals	3.81	4.23	5.78	8.81	8.14	NA
Engineering	0.21	0.70	0.18	0.10	0.12	NA
Capital infusion	-	-	-	-	0.01	NA

Source: CGA

NA: Not Available

In FY24, the allocations for E&P and R&M declined to 34.15 per cent and 38.90 per cent—the lowest since FY20 as government had provided a capital infusion of Rs 30,000 crore (BE), which was 21.91 per cent of the total investment in public enterprises.

Girishkumar Kadam, Senior VP & Group Head (Corporate Ratings) at ICRA, said "Capital support of ₹30,000 crore was provided for energy transition projects to oil marketing companies in BE FY24 and the same was reduced to ₹15,000 crore and shifted to FY25 in interim Budget.

This is reduced to almost nil which would result in negligible support to OMCs."

EVOLVING PRIORITIES

Even as spending on E&P fell in last six years, MoPNG has become aggressive with its focus on increasing domestic oil and gas production.

Ashwin Jacob, Partner and Energy, Resources & Industrial industry leader at Deloitte India, agrees.

"Government has largely ensured continuity in its

stated goal of encouraging domestic hydrocarbon production. This includes measures like formation of a Joint Working Group comprising representatives from private E&P operators, National Oil Companies, MoPNG and Directorate General of Hydrocarbons," he added.

Besides, focus on R&M sector is critical for the country considering India's refined petroleum products consumption, particularly of diesel, petrol and jet fuel, has been growing consistently aided by growing industrial & commercial sectors and rising air travel as well as growing private vehicle ownership.

The world's fourth largest refiner is also a major exporter of transport fuels, particularly to Europe, which has added to the income of domestic refiners.

Developing the petrochemicals sector will also provide a consistent revenue stream to the PSU refiners.

India imports around 87 per cent of its crude oil requirement and roughly half of its natural gas consumption.

Crude output costs go up by \$1/bbl on Budget move

Removal of duty exemptions on chemicals may lead to annual rise of \$40 mn

SUBHAYAN CHAKRABORTY

New Delhi, 1 August

The removal of duty exemptions on chemicals essential for crude production in the Budget has raised production costs by \$1 per barrel (bbl) and led to an annual cost increase of about \$40 million, officials at upstream companies said.

Specific chemicals used for enhanced oil recovery (EOR) in aging fields have seen the removal of duty exemptions, they said. One such chemical is Partially Hydrolyzed Polyacrylamide (HPAM), the widely used polymer in the oil and gas industry. It works by increasing the viscosity of the injected water in oil wells, thus improving its



Key polymer used for enhanced oil recovery from aging oil wells now attracts a range of duties

mobility and oil recovery.

“Due to non-availability of domestically produced HPAM, it is largely imported for domestic operations. The production cost has increased by \$1 per barrel or \$40 million annually,” an official at an upstream major said.

The firms have asked the

government to roll back the changes, given that up to 90 per cent of domestic production by volume comes from aging fields that need EOR. “Implementation of EOR technologies optimise the yield of otherwise unviable fields and currently account for a sizable portion of domestic produc-

tion,” the official said.

Upstream firms are demanding the reinstatement of other chemicals removed from the list of those having exemption from customs duty. Till July 2017, no basic customs duty and indirect taxes were levied on oil and gas supplies. Afterwards, the list of chemicals, called List 33, provided only generic names for all the chemicals, and therefore only a concessional IGST at 5 per cent was applicable. “But from February, 2022, List 33 was modified, and excluded a lot of chemicals that started attracting customs duty, a social welfare charge and an 18 per cent IGST,” an official from a private sector oil producer said.

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Govt cuts windfall gains tax on crude oil to ₹4,600 per tn

Informist

NEW DELHI

The government has cut the windfall gains tax on domestically produced crude oil by 2,400 rupees a tn to 4,600 rupees a tn, the finance ministry said in a notification late on Wednesday. The cess on diesel exports, aviation turbine fuel exports, and petrol remained unchanged at nil. The change in the tax is effective from Thursday.

This is the 47th revision in windfall gains tax. These taxes, which are in the form of cess, are for taxing supernormal gains of oil producers and fuel exporters.

The government reviews these taxes on a fortnightly basis of oil prices and fuel margins in the international market.

July Petrol Sales Up 10%, Diesel 4.3%

New Delhi: Petrol sales rose 10% and diesel 4.3% in July over the previous year as economic activity gained pace, according to the oil ministry data.

Jet fuel consumption expanded by 9% while cooking gas sales increased by 11% in July.

The sales growth in petrol and diesel was significantly higher in July than in the first quarter of the



5% in the first quarter.

Petrol consumption growth was driven by robust car and bike sales and increased mobility with the end of summer holidays and the re-

current fiscal year when the demand for petrol grew by 7.1% and diesel by 1.6%. Jet fuel sales increased by 11.4% and cooking gas by

opening of schools.

Diesel, which accounts for 40% of the country's total refined petroleum products consumption, is extensively used in long-haul transport, mining and farming. Its increased consumption is an indicator of higher economic activity.

Jet fuel demand rose in July on increased air traffic. Expanding customer base has fuelled cooking gas consumption. —Our Bureau



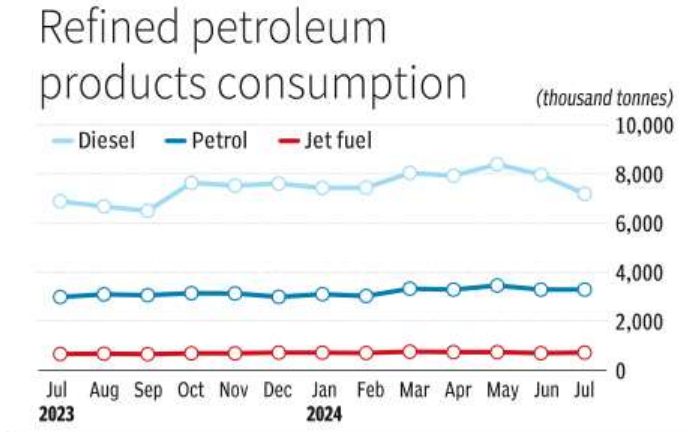
Monsoon effect: Diesel usage falls for two months in a row in July; petrol usage flat

Rishi Ranjan Kala
New Delhi

India's consumption of diesel, the mainstay of transport and logistics sector, fell for second consecutive month in July, while the usage of petrol was almost flat on a monthly basis as rains impacted mobility.

According to the Petroleum Planning and Analysis Cell (PPAC), India's diesel consumption fell by almost 10 per cent on a provisional basis to 7.19 million tonnes (mt) during July 2024. However, the usage was higher by 4.4 per cent on an annual basis.

In the case of petrol, the consumption during July this year stood at 3.286 mt against 3.285 mt in June 2024. On an annual basis, the consumption was higher



Source: PPAC

by more than 10 per cent. Analysts said that the June-September monsoon period historically witnesses a decline in mobility. The industrial and mining activity declines during monsoons which has a bearing on the transport sector for ferrying minerals and products. Subsequently, transport activity

also declines. However, the consumption of aviation turbine fuel (ATF) rose by 3.58 per cent m-o-m and 9 per cent y-o-y to 7,23,000 tonnes last month, on the back of growing domestic and international travel.

India's petrol and diesel consumption broke all past records in May 2024 aided

by higher demand for auto fuels due to campaigning and voting in the ongoing Lok Sabha elections and the beginning of summer vacations.

RISING DEMAND

Fitch Ratings, in a June 2024 report, said that it expects India's petroleum product demand to rise by 3-4 per cent in the financial year ending March 2025 (FY25). The increase will be supported by rising consumer, industrial and infrastructure demand alongside our expected GDP growth of 7 per cent. "We believe the growth will be broad-based, although diesel and petrol will continue to account for over half of consumption. Overall demand grew by 5 per cent in FY24 and 2 per cent in the first two months of FY25," it added.

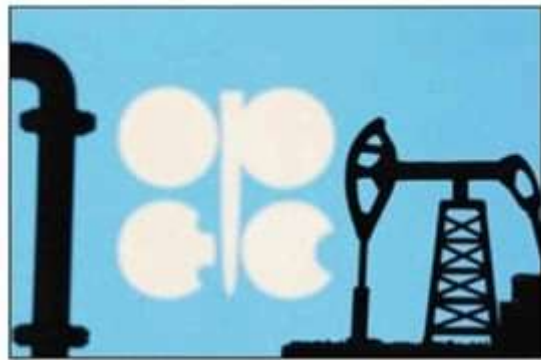
OPEC+ Sticks to Policy of Unwinding Output Cuts

Moscow | London: A meeting of top OPEC+ ministers has kept oil output policy unchanged including a plan to start unwinding one layer of output cuts from October, and repeated that the hike could be paused or reversed if needed.

Several ministers from the Organization of the Petroleum Exporting Countries and allies led by Russia, or OPEC+ as the group is known, held an online joint ministerial monitoring committee meeting Thursday.

OPEC+ is currently cutting output by a total of 5.86 million barrels per day, or about 5.7% of global demand, in a series of steps agreed since 2022 to bolster the market amid uncertainty over global demand and rising supply outside the group.

In a statement after Thursday's meeting, OPEC+ said the members making the most recent layer of cuts—a 2.2 million



REUTERS

bpd voluntary cut until September—reiterated that its gradual phase-out could be paused or reversed, depending on market conditions.

Oil prices have fallen from a 2024 high above \$92 a barrel in April to below \$81, pressured by concern about the strength of demand but finding support this week from increasing tensions in the Middle East.

OPEC+ still has some weeks before it needs to decide whether to proceed with the output hike from October, a source close to the group said. **Reuters**



Petrol, diesel sales rise in July, power demand subdued

Monsoon showers failed to cool India's appetite for petrol and diesel but subdued power consumption in July, govt data showed on Thursday. Diesel sales growth turned positive, registering a growth of 3.4% from the year-ago period, reversing the trend for last several months, while petrol demand saw a spike of 9.5% annually. Power consumption rose by a meagre 3.5% to 145.4 BUs (billion units) during the month from 140.4 BUs a year ago as widespread rains brought down temperatures. This is in contrast to 8-9% growth seen in last few months. TNN



Ujjwala LPG use rises in 2023-24

ARUNIMA BHARADWAJ
New Delhi, August 1

AFTER A DECLINING trend seen after 2020-21, the pandemic year, the number of subsidised LPG refills and new bottles availed by the beneficiaries of the Pradhan Mantri Ujjwala Yojana has started increasing again. According to official data, the per capita consumption of LPG by Ujjwala beneficiaries has improved to 3.95 refills per year in 2023-24 against 3.71 refills in 2022-23.

However, this is still lower than 4.4 refills recorded in FY2020-21 when the government provided up to three refills free of cost in Covid-19 pandemic.

As of July 1, 103.3 million PMUY connections have been released across the country, minister of state of petroleum and natural gas Suresh Gopi informed the Lok Sabha. LPG coverage in the country has improved from 62% in April 2016 to near saturation now, according to the government.

"Further, OMCs are continu-

ously commissioning new LPG distributorships, especially in rural areas. Since the launch of the PMUY scheme, OMCs have commissioned 7,905 distributorships across the country, out of which 7,325 are catering to rural areas," Gopi said. The government had launched the scheme in 2016 with an aim to provide cooking fuel to poor households while discouraging the use of traditional kitchen fuels. The target to release 80 mn connections was achieved in 2019. The government now

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

Last year in August, the government had announced a price cut of ₹200 per cylinder in LPG and decided to expand the scheme with additional 7.5 million connections. In October 2023, it again hiked the subsidy for PMUY consumers by ₹100 taking it to ₹300 per cylinder. In March this year, PM Modi announced a cut of ₹100 per LPG cylinder while encouraging the use of LPG cylinders.

एटीएफ में दो प्रतिशत की वृद्धि, कामर्शियल सिलेंडर भी महंगा

नई दिल्ली, प्रेटर: विमान ईंधन (एटीएफ) की कीमत में गुरुवार को दो प्रतिशत की वृद्धि की गई। इस तरह राष्ट्रीय राजधानी में एटीएफ की कीमत 1,827.34 रुपये प्रति किलोलीटर या 1.9 प्रतिशत बढ़कर 97,975.72 रुपये प्रति किलोलीटर हो गई। वहीं रेस्तरां में इस्तेमाल होने वाले वाणिज्यिक गैस सिलेंडर (19 किलोग्राम) की कीमत में 6.5 रुपये प्रति सिलेंडर की वृद्धि की गई। दिल्ली में 19 किलो वाले गैस सिलेंडर की कीमत 1,652.50 रुपये हो गई है। बिजली की खपत 145.40 अरब यूनिट पर : जुलाई में मानसून के पूरी तरह सक्रिय होने के बाद देश में बिजली की खपत पर असर पड़ा है और यह सालाना आधार पर सिर्फ 3.5 प्रतिशत बढ़कर 145.40 अरब यूनिट रही है। जुलाई, 2023 में बिजली खपत 140.41 अरब यूनिट रही थी। एक दिन में बिजली की सर्वाधिक मांग 226.63 गीगावाट रही।



कमर्शियल गैस सिलेंडर की कीमत 6.5 रु. बढ़ी

नई दिल्ली, (पंजाब केसरी): अंतरराष्ट्रीय तेल कीमतों के रुझान के अनुरूप मासिक संशोधन में विमान ईंधन (एटीएफ) की कीमत में बुधवार को दो प्रतिशत की वृद्धि की गई। इसके साथ ही होटल तथा रेस्तरां में इस्तेमाल होने वाले वाणिज्यिक गैस सिलेंडर (19 किलोग्राम) की कीमत में 6.5 रुपये प्रति सिलेंडर की वृद्धि की गई। सरकारी ईंधन खुदरा विक्रेताओं की मूल्य अधिसूचना के अनुसार, राष्ट्रीय राजधानी में विमान टरबाइन ईंधन (एटीएफ) की कीमत 1,827.34 रुपये प्रति किलोलीटर या 1.9 प्रतिशत बढ़ाकर 97,975.72 रुपये प्रति किलोलीटर कर दी गई। विमान ईंधन की कीमतों में यह लगातार दूसरी मासिक वृद्धि है। एक जुलाई को एटीएफ की कीमतों में 1.2 प्रतिशत (1,179.37 रुपये प्रति किलोलीटर) की बढ़ोतरी की गई थी।