MILLENNIUM POST, Delhi, 12.4.2024
Page No. 8, Size:(8.51)cms X (11.23)cms.

CBI ACTS ON HPCL COMPLAINT

2 HPCL officials charged with petroleum pilfering

NEW DELHI: The CBI has registered an FIR against two HPCL assistant managers for allegedly pilfering 642 kilo litres of petroleum products worth Rs 5.82 crore between June 2022 and January 2024, officials said on Wednesday. They said the agency has booked Rahul Kumar and Hemant Singh, both assistant managers posted at HPCL's Mathura terminal, along with two private transporters -- SR Transport Company and Jadon Transport Company.

The Central Bureau of Investigation (CBI) started a search operation on the premises of the accused in Agra and Mathura in Uttar Pradesh during which Rs 12 lakh (approx) in cash, property documents and other incriminating documents were seized from the two assistant managers. The CBI action comes on a complaint from HPCL's chief vigilance officer alleging that both accused entered into a conspiracy with the transporters, allowing the theft of petroleum products from the Mathura terminal and causing wrongful loss of Rs 5.82 crore to the exchequer while enriching the accused transport companies. MPOST

> Rs 12 lakh in cash, property documents and other incriminating documents were seized from the two assistant managers

BUSINESS LINE, Delhi, 12.4.2024
Page No. 8, Size:(9.47)cms X (10.11)cms.

OPEC sees robust summer oil demand, economic upside potential

Reuters
London

The Organization of the Petroleum Exporting Countries predicted robust fuel use in the summer months on Thursday and stuck to its forecast for relatively strong growth in global oil demand in 2024, highlighting an unusually large gap between predictions of oil demand strength. OPEC, in a monthly report, said world oil demand will rise by 2.25 million barrels per day (bpd) in 2024 and by 1.85 million bpd in 2025.

SCORCHING PACE. OPEC said world oil demand will rise by 2.25 million bpd in 2024 and by 1.85 million bpd in 2025 REUTERS

GROWTH POTENTIAL

Both forecasts were unchanged from last month. A boost to economic growth could give extra tailwind to oil prices, which have rallied above $90 a barrel this year on tighter supply and war in the Middle East. OPEC and its allies, known as OPEC+, last week agreed to keep oil output cuts in place until the end of June. "Despite some downside risks, the continuation of the momentum seen in the beginning of the year could result in further upside potential for global economic growth in 2024," OPEC said in the report.

Looking ahead to the summer, when fuel demand rises seasonally as people travel more, OPEC said global jet/kerosene fuel demand will rise by 600,000 bpd year on year in the second quarter, gasoline by 400,000 bpd and diesel by 200,000 bpd. "The robust oil demand outlook for the summer months warrants careful market monitoring, amid ongoing uncertainties, to ensure a sound and sustainable market balance," the report said.

However, there is a wider than usual split between forecasters on the strength of oil demand growth in 2024, partly due to differences over the pace of the world's transition to cleaner fuels.

BUSINESS LINE, Delhi, 12.4.2024
Page No. 8, Size:(2.99)cms X (3.74)cms.

EU opts for blocking Russian LNG

Brussels: The European Union has avoided sanctions on Russian gas, opting for a policy that allows governments to block Russian liquified natural gas imports. So far, no major importer has indicated they will use it. Russian LNG deliveries to Europe have increased to 22 bcm last year, up from around 16 bcm. REUTERS

BUSINESS LINE, Delhi, 12.4.2024
Page No. 9, Size:(2.99)cms X (4.54)cms.

Maharashtra Seamless bags ₹674-crore order from ONGC

Bengaluru: Maharashtra Seamless Ltd has received work order from ONGC for supply of casing pipes. The contract is valued at ₹674 crore and is to be executed in 44 weeks, according to the stock exchange filing. Maharashtra Seamless stock closed at ₹902 on the NSE, up 0.18 per cent on Wednesday. Meanwhile, ONGC stock rose 1.17 per cent to close at ₹272.10. OUR BUREAU

BUSINESS STANDARD, Delhi, 12.4.2024
Page No. 9, Size:(18.08)cms X (31.37)cms.

Reviving disinvestment

This must be a top priority for the next govt

At a *Business Standard* event last month, Union Finance Minister Nirmala Sitharaman reiterated the central government's commitment to the privatisation policy. Some concerns in this context emerged after the Interim Budget, presented on February 1, did not explicitly provide the disinvestment target for the year. The minister's statement thus is reassuring. The new public-sector policy was announced as part of the Aatmanirbhar Bharat package during the pandemic. It was also part of the Union Budget 2021-22. The policy envisages disinvestment in all strategic and non-strategic areas. The government will maintain a bare minimum presence of central public-sector enterprises (CPSEs) in strategic areas, such as atomic energy, power, petroleum, and financial services.

However, there is no clear timeline for the implementation, which is perhaps understandable because disinvestment and privatisation can be complex exercises. Some CPSEs may take time because of various issues, such as protecting employee interests. Yet, despite the potential complexity, the government would be well advised to move swiftly on this path. Prime Minister Narendra Modi has said that the next term of his government will take big decisions and various ministries are reportedly making a road map in this regard. Irrespective of the shape of the next government, there are strong reasons why reviving disinvestment should be at the top of the agenda.

The government has supported economic revival from the pandemic by increasing capital expenditure. While it did push up growth in recent years, higher government expenditure slowed the fiscal consolidation process. The Union government is targeting to bring down the fiscal deficit to below 4.5 per cent of gross domestic product by 2025-26. Accelerating the fiscal consolidation process will help the Indian economy if the proceeds of disinvestment fund part of capital expenditure. Lower government demand for financial savings will leave funds for the private sector. There are tentative signs of private-sector capital expenditure revival. However, if the government continues to absorb a large part of surplus savings, the revival of private capex will be at risk. It may be forced to import capital, which may not be desirable at this stage. Thus, large-scale disinvestment can not only help sustain government capex but also help revive private investment, which is necessary to sustain growth.

Further, stock markets are booming and the outlook is positive. Assuming India elects a stable government, which looks likely at this point, things could improve further. Global inflation has peaked and financial conditions have eased comparatively. Investors expect the US Federal Reserve to start cutting policy interest rates later this year. A lower cost of money in global markets will support capital flows to emerging-market economies like India, which could further push up stock-market valuations. Increasing demand for stocks and favourable valuations mean the government will get a better price for its assets. It must capitalise on this opportunity. Notably, although stock prices of CPSEs, as reflected by the S&P BSE PSU Index, have doubled over the past year, valuations in terms of the price-to-earnings ratio are still much lower than the benchmark S&P BSE Sensex. Significant disinvestment would likely increase investor participation, making it easier for these firms to raise capital for expansion. Thus, pursuing aggressive disinvestment and privatisation will augment growth in more ways than one.

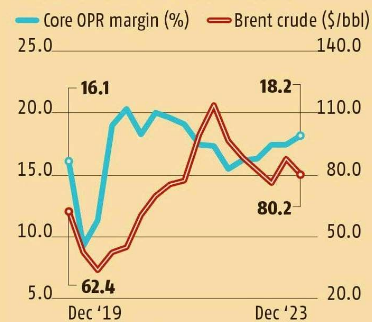
गेल GAIL
BUSINESS STANDARD, Delhi, 12.4.2024
Page No. 12, Size:(52.55)cms X (25.52)cms.

Oil's slick grip threatens corporate margins

Corporate margins and profits in India remain vulnerable to changes in crude oil prices in the international market. Historical quarterly data from listed companies (excluding banks, finance and insurance, oil and gas, and power sectors) indicate an adverse correlation between corporate margins and crude oil prices.

An increase in companies' core operating margins was observed in 2020-21 (FY21) following a sharp decline in crude oil prices in the first half of calendar year 2020 after the outbreak of the pandemic.

For instance, operating margins reached a record high of 20.3 per cent of net sales in the October-December quarter of FY21 as oil prices dropped to a record low of $33.7 in the April-June quarter (Q1) of FY21 from $66.4 a year ago. However, margin gains for companies were reversed in 2021-22 (FY22) and the early part of 2022-23 (FY23) as Brent crude oil surged to a record high of $113.8 per barrel in Q1FY23. This rally was fuelled by post-pandemic economic recovery worldwide and supply-chain disruptions caused by the Russia-Ukraine conflict. Elevated energy prices led to increased operating costs for Indian companies, resulting in a decline in corporate margins to 15.5 per cent of net sales in the July-September quarter of FY22 quarter from 19.6 per cent a year ago. This cycle reversed again in FY23 as crude oil prices declined, boosting corporate margins.



Sources: Bloomberg, Capitaline

This cycle is once again swinging, with Brent crude oil up nearly 18 per cent since the end of December 2023.

As in the past, the rise in crude oil prices has been accompanied by an increase in industrial commodity prices as well. For instance, the London Metal Exchange, which tracks prices of industrial metals like copper, aluminium, zinc, and lead, is up 10 per cent year-to-date. This is likely to result in higher manufacturing costs for Indian companies, with a lag of four to six months.

"In the past two/three quarters, gains in corporate profits largely resulted from a decline in energy and commodity prices, while revenue growth was in low single digits. These gains are likely to reverse in forthcoming quarters if the recent rally in crude and commodity prices sustains," says Dhananjay Sinha, co-head of equities and head of research at Systematix Group.

ILLUSTRATION: BINAY SINHA

Here are the 12 companies from the BSE 500 universe that could experience significant impact from a rise in crude oil prices. The analysis excludes oil and gas, power producers, and gems and jewellery companies.

KRISHNA KANT & RAM PRASAD SAHU

ECONOMIC TIMES, Delhi, 12.4.2024
Page No. 7, Size:(8.19)cms X (11.43)cms.

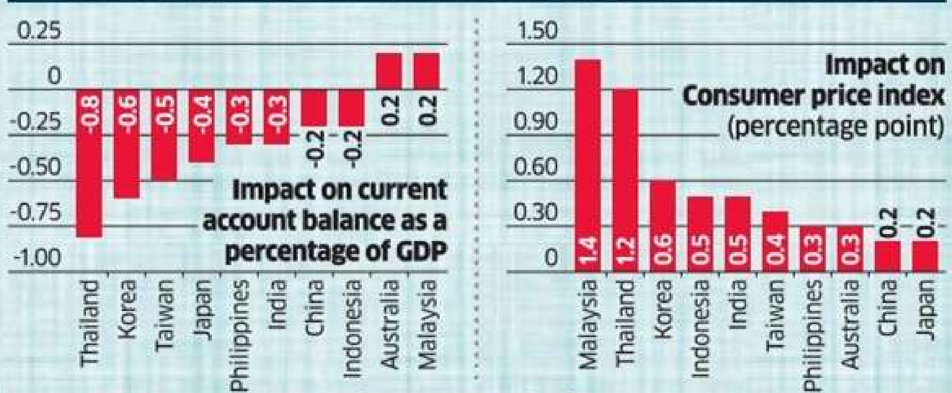
Oil's Rise Complicates Global War on Inflation

Oil's on the boil, and India's finances wouldn't look that pretty if fuel-stoked inflation rearers its ugly head. A Morgan Stanley study showed if global crude oil prices rise to $110-120 a barrel in the next 3-4 months due to supply or geopolitical concerns, India's inflation fight could stretch. A $10 increase per barrel could impact consumer prices by 0.2 to 1.4 percentage points on the consumer price gauge across Asian economies. India is somewhere in the middle of the pack, with the CPI rising up to 0.5 percentage points for each $10 a barrel increase in oil prices.

Any rise in inflation could derail rate easing plans of central banks, including those of the RBI. Also with many Asian economies being net importers of crude, there will be an impact on the current account deficit as well. Ten of the 12 economies in the region are net oil importers and would be affected, but the likes of Thailand, Korea, the Philippines, and India, which have higher CPI sensitivity to oil price increases and run wider oil deficits, would be more exposed, Morgan Stanley said.

– Gayatri Nayak

How Sensitive are Asian Economies to a $10 rise in Oil Prices



Source: **Morgan Stanley**

PRAVIN G

गेल GAIL

FINANCIAL EXPRESS, Delhi, 12.4.2024

Page No. 8, Size:(6.52)cms X (14.68)cms.

Oil trouble

Supply-demand imbalance and heightened geopolitical tensions trigger elevated prices

OIL PRICES ARE hovering around $90 a barrel due to simmering geopolitical tensions in the Middle East following the assassination of Iran's two generals and five military advisors in Damascus. Markets have remained on the edge as Iran has vowed revenge and has even asked the US to "step aside" as it readies its response to Israel, which carried out that deadly air strike in Syria. The uptick in Brent crude spot prices is also due to diminishing prospects of a ceasefire in the ongoing war between Israel and Hamas forces since last October. The oil rally marks a departure from the last six months when prices did not flare up despite the conflict. Although in the initial weeks, Brent crude spot prices remained elevated at $90-plus a barrel, they settled down to lower levels of $77.6 a barrel in December 2023. The attacks on shipping in the Red Sea by Yemeni Houthi forces contributed to some upward pressure as oil prices edged up to $85.4 a barrel in March. But they were range-bound as the assumption was that conflict will not engulf the Middle East that accounts for a major proportion of the world's oil production.

Besides heightened geopolitical risks, an equally important factor behind higher oil prices is the imbalance between supply and demand. The Saudi Arabia-led OPEC+ alliance is constraining supply when the global demand for oil is growing. Last month, several members of OPEC+ agreed to extend additional voluntary cuts of 2.2 million barrels per day (bpd) till end-June 2024 to prop up prices. The oil cartel and its allies reaffirmed this decision at their joint ministerial monitoring committee meeting on April 3. Oil prices flared up with the prospect of tighter supply.

Leading hedge funds believe that the cartel has regained control over the market. OPEC+ has been reducing output since November 2022, which has taken 5.3 million bpd or 5.2% of global supply out of the market. Constrained production at a time global consumption is expected to grow is a recipe for higher Brent spot prices of $90 a barrel and $91.4 a barrel in the April-June and July-September quarters this year according to the US Energy Information Administration.

The outlook on prices could be much worse if Iran targets Israel and US assets. Besides a military response, the US could impose further sanctions on Iran, including curbs on its sale of oil. Iran is the third largest OPEC producer generating 3.23 million bpd in January-March 2024 or 3.2% of global crude supplies. It is true that past sanctions during November 2011 to October 2012 and ongoing ones since July 2018 led to only small declines in global oil supplies by 0.9% and 1.2% respectively, resulting in limited price spikes. But the current situation portends a more dismal scenario if Iran retaliates by blockading the Strait of Hormuz — located between Oman and Iran and connecting the Persian Gulf with the Gulf of Oman and the Arabian Sea — through which a fifth of global oil supplies pass daily. Oil prices then would sky-rocket and bring the world economy to its knees. International diplomacy must therefore prevail to contain a wider spread of the Israel-Hamas conflict to the Middle East. The prospect of higher oil prices is definitely not good news for India that imports the bulk of its energy requirements.

Rising material costs hit plastic industry

Dhirendra Kumar
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NEW DELHI

Rising prices of raw materials for manufacturing plastic products could further burden the Indian economy and lead to a hike in the prices of plastic goods in the near future, said Sribash Dasmohapatra, executive director of the Plastics Export Promotion Council (PLEXCONCIL), a body under the ministry of commerce.

Raw materials used for manufacturing plastics, such as ethylene and propylene, are primarily sourced from countries with abundant petrochemical resources like Russia, Iran, the United Arab Emirates and Saudi Arabia. These countries have significant oil and gas reserves, which are the primary sources of these raw materials, Dasmohapatra said.

Being import-dependent and facing a 20% rise in raw material prices, Indian products are struggling to remain globally competitive, especially at a time when India is seen as an alternative to China, he said.

In 2022-23, India imported raw materials like polyvinyl chloride (PVC) worth $2.74 billion, linear low-density polyethylene (LLDPE) worth $1.99 billion, high density polyethylene (HDPE) worth $1.73 billion, polypropylene worth $1.56 billion, polycarbonates worth $627 million, propylene copolymers worth $544 million, propylene copolymers worth $508 million, CPVC worth $422 million, and polyurethanes worth $417 million, ministry of commerce and industry data showed.

There is a huge gap between the production and consumption of raw materials for plastics in India. HT

Being import-dependent, Indian products are struggling to remain globally competitive

There is a huge gap between the production and consumption of raw materials for plastics in India. According to data from the commerce ministry, in 2022-23, India produced 14.31 million tonnes (MT) of plastic raw material, while consumption stood at 19.23 million MT, a deficit of 4.92 million MT.

"Despite the insufficient production of raw materials by Indian companies to meet domestic demand, India's exports have not decreased volume-wise compared to last year. However, internationally, the price of raw materials has risen by 20% due to increased demand," he said.

India's plastic exports in February 2024 were worth $997 million, up 14.3% from $872 million in the corresponding month of the previous year.

In India, several companies produce polymers used as raw materials for plastics, including some big players like Reliance Industries ltd, ONGC Petro Additions Ltd and Indian Oil Corporation (IOC). These companies play a crucial role in the production and supply of polymers for various industries in India.

India is also home to more than 50,000 plastics processors, primarily micro, small, and medium enterprises. They serve a wide array of industries, including packaging, automobile components, consumer durables, and healthcare products. PLEXCONCIL, the apex body of the plastics industry in India, represents over 3,000 exporters who manufacture or export plastics products ranging from raw materials to semi-finished and finished items.

Lack of clean fuel biggest challenge for airlines

Bloomberg
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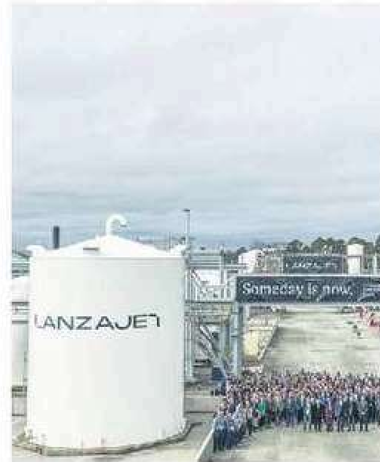
In a glimmer of progress for the daunting task of reducing air travel's climate impact, a newly built plant in rural Georgia could begin pumping out the world's first commercial quantities of a new type of cleaner jet fuel this month. The $200 million plant from LanzaJet Inc. will be the first to turn ethanol into a fuel compatible with jet engines.

The facility is one of many efforts around the globe attempting to crack one of the biggest problems facing greener air travel: finding and developing cleaner feedstocks that can generate enormous quantities of fuel without triggering ripple effects that end up worsening the climate and biodiversity crises.

Progress thus far has been very limited. Efforts to produce new types of cleaner fuels require hundreds of millions of dollars. But investors have remained wary with would-be plants routinely suffering lengthy delays and struggling to become operational.

"We need to scale-up by 1,000-fold," says Hemant Mistry, director of net zero transition for the International Air Transport Association, which has pledged that the aviation industry will erase its carbon emissions by 2050, mostly by using huge quantities of cleaner jet fuel.

At its new facility dubbed Freedom Pines Fuels, LanzaJet plans to produce 9 million gallons of sustainable aviation fuel (SAF) per year. In one sense, that's just a tiny step forward: It would take 100 of these plants to fulfil just 1% of the ravenous appetite of the world's commercial air carriers, which consumed 90 billion gallons of jet fuel last year.



LanzaJet Inc.'s $200-mn plant to turn ethanol to jet fuel in Georgia.

But it provides a glimpse of one direction the clean fuel industry wants to go. Most SAF today is derived from animal fats and waste oils, which are relatively scarce. This has left aviation giants scouring the world for alternatives to meet their climate commitments. IAG SA, the parent company of British Airways, has pledged to up its SAF usage to 10% by 2030. Three years ago, British Airways partnered with LanzaJet, investing in Freedom Pines' construction and teaming up on a clean fuels facility in the UK, which they hope will come online by 2028. IAG hopes to consume its first SAF from the Georgia plant later this year. "Diversification matters," says IAG's Robinson. "That's why alcohol-to-jet is quite attractive to us."

At its new facility dubbed Freedom Pines Fuels, LanzaJet plans to produce 9 million gallons of SAF per year

L.E.K. Consulting, in a report on the SAF market last year, predicted alcohol-to-jet will surpass today's clean fuels to become the world's biggest source of SAF by the middle of next decade.

HINDU, Delhi, 12.4.2024
Page No. 15, Size:(2.99)cms X (10.31)cms.

Oil extends gains on West Asia tension escalation

Reuters
SINGAPORE

Oil prices extended gains on Thursday, after rising a dollar a barrel in the prior session, as investors braced for a worsening of the West Asia crisis, potentially involving Iran, the third-largest oil producer in OPEC.

Brent crude futures advanced by 30 cents to $90.78 a barrel by 0325 GMT. The contract rose more than 1% in the prior session after three sons of a Hamas leader were killed in an Israeli airstrike in Gaza, feeding worries the ceasefire talks might stall.

"Market participants are pricing for risks of supply disruptions if tensions were to drag for longer," said Yeap Jun Rong of IG.

HINDUSTAN TIMES, Chandigarh, 12.4.2024
Page No. 5, Size:()cms X ()cms.

MAN INJURED AS FIRE BREAKS OUT AT SHIMLA EATERY

SHIMLA: A man was injured in a fire that broke out at an eatery in Summerhill market in Shimla on Thursday, officials said.

The fire broke out at the eatery in the afternoon due to leakage in a gas cylinder. The locals, who gathered outside, informed the fire department as thick smoke and flames started to come out of the shop, they said.

The shopkeepers of shops adjoining the eatery also vacated their stores and tried to douse the flames, they said.

The fire department officials reached the spot and doused the blaze within 30 minutes with the assistance of local residents. They removed cylinders to avoid any major mishap.

The injured, identified as Mast Ram, was taken to Deen Dyal Upadhyay Zonal Hospital, officials added.

Shimla (Urban) SDM Bhanu Gupta said an estimated loss of ₹50,000 has been suffered. **HTC**

Centre's new EV policy permits states to offer incentives to bag investments

Rajeev Jayaswal
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NEW DELHI: The Union government has already announced a liberal EV policy for all aspiring investors and it is unlikely to give any company-specific concession, but states may offer incentives such as land at a concessional rate to attract foreign investments during Tesla CEO Elon Musk's India visit later this month, two officials said.

Competition among states to attract foreign investments is a healthy trend, which helps in enhancing ease of doing business and two industrial states in western India and two in the South are competing to host Tesla's proposed manufacturing unit, they said.

Last week, a person familiar with Tesla's India plans told HT it is considering Gujarat, Maharashtra or Tamil Nadu as the site for its plant, primarily because these are coastal states with ports. Tesla, the world's leading Indian EV manufacturer, has begun the process of producing right-hand drive cars for the Indian market in its Berlin factory and hopes to have them on Indian roads later this year, one of these people said, asking not to be named. The company is sending a team in the third week of April to India to scout for locations to firm up its mega manufacturing plans to make vehicles in India for the wider developing world, this person said.

A week later, it emerged that Musk would be heading the team. In a twitter post, Musk on Wednesday said, "Looking forward to meeting with Prime Minister @NarendraModi in India!"

The visit may help in resolving issues such as site for the facility and regulatory approvals, the two officials cited in the first instance added.

"Proactive approach of states will help the company in taking a decision. However, a final call will be taken by it based on various factors such as cost of production, law and order situation and infrastructure facilities," one of the two added, saying that Gujarat, Maharashtra, Telangana and Tamil Nadu could be competing for the investment. "Tesla may initially invest $2-3 billion in setting up a plant in India to cater to the demand of the region. It wanted concessional duty on EV imports during the gestation period, which has been addressed by the EV policy released last month," the official said.

The new policy is unlikely to provide any company-specific concession. HT ARCHIVE

Besides Tesla, several other foreign car manufacturers want to invest in India, provided they would also be allowed to import EVs by reducing customs duty. The new EV policy announced on March 15 addressed their demand while protecting the national interest, the second official said. "Multiple firms have expressed interest in setting up manufacturing plant in India because it offers a cost-effective manufacturing base, a large market, a rule-based stable political regime and a favourable policy framework," he said.

The central government on March 15 approved an e-vehicles policy allowing limited imports of cars by global EV giants at a concessional duty of 15%, provided they invest a minimum of $500 million for setting up a manufacturing plant in India. Otherwise, cars imported as completely built units (CBUs) attract customs duty ranging from 60% to 100%, depending on engine size and cost, insurance and freight (CIF) value.

According to the policy, a maximum of 40,000 EVs at the rate of not more than 8,000 per year would be permissible if the investment is of $800 million or more. The carry-over of unutilised annual import limits would be permitted.

"This will provide Indian consumers with access to latest technology, boost the Make in India initiative, strengthen the EV ecosystem by promoting healthy competition among EV players leading to high volume of production, economies of scale, lower cost of production, reduce imports of crude oil, lower trade deficit, reduce air pollution, particularly in cities, and will have a positive impact on health and environment," the commerce ministry said in a statement while announcing the policy that day.

The policy said the investment commitment made by a company will have to be backed up by a bank guarantee in lieu of the custom duty forgone and the bank guarantee will be invoked in case of non-achievement of domestic value addition (DVA) and minimum investment criteria defined under the scheme.

The policy gives a three-year timeframe to global investors for setting up a manufacturing facility and start commercial production of e- vehicles in India. According to the policy, the company is required to reach 50% DVA within five years or earlier while 25% localisation is envisaged in the third year.

The policy has provisions to protect domestic industry as the customs duty of 15% would be applicable on vehicle of minimum value of $35,000 (about Rs 29 lakh) and above for a total period of 5 years subject to the manufacturer setting up manufacturing facilities in India within a three-year period.