ECONOMIC TIMES, Delhi, 18.7.2024
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Consumption of Natural Gas Rises 7.1% YoY in June

Our Bureau

New Delhi: Domestic natural gas consumption increased 7.1% year-on-year in June, aided by an 11.3% surge in imports. India imported 2,648 million metric standard cubic metres (MMSCM) of liquefied natural gas (LNG) in June, according to the petroleum and natural gas ministry data. Total domestic gas consumption was 5,594 MMSCM, also aided by a 2.9% expansion in domestic gas production to 2,993 MMSCM.

For the April-June quarter, the increase in consumption was 3.8% year-on-year. Domestic production went up 5.7% and imports only 0.6%.

LNG prices in the spot market have risen about 50% in four months. Japan Korea Marker (JKM), the Asian spot benchmark for LNG, averaged $12.6 per MMBtu in June, a little higher than $12.2 a year ago.

The onset of the monsoon has brought down electricity demand in the country, affecting imports of LNG for power generation.

Consumption of refined products increased 2.6% in June to 20 million metric tonnes (MMT). For the April-June period, the growth was 3.4%, led by 11.4% increase in aviation turbine fuel (ATF), 7.1% in petrol, 1.6% in diesel and 5% in liquefied petroleum gas (LPG).

Crude oil imports fell 5.6% year-on-year to 18.5 MMT in June. The import bill, however, increased 11% to $11.1 billion in June on higher prices. Brent, the international crude benchmark, averaged $82.61 per barrel in June, up from $74.70 per barrel a year ago.

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Global Biofuels Alliance may get diplomatic status in India

Government of India is likely to sign a headquarters agreement with the global alliance soon

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NEW DELHI

The Global Biofuels Alliance (GBA), launched by key G20 members including India, the US and Brazil in September 2023, is all set to get its diplomatic status, with New Delhi likely to sign a headquarters agreement with the agency soon, said two people aware of the matter.

The headquarters agreement will allow the government to grant exemptions, immunities, and privileges to the alliance and its secretariat in the country, as provided for by a United Nations Act.

The agreement will also provide the GBA with an independent and international legal persona that would allow it to carry out its functions in a more efficient manner at the international level.

The GBA's diplomatic status and recognition as an international organization will be similar to the status enjoyed by the Coalition for Disaster Resilient Infrastructure (CDRI) and the International Solar Alliance (ISA).

"A headquarters agreement is signed with the host country. It will give immunities and privileges to the organization as an international organization; that process is also ongoing. We plan to do it very soon. The ministry of external affairs would sign the agreement," said one of the persons mentioned above.

The headquarters agreement will pave the way for India to grant exemptions, immunities, and privileges to GBA and its secretariat in the country. WIKIMEDIA COMMONS

The agreement would require the cabinet's approval for its implementation.

Sep '23
The Global Biofuels Alliance was launched by G20

Queries sent to the ministries of petroleum and natural gas, and external affairs remained unanswered till press time.

Launched on the sidelines of the G20 Leadership Summit held in New Delhi on 9 September 2023, the GBA was initially conceptualized by India with a view to getting all the G20 members on board.

The alliance's scope includes bringing together the biggest consumers and producers of biofuels, even if they're not members of the G20. The alliance aims to drive development and deployment of biofuels and reduce the reliance on crude oil, amid ambitious global net-zero carbon emission goals by 2030.

But despite its stated goals, large producers and consumers of crude, such as China, Russia and Saudi Arabia, have refrained from joining the alliance.

2030
The target year set for global net-zero emissions

While the GBA is yet to finalize its charter, it has formed a working committee that has framed a work plan.

In May, *Business Standard* reported that the work plan adopted by the GBA focused on assessing country landscapes, drafting policy frameworks and conducting biofuel workshops.

The plan was adopted at a meeting of the alliance at the sidelines of a G20 meeting in April, in Brazil.

The second person with knowledge of the developments, said that work has already started on assessing the landscapes of countries, starting with Mauritius, Tanzania and Sri Lanka.

"Brazil has come up with the tools to view and assess the biofuel potential of those regions where there has been no development so far on that front. Mauritius has good sugarcane cultivation, while Sri Lanka could source raw materials in the form of municipal waste and non-food crops. Based on these surveys, policy intervention would be suggested," the person said, adding that the work on the charter is also underway.

The GBA aims to position India as a front runner in the global fight against climate change.

Over the next five years, India has the potential to nearly triple its production and consumption of biofuels by removing roadblocks to higher ethanol blends and diversifying its use to replace diesel and jet fuel, according to the International Energy Agency (IEA).

However, the government will need to keep an eye on costs, feedstock sustainability and deploy supportive policies to other biofuels beyond ethanol, IEA noted in a note in February.

HOLISTIC DEVELOPMENT

Great Nicobar Port to Get LNG Power Plant, Intl Airport

AAI may develop airport, NTPC power unit

Twesh Mishra

New Delhi: The proposed ₹41,000-crore Great Nicobar Island International Container Transshipment Terminal will be supported by a 450-megawatt liquefied natural gas (LNG)-based power plant and a greenfield international airport, officials said.

The new airport is expected to be set up by the Airports Authority of India (AAI), while NTPC will set up the LNG power plant, a senior official aware of the plan told **ET**.

"The idea is to ensure holistic development of Great Nicobar Island in the Andaman and Nicobar Islands. This comprises development of an international container transhipment port, a greenfield airport, a power plant, and a township," the official said.

These issues figured in discussions at a recent inter-ministerial meeting. "The project will soon be taken for appraisal by the Public Investment Board (PIB)," a second official said.

This approval precedes a nod of the union cabinet for large infrastructure projects. The proposed power plant is crucial since the Great Nicobar island gets most of its electricity from diesel generators. LNG handling facilities will be developed at the transshipment terminal.

An international airport in Great Nicobar is also needed to improve access to the islands where the port will come up, said the official cited first. This project is proposed to be developed in four phases, with a capacity of 4 million twenty feet equivalent units (MTEU) being added at each stage. One TEU is a popularly adopted benchmark for measuring container handling capacity at ports and it roughly equals a standard size container.

The maximum capacity of the Great Nicobar project is expected to reach 16 MTEUs by 2059.

The port is pitched as a regional hub for Bangladesh, Myanmar, and India's eastern coast. It also aims to reduce dependency on neighbouring transhipment hubs, significantly lowering container logistics costs.

BUSINESS LINE, Delhi, 18.7.2024
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IEA sees India's natural gas demand rising by 8.5% this year

Our Bureau
New Delhi

India's natural gas consumption will grow by 8.5 per cent in calendar year 2024 from 7 per cent earlier, on account of rising demand from the power and industrial sectors, according to the International Energy Agency (IEA).

"For the full year 2024, India's natural gas demand is expected to increase by 8.5 per cent, primarily driven by higher gas use in the power sector and in industry. Liquefied natural gas (LNG) imports into India are expected to increase by 17 per cent (Y-o-Y) in 2024," IEA said in its Q3 2024 gas market report.

In the Q2 2024 report, the agency projected gas consumption to grow by 7 per cent annually. In calendar year 2023, consumption stood at 60.12 billion cubic meters (BCM).

The world's fourth largest importer of LNG consumed 66.63 BCM natural gas in FY24, compared to 59.97 BCM and 64.16 BCM in FY23 and FY22, respectively.

RISING CONSUMPTION

According to the Petroleum Planning & Analysis Cell (PPAC), the country's primary gas supply (including net domestic production and LNG imports) rose by an estimated 10 per cent y-o-y in the first five months of 2024, extending the recovery that began in 2023 (with a 7 per cent increase for 2023 as a whole).

This increase in supply was supported by an estimated 8 per cent y-o-y growth in domestic production, and an estimated 11 per cent surge in LNG imports for the first five months of 2024, the IEA added.

Over the first five months of 2024, the fertilizer sector maintained its dominant share of 28 per cent of Indian demand, followed by city gas (20 per cent), power generation (14 per cent) and refining (9 per cent). Gas demand increased by 21 per cent Y-o-Y over this period.

"In absolute terms, the sectors that contributed most to the increase were refineries, the power sector and city gas distribution," IEA said.

India's LNG imports hit a record 3.3 BCM in May 2024, up 23 per cent M-o-M, with equivalent contributions from spot and contract purchases.

While India's LNG imports have largely been met by Qatar (representing 45 per cent of the total LNG imports in the five first months of 2024), the y-o-y supply increase originated mainly from Angola and the US.

HEAT WAVE

"In India, continued spot buying during the rest of the year is set to push 2024 imports to within striking distance of the 2020 record high of approximately 37 BCM," IEA said.

SURGING IMPORTS. Liquefied natural gas imports into India are expected to increase by 17 per cent in 2024 REUTERS

As with other countries in South Asia, the IEA said India experienced extreme heat and record temperatures in April and May, resulting in increased electricity consumption for cooling, and placing considerable stress on the power supply infrastructure.

Although the proportion of natural gas in the Indian electricity mix is relatively low (2-3 per cent), the country's gas-fired power generation has increased significantly in recent months.

"According to data from Grid India, gas-fired power generated in April and May was more than double that in the same period last year. In addition to the high demand for cooling during the heatwave, this was also partly due to the invocation of an emergency clause to force the operation of idle gas-fired power plants. The objective of this clause was to avoid power cuts during the 43-day elections that ended on May 28 (June 1)," the IEA added.

GAS-BASED POWER

Gas-based power plants reported a PLF of 28.7 per cent in May 2024, the highest in the last five years. Before this, they had reported a PLF of 28.9 per cent in May 2020.

Gas-based power generation rose by 83 per cent y-o-y and 39 per cent m-o-m to 2.8 billion units (BU) last month.

Overall power generation rose by 15 per cent Y-o-Y to 167.55 BU.

Generation by gas-based power plants, with a monitored capacity of almost 25 gigawatts, has been scaling records during the summer peak electricity demand month of May 2024.

For instance, the share of gas-based plants almost doubled to 3.1 per cent in India's overall generation last month, from 1.6 per cent a year ago, Crisil Market Intelligence & Analytics said.

Industry pushes for fiscal sops in Budget to enhance oil output

Rishi Ranjan Kala
New Delhi

Better fiscal incentives, such as rationalising the tax structure, for pre-New Exploration Licencing Policy (NELP) and nomination blocks, can aid oil and gas companies invest more in high-cost oil recovery technologies to improve crude oil production.

Pre-NELP and nomination blocks account for around 90 per cent of India's crude oil production, which has been declining consistently since the last 10 years ending FY24.

For instance, Petroleum Planning and Analysis Cell (PPAC) data show that oil production fell from a record 35.9 million tonnes (mt) in FY15 to 27.2 mt (provisional) in FY24, with both state-run exploration and production (E&P) firms as well as JV companies/private sector reporting a fall in output.

Analysts and industry players said given the maturity of these blocks, their operators will have to incur additional investments in secondary and tertiary recovery methods to sustain production.

These technologies/methods are capital intensive and require higher fiscal incentives.

SLIPPING UP. Pre-NELP and nomination blocks account for about 90% of India's crude oil production, which has been declining consistently for the last 10 years

India has 26 sedimentary basins covering 3.36 million sq km, with 10 of them accounting for 51 per cent of the area and 59 per cent of the resources located offshore, as per the International Energy Agency (IEA).

India has around 2,500 million barrels of proven plus probable (2P) reserves, with Mumbai Offshore, the Rajasthan Basin and the Assam Shelf holding 80 per cent.

ONGC holds two-thirds of the remaining 2P reserves on its books, with Vedanta and Oil India each owning around 13 per cent.

BUDGET EXPECTATIONS

Industry players and analysts said the government should offer better fiscal incentives to pre-NELP and nomination blocks to encourage companies to enhance production from depleting fields.

Senior officials from both public and private sector companies emphasised that the government liberalised the E&P sector with NELP and Hydrocarbon Exploration and Licencing Policy (HELP), which infused some traction in the largely stagnant domestic E&P industry.

"However, Pre-NELP and Nomination blocks face higher levies. For instance, Pre-NELP blocks' tax outgo is almost 70 per cent, compared to roughly 55 per cent in the NELP and HELP regimes. Reducing levies will lead to more investible surplus with companies that can be invested in recovery technologies," said one of the top officials, who did not wish to be quoted.

Deloitte India Partner Anoop Kalavath said that the Oil Industry Development (OID) cess of 20 per cent ad-valorem and Special Additional Excise Duty (SAED) that is presently levied at ₹6,000 per mt impacts the companies doing crude exploration in coastal/ onshore regions.

"As per interim Budget FY25, estimated collection for OID cess and SAED is around ₹19,400 crore and ₹1,52,080 crore. Cess is almost 30-50 per cent of the PAT of large exploration companies.

"Cess and SAED (in the form of windfall tax) directly impacts profitability of oil exploration companies. Cess applies only to pre-NELP blocks where government does not share many entrepreneurial risks."

"Given that oil exploration is generally risky and capital-intensive, the government may reduce cess and SAED and leave a higher surplus for investment in the hands of companies," he said in his budget expectations for FY25.

OID cess and SAED also put domestic crude at a significant disadvantage to imported crude oil.

Another senior official with an E&P company said the upstream oil and gas industry faces a skewed scenario as procurement of key goods and services as inputs is under the GST, while output is outside the GST. Multiple tax regimes apply to different parts of the value chain. "Instead of having specific elements of the value chain under GST, the entire oil and gas sector should be subsumed under GST. This will provide seamless credit to E&P players and help boost investor confidence," he added.

FALLING PRODUCTION

The IEA, in its India Oil Market Outlook 2030, which was released at the India Energy Week 2024 in February, pointed out that oil production was on a managed decline for more than a decade, following its peak at just over 9,00,000 barrels per day (b/d) in 2011 to just under 7,00,000 b/d in 2023, of which crude oil production was 6,00,000 b/d and the rest natural gas liquids (NGLs).

Production declined by around 4 per cent per year between 2018 and 2023, lower than the global average annual rate of 7 per cent.

Field output declines are expected to continue at a similar rate through 2030, bringing total oil output down to 5,40,000 b/d, and crude production to 4,60,000 b/d as growth in the Krishna-Godavari and Mumbai Offshore Basins help support legacy fields, it added.

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170 UNLISTED NON-FINANCIAL CPSEs

Selection of PSUs for Listing in the Works to Unlock Value

Govt expects to boost corporate governance and competitive edge of state-run firms

Banikinkar Pattanayak

PSU Valuation Remains High

M-cap of listed state-run firms

Govt holding in 62 non-financial CPSEs	₹28.55 cr
Total m-cap	₹46.84 cr
Govt holding in 16 financial firms	₹20.21 cr
Total m-cap	₹26.49 cr

Note: Value of govt holding has jumped about four times in over 3 years

Source: DIPAM

Expected listing benefits

- Market valuation of CPSEs
- More transparent corporate governance
- Greater accountability
- Greater competitive spirit
- Limited or no staff resistance

Likely listing candidates

- Seeds Corp
- Warehousing Corp
- ECGC

New Delhi: The government has initiated a process to identify state-run companies that can be listed, as it seeks to unlock their potential value after increasing investor appetite for scrips of its listed firms drove up their market valuations to fresh highs, said people aware of the development.

National Seeds Corporation and Central Warehousing Corporation could be among the first set of candidates for listing, as per preliminary discussions, according to the people. Meanwhile, the proposed listing of ECGC, which has an 85% share in India's export credit insurance market, is being expedited, they said. There are 170 unlisted non-financial central public sector enterprises (CPSEs), according to the Department of Investment and Public Asset Management (DIPAM) data.

However, those in certain strategic sectors, including atomic energy, space and defence, could be left out of the process, said people in the know. "The idea is to explore the feasibility of listing more CPSEs and to prepare a road map for it," one of the persons told **ET** on condition of anonymity. "Which of the companies should be listed and over what period – these issues have to be deliberated on. Preliminary discussions have started and final decisions will be taken in due course."

The plan is part of the broader efforts by the government to boost value creation in listed companies and unlock the value of its unlisted ones, the person said. Listing of state-run companies is also expected to improve their corporate governance and sharpen their competitive edge, said officials. The plan comes amid realisation that regular strategic sales of companies are hard to push through (there was no strategic divestment in 2023-24, for instance) due to factors beyond the government's control, including market fluctuations, external headwinds and protracted litigations. However, minority stake disinvestments will continue, the people said. "This is not to say that the government isn't serious about strategic sale. It's serious, but at the same time it remains practical," said a second person. The "value creation" strategy has started to pay off in the form of elevated profitability and market capitalisation of firms in recent years, after a fresh government push to deepen CPSEs' engagement with market participants, bolster corporate governance and offer regular dividends to shareholders. It has substantially improved the dividend flows from non-financial CPSEs, which exceeded the budget estimates by a wide margin for a third straight year in 2023-24.

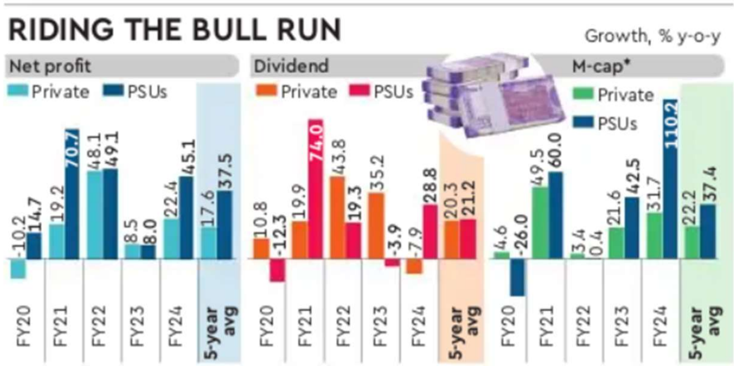
The market value of the government's holdings in 62 listed non-financial CPSEs and 16 banks and other financial institutions has jumped more than four times in about three years to almost Rs 49 lakh crore, showed the DIPAM data. The overall market capitalisation of these companies has surged in sync to more than ₹73 lakh crore.

The ongoing strategic sale process involving eight companies, including IDBI Bank, NMDC Steel and Shipping Corporation of India, has gone past the initial expression of interest (EoI) stage, while five others are still in the EoI stage.

State-run firms outperform private peers on most fronts

Combined M-cap of listed CPSEs up 2.6 times in 5 years

KISHOR KADAM & PRASANTA SAHU
Mumbai/New Delhi, July 17



*as of July 12 each year; Source: Capitaline; compares 82 BSE 100 private firms with 80 listed PSUs including banks and financial institutions

STATE-RUN FIRMS OUTPERFORMED their private peers in most financial parameters in the last five financial years, which included the pandemic and its aftermath, according to data reviewed by *FE*. This was even as these firms weighed in with a stronger capex pace to offset the sluggish private-sector investments.

The combined market capitalisation (M-cap) of 80 listed central public sector enterprises (CPSEs) rose 2.56 times to ₹59.5 trillion in the five years to July 12, 2024, while their private-sector peers (82 firms in the BSE 100 Index excluding CPSEs and firms listed in recent years) saw a combined M-cap growth of 159% to ₹219.35 trillion.

The CPSEs being reviewed also posted an average net profit growth of 37.5% between FY19 and FY24 compared with just 17.6% by their private counterparts. In FY24, these CPSEs' profit growth was a robust 45%, double the rate shown by the private companies.

Continued on Page 7

State-run firms outperform private peers on most fronts

The CPSEs rewarded their shareholders with both robust dividends and higher market values of the shares (see chart).

The relatively better performance by the top state-run companies may let the Narendra Modi government counter the allegation by the Opposition that "CPSEs are being dismantled and are in disarray" under its regime. Recent reports suggested that the government may go slow on its privatisation (share sale) policy and resort to greater monetisation of the land and other assets with state-run firms and undertakings.

In 2021, the Centre had unveiled a new CPSE policy which entailed it would only keep a minimum presence in four "strategic sectors", while state-run firms in the remaining areas could be privatised, merged or closed. However, it could not implement the policy, given the market fluctuations and lack of adequate investor interest. Some of the large privatisation bids, like that of BPCL, came a cropper.

The department of investment and public asset management (Dipam) has, in the meantime, adopted a capital management policy of nudging CPSEs to increase efficiency, expand capacity and give higher dividends to keep investors' interest in their stocks. The robust performance of PSUs has benefited both the government and minority shareholders.

The uptick in PSUs' performance, combined with robust tax revenues in the last two years, gave strategic space to the Centre to recalibrate the privatisation policy and there are indications that it won't be aggressive on those front, sources said.

The government may now take up privatisation cases keeping various factors in mind including the prevailing political atmosphere. Also, the sharp rise in dividends and market valuation implies it would rather go slow and maximise gains in stake sales and strategic disinvestment, rather than rush through the sales at this juncture.

"Valuations are very good today with the Sensex at 80,000 plus. But the dividends they (the government as CPSE shareholder) are receiving too are very robust and will probably continue to be. Hence, the government may take a nuanced stance (on disinvestment)," said Bank of Baroda chief economist Madan Sabnavis.

"Besides, some of the best-performing (CPSEs) are also critical from the point of view of public policy, like say, those in the petroleum sector. Hence the government will review the position in greater detail before going in for major disinvestment which means reducing government stake to less than 50%," Sabnavis added.

This sentiment was made abundantly clear by oil minister Hardeep Singh Puri recently, when he posted on 'X' that "BPCL is making almost as much profit in a single year than the price it was supposed to be sold for! Decision Made: India's energy Maharatna @BPCLimited is not for sale!"

New Delhi

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Page No. 6, Size:(8.23)cms X (4.13)cms.

घेवरा : कई दिन से बर्बाद हो रहा पीने का पानी

गैस पाइपलाइन डालने के दौरान लापरवाही, डैमेज हुई पानी की लाइन

■ एनबीटी न्यूज, घेवरा

घेवरा और कटेवड़ा गांव में इन दोनों पीएनजी गैस पाइपलाइन डालने का काम चल रहा है, लेकिन कंपनी और ठेकेदारों की लापरवाही से लोगों परेशानी झेलनी पड़ रही है। लोगों का आरोप है की लापरवाही के कारण उनके गांव की पानी की पाइपलाइन कई जगह से डैमेज हो गई है और घरों में गंदा पानी आ रहा है।

पाइपलाइन डालने वाली कंपनी ने गड्ढा खोदकर भी खुला छोड़ दिया है

घेवरा गांव में रहने वाले भुरे राणा ने बताया कि गांव से नरेला रोड और पुराने मंदिर के पास पीएनजी गैस लाइन डालने के दौरान यहां पानी की पाइपलाइन डैमेज हो चुकी है, जिसके कारण रोजाना सैकड़ों लीटर पानी बर्बाद होता है। यह पानी सड़क पर भर रहा है। फिलहाल यहां गड्ढा करके छोड़ दिया गया है। कंपनी किसी दूसरी साइट पर काम कर रही है। जल बोर्ड के अधिकारियों को भी इसकी शिकायत दी गई, लेकिन सुनवाई नहीं हो रही है। कटेवड़ा गांव से कृष्ण कुमार ने बताया कि मेन बस स्टैंड पर ही पाइपलाइन डैमेज है। 15 दिन से अधिक का समय हो गया है, लेकिन इसे ठीक नहीं किया गया। यहां गड्ढा होने की वजह से बसों को मुड़ने में परेशानी होती है। रात के वक्त यह गड्ढा हादसे की वजह भी बन रहा है। ग्रामीणों का कहना है कि अभी गांव में गैस पाइपलाइन डालने का काम चल रहा है, लेकिन जगह-जगह पानी की पाइपलाइन डैमेज हो जाने से लोगों की समस्या बढ़ रही है। लोगों के घरों में गंदे पानी की सप्लाई हो रही है।

लोगों का आरोप, शिकायत के बाद भी जल बोर्ड ने नहीं उठाया कदम