

# Chevron lines up \$1 bn for innovation center in India

Facility in Bengaluru will hire 600 skilled candidates by 2025-end

SHIVANI SHINDE  
Mumbai, 20 August

Global energy solutions provider Chevron is investing \$1 billion in a new research and development (R&D) hub called Chevron Engineering and Innovation Excellence Center (ENGINE) in Bengaluru. This marks the company's first engineering and innovation center in India of scale.

Chevron ENGINE, to be located near Bellandur, will be hiring talent with specialised skills encompassing both engineering and digital services, with approximately 600 positions to be filled by 2025-end, and plans to add more positions over time.

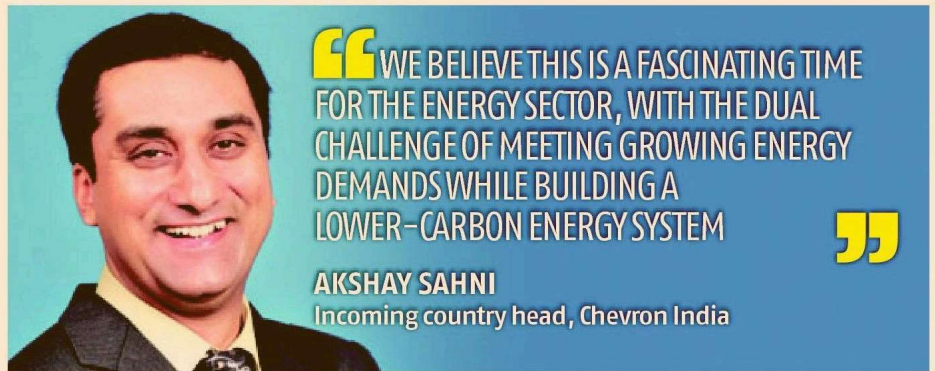
Akshay Sahni, incoming country head, Chevron India, stated that the setting up of this center marks a significant milestone in Chevron's 145-year history. Other than a large technical center in Houston, US, and California, the company has some smaller labs in Aberdeen. India will house one of the larger technology hubs of the company.

"We believe this is a fascinating time for the energy sector, with the dual challenge of meeting growing energy demands while building a lower-carbon energy system for the future. And the people here at the ENGINE will help work towards those technology solutions," he told *Business Standard* in a video interview.

The company plans to hire and recruit from all the disciplines of engineering — mechanical, chemical, computer science and electrical. It will also be recruiting specialists in geology, geophysics and environmental science.

Sahni emphasized that the \$1 billion investment signifies not only financial commitment but also the sharing of global expertise. "We'll see collaborative partnerships resulting in technology solutions developed at scale in Bangalore. We truly believe that it'll take partnerships between the immense talent that is available in India and some of our subject matter experts around the world."

The center will focus on improving operational reliability, low-carbon energy solutions,



## STRONG FOOTING

- In FY23, India had over 1,580 GCCs
- India accounts for half of world's GCCs
- The country is set to have 1,900+ GCCs by 2025 with a market size of \$60 billion
- In Q4FY23 alone, 10 GCCs were established, of which, 60% were in E&RD

Source: Nasscom-KPMG

and subsurface geology for carbon storage. Sahni noted that Chevron's relationship with third-party tech services will continue to be beneficial, with plans for both external partnerships and in-house collaborations.

Sahni also added that creating its own center in India does not mean that the relevance of third-party tech services will go down.

He added that Chevron has been in India for many years now and the firm's relationship with tech services companies has been beneficial. "Technology service companies have helped design some of our more complex projects and operational facilities. We want to augment and build on the experience that we've had with engineering service companies," he said.

Sahni also said that the company will need all types of partnerships, including that with external services providers.

## Flutter opens new GCC in Hyderabad

BS REPORTER  
New Delhi, 20 August

Dublin-based online sports betting and iGaming firm Flutter Entertainment on Tuesday said it has opened a new Global Capability Centre (GCC) in Hyderabad with an investment of \$3.5 million (₹29 crore). The 80,000-square feet centre will host over 700 employees and focus on data engineering, game integrity, and other key functions. The New York Stock Exchange-listed company also plans to expand its staff count to 900 in a few months, and achieve 40 per cent female leadership by 2026.

"Our expansion in India marks a huge milestone in Flutter's growth and shows our continued commitment to investing in top talent to drive business growth globally," said Phil Bishop, Chief Operating Officer, Flutter Entertainment.

The company said that the teams based out of Hyderabad will play a pivotal role in supporting its growth globally across brands such as Paddy Power, Sisal, Sky Betting & Gaming, and PokerStars.



# Domestic demand to drive India's growth

## India's GDP projected to grow 6% over next 2 yrs: Moody's

FC CORRESPONDENT  
NEW DELHI, AUG. 20

Global rating agency Moody's Ratings on Tuesday said that rated Indian companies would spend \$45-50 billion annually over the next 1-2 years towards capital expenditure or capex as companies boost capacity, with the country's most valued firm Reliance Industries alone accounting for 30 per cent of the spending.

India's GDP is projected to grow at over six per cent over the next two years, Moody's said, adding domestic demand will be the main driving force behind India's growth. The large proportion of domestic consumption in India has and will continue to insulate the rated companies from external shocks.

"In addition, as urbanisation accelerates across the country, sustained



● **INDIAN COMPANIES'** capex will remain elevated at around \$45-50 billion annually over the next one to two years. With an annual capex budget of around \$15 billion spread across its different business.

government spending on infrastructure will stimulate business activities across key industrial sectors," Moody's said.

The ratings agency also said in its report on corporates in India and Indonesia that investments to increase vertical integration and achieve net zero targets will also keep spending high.

"Rated Indian companies' capex will remain elevated at around \$45-50 billion annually over the next one to two years. With an annual capex budget of around \$15 bil-

lion spread across its different business segments," it said.

The oil and gas sector and Reliance Industries will collectively account for over 60 per cent of the rated Indian portfolio's spending over the next couple of years.

"The seven rated oil and gas companies in India will also account for around 30 percent of rated Indian companies' capex. These companies will spend around \$15 billion annually to expand existing capacity and make green energy investments

to reduce carbon transition risk," Moody's said.

For instance, Moody's said, Oil and Natural Gas Corporation Ltd. (Baa3 stable) and Indian Oil will spend \$6 billion and \$4 billion, respectively, in each of the next two years on reserves addition, downstream integration and energy transition.

"Strong earnings will continue to keep the leverage of Indian corporates low, even as companies push ahead with capital spending plans in response to consumption growth and as offshore borrowing rates remain high," it said.

Moody's said that credit quality would remain robust for companies in India and Indonesia. Two countries have the highest number of rated companies and volume of rated debt among emerging economies in the region outside of China.

# Energy Co Chevron to Set up \$1 billion B'luru Tech Centre

Looks to make B'luru facility largest innovation centre outside US; to add 600 hands by 2025

Sameer Ranjan Bakshi

**Bengaluru:** US energy giant Chevron plans to invest \$1 billion (about ₹8,376 crore) for setting up a global capability centre (GCC) in Bengaluru, joining the ranks of multinational corporations building large back-office operations in the country to handle a wide array of strategic tasks.

The company plans to make the Bengaluru facility its largest innovation centre outside of the US, Akshay Sahni, incoming country head, Chevron India, told ET in an interview.

He said the investment will be made over five to six years. This will comprise hiring not only lateral talent and freshers, but also towards its partnerships with vendors in India who will help establish the centre, besides developing technology solutions.

The new Chevron Engineering

**AKSHAY SAHNI**  
incoming country head, Chevron India



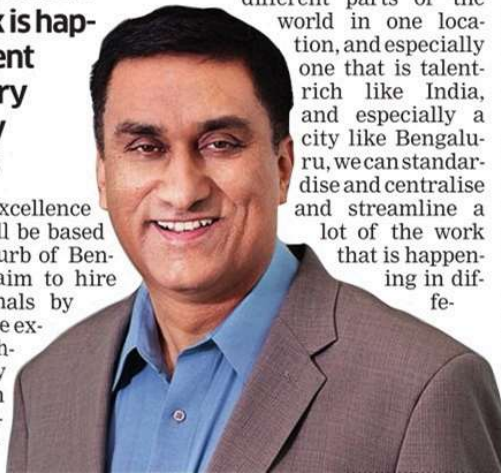
**You can scale your technology solutions faster, so if work is happening in different locations, it's very difficult to apply digital solutions**

and Innovation Excellence Center (ENGINE) will be based in the Bellandur suburb of Bengaluru, and it will aim to hire about 600 professionals by 2025-end, which will be expanded over time, Sahni said. The company currently has a tech centre each in Houston, Texas; Rich-

mond, California; and Scotland's Aberdeen.

Explaining the strategy behind the India centre, Sahni said, "Our strategic intent is not just cost savings. What we plan to achieve here is that when you bring work from

different parts of the world in one location, and especially one that is talent-rich like India, and especially a city like Bengaluru, we can standardise and centralise and streamline a lot of the work that is happening in dif-



ferent parts of the world."

"You can remove inefficiencies. You can remove repetitive work which has a much larger impact than just cost savings, because now you are able to apply standard solutions across multiple things that are happening. You can scale your technology solutions faster, so if work is happening in different locations, it's very difficult to apply digital solutions," he further explained.

He said the India centre will be supporting Chevron's global operations and projects, and some of the company's high-end work like understanding the subsurface of the geology to find the best locations to store or sequester carbon.

"When you talk about carbon capture and sequestration, we will be looking at technology to find the best location subsurface geography, right? So, to find the best locations when you capture carbon dioxide from the air, you have to put it in the ground," Sahni said.



# Gas pricing: Reforms turn into a control regime



UTTAM GUPTA

Government's decision to grant a 20 per cent premium on natural gas from the state owned new wells has added complexity to the gas pricing regime



**T**he decision of the Union Government to grant a 20 per cent premium over the APM price (a jargon for administered or controlled price) for any natural gas (NG) that state-owned Oil and Natural Gas Corporation (ONGC) and Oil India Limited (OIL) will produce from the 'new wells or well interventions' from their nominated fields has made the NG pricing more complicated. It is an outcome of a thought process that focuses on unshackling the oil and gas industry from price controls to start with but ends up exercising more controls.

Every year, India consumes 59.5 billion cubic metres (bcm) of NG. Of this, nearly 54 per cent or 32.13 bcm is produced domestically, and the balance is met from imports of liquefied natural gas (LNG). Of the domestic gas, around two-thirds is from blocks given on nomination to ONGC and OIL and from fields given under the New Exploration and Licensing Policy (NELP) (launched in 1999) as well as those given to private firms before the NELP. NG supplies from the aforementioned fields (known in common parlance as 'legacy fields') are governed by a particular pricing regime.

Before April 2023, under the pricing guidelines effective since November 2014, supplies from these fields used to be a weighted average (WA) of prices of NG at four international locations: Henry Hub (the USA), Alberta Gas (Canada), NBP (National Balancing Point) (the UK), and Russian Gas. The prices used for arriving at the WA were over twelve months. It was revised every six months in a financial year (FY).

The four global hubs have fairly mature gas markets and the prices obtained there are pretty reasonable. Moreover, considering that the prices for twelve consecutive months were used for arriving at the WA, it smoothed out the month-to-month variations thereby ensuring that the price to the consumers was 'stable'. From April 1, 2023, the government changed the above system based on the recommendations of the Kirit Parikh committee (2022). Under the new formula, for any given month, the price expressed per million



EVERY YEAR, INDIA CONSUMES 59.5 BILLION CUBIC METRES (BCM) OF NG. OF THIS, NEARLY 54 PER CENT OR 32.13 BCM IS PRODUCED DOMESTICALLY, AND THE BALANCE IS MET FROM IMPORTS OF LIQUEFIED NATURAL GAS

British thermal units (Btu) (energy units used globally for setting NG prices) is arrived at by taking 10 per cent of the monthly average of the basket of Indian crude oil in the preceding month. The price thus calculated is subject to a price band of US\$4 - 6.50 per Btu. The shift to link the price of NG with the crude oil price is flawed as natural gas is not a replacement for crude oil. The pricing of NG has to be on its own, especially when nearly half of the gas is used for urea production and power generation. Given the intimate connection of these sectors to food security and the need for affordable electricity (especially, for farmers and poor household consumers) and heavy subsidies are involved, the gas price has to be 'reasonable' and 'stable'. While the earlier formula met both these requirements, the new one effective from April 2023 doesn't as the volatility in crude prices and monthly revisions in NG price linked to crude can create uncertainties for both sectors. To avoid this, the government has put a price band.

What this means is even when the price determined based on crude linkage turns out to be higher (at the current Indian basket price of USD 77 per barrel, the NG price comes to US\$ 7.7 per Btu) than the ceiling of US\$ 6.50 per Btu, the price will be set at US\$ 6.50 per Btu. Given the movement in crude price since April 2023 and considering that in the near term, it will continue to rule well above US\$ 75 per barrel, the formula-based price will always be much more than US\$ 6.50 per Btu. So, the ceiling price will be the price to consumers thus rendering the formula redundant. Effectively, thus there is control on the gas price for two-thirds of domestic production and that too at a level,

the government wants. One wonders whether a premium of 20 per cent allowed on gas supplied from the so-called 'new wells' or 'well interventions' in the nomination fields of ONGC and OIL will make any difference to the situation on the ground.

Applying a 20 per cent premium to the formula-determined price of US\$ 7.7 per mBtu (77x0.1), we get US\$ 9.24 per mBtu. But, then there is a cap of US\$ 6.50 per mBtu. So, the price remains at US\$ 6.50 per Btu. The purpose of giving premiums is defeated. On the other hand, if the government intends to build a 20 per cent premium on the ceiling price and give US\$ 7.8 per mBtu then, it makes no sense to put a cap in the first place. The moot point is: if anyway ONGC and OIL are to be given a good price, let this be driven solely by the formula and putting a cap is unwarranted.

At least, there is an element of 'predictability'; firms on their own can calculate as to what price they will be getting. But, here we have an APM price namely US\$ 6.50 per mBtu (call it base price) that is arrived solely at the discretion of the bureaucrat. And, yet another price for supplies from the so-called 'new wells' or 'well interventions' which is arrived at by adding 20 per cent to this. This too is at the discretion of the bureaucrat. Moreover, which fields get the benefit of interventions will also be at his discretion.

Even the pricing of the remaining one-third of domestic NG supplied from the so-called deep/ultra-deep and high-pressure/high-temperature fields (KG-D6 operated by Reliance Industries and neighbouring KG-DWN-98/2 operated by ONGC in Krishna-Godavari basin off the Andhra Pradesh coast fall in this category) isn't free from 'discretion' and 'arbitrariness'.

Technically though, the firms can go for competitive bidding to determine the price for such supplies (referred to as a 'premium' price), this too is subject to a ceiling linked to the prices of alternate fuels including fuel oil, naphtha, and LNG. On taking charge in 2014, the Modi - government started the process of reforming gas pricing by introducing formula-based pricing for legacy gas and thereafter in 2016 by permitting market-based pricing for supplies from deep/ultra-deep and high-pressure/high-temperature fields. But, it has ended up exercising control of both. Meanwhile, the Kirit Parikh committee had recommended the de-regulation of difficult gas fields' prices by January 1, 2026, and the de-regulation of APM prices for gas supplies from the legacy fields by January 1, 2027. But, the government is silent on these recommendations. In fact, by adding more categories (read: 'new wells' and 'well interventions'), it has given a signal that the administered/controlled pricing regime for NG and attendant bureaucratic red tape is here to stay.

Delivering the 75th Independence Day address on August 15, 2021, Prime Minister Narendra Modi set the country a target to achieve self-reliance in energy production by boosting the gas-based economy (besides giving a push to electric mobility and hydrogen production). He wanted the share of NG in the total energy mix to go up from the current around 6 per cent to 15 per cent. But, in the absence of a 'stable' and 'predictable' policy environment particularly when it comes to the most crucial aspect of pricing of gas, this won't be possible.

*(The write is a policy analyst; views are persona)*



# India Inc's capital expenditure likely to be \$45-50 billion in 2 yrs: Moody's

ENS ECONOMIC BUREAU @ New Delhi

INDIAN companies are expected to invest \$45-50 billion annually over the next 1-2 years to enhance vertical integration and meet their net zero targets, according to Moody's Ratings.

The report highlights that the oil and gas sector, led by Reliance Industries, will account for over 60% of the total spending by rated Indian companies during this period.

Moody's notes that Indian companies are relatively shielded from external shocks due to the country's large domestic market. The ratings agency predicts that domestic demand will be the primary driver of India's growth, underscoring the importance of internal market dynamics in shaping the country's economic trajectory. The large proportion of domestic consumption in India has and will continue to insu-



late the rated companies from external shocks. Additionally, sustained government spending on infrastructure will stimulate business activities across key industrial sectors, particularly steel and cement, as urbanization accelerates.

Government-led large infrastructure spending will bolster steel and cement consumption, with demand growing at a CAGR of 7% and 5%, respectively, through 2030. The report noted that earnings at Tata Steel, JSW

Steel, and Ultratech Cement will increase as they boost production to meet growing domestic demand, collectively accounting for about 12% of total EBITDA of rated Indian companies over the next two years.

Indian oil and gas sector will continue to account for about a quarter of the total portfolio EBITDA over the next two years, with energy consumption increasing in line with economic growth. This will support earnings for state-owned refining and marketing companies, including Indian Oil Corporation Ltd, Bharat Petroleum Corporation Limited, and Hindustan Petroleum Corporation Ltd. The seven rated oil and gas companies in India will account for nearly 30% of rated

Indian companies' capex, spending of about \$15 billion annually to expand existing capacity and make green energy investments.

# India moves to secure energy supplies

Rituraj Baruah  
rituraj.baruah@livemint.com  
NEW DELHI

Union petroleum and natural gas minister Hardeep Singh Puri is set to visit the US and UAE in the coming months for key energy events in a bid to push India's energy diplomacy, diversify energy sources, and secure long-term oil and gas contracts.

Two people in the know of the developments said Puri in the first instance will attend Gastech 2024 in Houston where he will hold talks with US energy giants.

"Energy diplomacy efforts would gain momentum now with the minister set to visit New York and Houston next month. In Houston he would attend Gastech. He would also then visit the UAE for Abu Dhabi International Petroleum Exhibition and Conference (ADIPEC) in November," said one of the two people mentioned above.

India is making efforts to expand domestic areas for oil and gas production and increase output in a bid to cut imports. India has invited global E&P majors to take part in its efforts to increase energy



Hardeep Singh Puri, Union petroleum and natural gas minister. PTI

production.

Addressing an event here in June, the minister said: "The exploration and production (E&P) sector offers investment opportunities worth \$100 billion by 2030." He highlighted the potential of India's 26 sedimentary basins, containing substantial reserves of crude oil and natural gas that are yet to be fully tapped.

US companies ExxonMobil and Chevron already have partnerships with Indian

state-run ONGC to explore E&P opportunities. In 2022 ONGC signed a deal with ExxonMobil for deep-sea exploration in India. In the same year, the Maharatna company also tied up with Chevron New Ventures PTE Ltd, a subsidiary of California-based Chevron Corp., to assess the exploration potential in

**India is working to expand domestic areas for oil and gas production and increase output in a bid to cut imports**

India.

The minister is also likely to attend ADIPEC 2024 which is scheduled for 4-7 November.

"The minister has been a regular at events such as Gastech and ADIPEC. This year, too, he is expected to attend ADIPEC. However, the visit is yet to be finalized," said another person

India has been looking at tying up with global oil and gas suppliers for long-term contracts for both oil and gas to ensure energy security.

Energy prices surged to all-time highs in 2022 amid the height of Russia-Ukraine war, and Russia's Gazprom defaulted on its contract for supply of gas to GAIL, prompting India to make efforts to diversify its import sources, sign long-term contracts and look for sweeter deals.

In July, Mint reported that state-run Indian Oil Corp. Ltd (IOCL), Hindustan Petroleum Corp. Ltd (HPCL) and Bharat Petroleum Corp. Ltd (BPCL) are in talks with Brazilian energy major Petroleo Brasileiro SA (Petrobras) to secure guaranteed crude oil supplies over the long term.

India is the third largest importer of oil and gas and imports about 85% of its energy requirement.

Queries sent to the ministry of petroleum remained unanswered till press time.



## India, Lanka sign agreement for power generation

**Colombo:** The Sri Lankan government and a state-run Indian firm on Tuesday signed a pact to develop infrastructure for storage, regasification and LNG supply for a combined cycle power plant in the island-nation, according to Sri Lanka's power and energy ministry. **PTI**



# On the ethanol blending programme

India is on its way to achieve its target of blending 20% of petrol with ethanol by 2025-26. However, the food versus fuel equation continues to hang over the ethanol economy along with questions regarding fuel efficiency in existing vehicles

## ECONOMIC NOTES

M. Kalyanaraman

India is on its way to achieve its target of blending 20% of petrol with ethanol by 2025-26, going by the milestones on blending percentages crossed so far and the increase in ethanol production capacity.

However, the food versus fuel equation continues to hang over the ethanol economy as recent events have shown. For example, maize import has increased from April to June of this year compared to last year at a time when maize has been used to produce more fuel ethanol to compensate for restrictions on using sugarcane products. The industry, however, opines India has enough grain and sugar surpluses. Tarun Sawhney, Vice-Chairman and Managing Director, Triveni Engineering and Industries, says, "With big food stocks across the country, there is absolutely no concern about food security in the near future. I am concerned the supplies and stocks are so large that it could lead to wastage and spoiling," he said.

All the emphasis has been on first generation (1G) ethanol that is directly made from foodgrains and sugarcane. The government should diversify and move to 2G and 3G that are more benign in terms of impact on food security.

**Status of ethanol production capacity**  
Twenty per cent by 2025-26 would mean producing some 1,000 crore litres of ethanol for blending with petrol. "We are now seeing 13% to 15% blending with a sharp increase since 2021," says Sourabh Banerjee, consultant on ethanol and biofuels. In 2021, the blending was around 8%. Deepak Ballani, director general of Indian Sugar and Bio-energy Manufacturers Association, says the sugar industry has invested some ₹40,000 crore in the last few years in capacity expansion. In just two years, 92 crore litre capacity was added.

The roadmap for achieving ethanol blending targets, prepared by the Niti Aayog, had laid down that the capacity of sugarcane-based distilleries would need to increase from 426 crore litres in 2021 to 760 crore litres in 2026, while grain-based distilleries' capacity should increase from 258 to 740 crore litres. In other words, a lot more of grain-based distilleries were to come up. Besides fuel ethanol, some 310 crore litres would be needed for making ethanol for consumable liquor as well as industrial uses. Taking stock in December 2023, the government said India's ethanol production capacity had already increased to 1,380 crore litres – some 875 crore litres capacity from sugarcane and 505 crore from foodgrains. This means the targeted total ethanol capacity is nearly achieved although with a greater sugarcane-based component.

Two interest subvention programmes for establishing new distilleries had facilitated the ramping up of ethanol generation capacity. Industry has been demanding, that to maintain momentum and create surplus capacity for other uses such as blending with diesel, these programmes should be extended and that Oil Marketing Companies (OMCs) should sign more long-term contracts with distilleries until the supply chain is well and truly formed.

Sugarcane gives rise to three main related products – sugarcane juice and syrup, B-heavy molasses and C-heavy molasses, in the order of decreasing sugar content. The first two would typically go to making sugar while the third will be used for ethanol production. In a bid to

## Ethanol for blending

With the government restricting the use of B-heavy molasses and sugarcane juice for ethanol production from December 2023, grain-based ethanol production has increased to maintain blending percentages

Ethanol supplied to oil marketing companies

Supply-year	C-heavy molasses	B-heavy molasses	Sugarcane juice	Surplus rice	Damaged grains	Maize	Total in litre crore; blending % in brackets
2019-20	74	68	15	0	16	0	173 (5.00)
2020-21	39	183	39	2	39	0	302 (8.10)
2021-22	11	265	85	49	24	0	434 (10.02)
2022-23	6	235	128	74	32	32	506 (12.06)
2023-24*	39	95	56	0	76	135	401 (13.00)

Supply years are December-November, December to October for 2022-23 and November to October for 2023-24

\*Data available only for November-June

**Shortage:** Sugar mill workers load harvested sugarcane on to a tractor trolley in Sangli district, in Maharashtra, in 2022. REUTERS



up fuel ethanol production, the government had started permitting the diversion of the first two away from sugar production to fuel ethanol. Ethanol pricing depends on the sugar content of the input. In 2022-23, 63% of fuel ethanol came from B-heavy molasses and 33% from molasses. In December, 2023, the government restricted the diversion of the first two over fears of falling sugar stocks.

Mr. Ballani, however, believes the restrictions will be removed this year. He says that out of a total production of 340 lakh tonnes of sugar in 2023-24, consumption was only 285 lakh tonnes. Some closing stock is therefore available for 2023-24, he says, adding that fears of depleting sugar surpluses are unfounded.

Expanding sugarcane production will have to be sustained by higher water use. Souvik Bhattacharjya of The Earth Research Institute says to sustain 50% of 1,000 crore litres from sugarcane, 400 billion litres of water would be needed additionally. Expanding sugarcane cultivation would redirect irrigation water from essential food-grain crops, exacerbating concerns about agricultural sustainability, he says. To make up for the shortfall due to restrictions on B-heavy molasses, grain-based distilleries, mainly maize, have likely been operating at full capacity to keep up with the blending percentages this year.

Government policy is that maize as well as surplus rice and damaged grains will be used to feed grain-based distilleries.

India ranks as a major maize producer globally, but domestic consumption consistently outpaces production, says TERI's Bhattacharjya. Over the last few years, Indian maize imports have been hovering around 0.4 to 0.5 million tonnes a year. A rapid diversion to ethanol will drive up prices and negatively impact its major uses – the poultry sector by 47%, followed by livestock feed (13%) and starch (14%). At 3 to 4 tonnes per hectare, India's maize yield is much lower than other countries, he adds.

Commerce Ministry data show that in 2023-24, Indian maize (corn) imports were \$39 million. This year, from April to June, the import is already worth \$103

million. As per NITI Aayog's estimates, some 4.8 million hectares will have to be added to maize cultivation area to meet the 20% target, which is almost half of the typical maize cultivation area.

**On fuel efficiency in automobiles**  
Ethanol will not only reduce greenhouse gas emissions, it will also prevent an estimated foreign exchange outflow of some \$4 billion per year, as per Maruti Suzuki company estimates, and bolster the rural economy by promoting the cultivation of various crops through an assured market. Many vehicle makers say the government deadline of E20 (20% ethanol and 80% gasoline) compliance is achievable, but questions remain over existing vehicles whose performance would be affected by higher ethanol content.

The NITI Aayog report notes that ethanol brought down fuel efficiency in vehicles not suited for ethanol by an average of 6%.

Many vehicle makers say they are in line with the government deadline of 2025. A Maruti Suzuki spokesperson told *The Hindu* that all Maruti vehicles have been compatible with E-20 fuel since April 2023. Existing vehicles may have to go for an engine retuning and change over to E20 supported material depending on what grade they are.

**How different States view the policy**  
Meanwhile, the developing ethanol economy has impacted States differently. While the fuel ethanol pricing is the same across India, States determine the pricing of Extra Neutral Alcohol (ENA) that goes into making liquor for consumption and other uses. That pricing has been a decider for sugarcane-based distilleries in opting for highly pure fuel ethanol vis-a-vis ENA and other forms.

In Uttar Pradesh, the government reserves some 25% of the ethanol for ENA. Mr. Sawhney says that ENA is less attractive since it offers lower value. Ethanol made from molasses, especially B-heavy molasses, offers significantly higher value, he adds. U.P. is fully aligned with the central government's mission on ethanol, says Mr. Sawhney. U.P. is the single largest contributor to the ethanol

blending program nationwide, he adds. "Most of the distilleries especially in U.P., as well as new capacity coming up, are multi-fuel, allowing them to process both sugarcane juice and molasses, and grain, including rice and maize. For the upcoming year, it is anticipated that 55% of the national requirement of ethanol will be met from sugarcane and the balance 45% would be met by grain distilleries."

In Tamil Nadu, where liquor is a highly lucrative market for distilleries, fuel ethanol has not yet caught on as much. The State government procures and sells all the liquor. Liquor revenue is one-sixth of all government revenue.

An increase in sugarcane cultivation may not be possible because of water requirements, industry sources say. Broken rice may not be made available either. A highly placed government source said it would be bad politics in Tamil Nadu to supply rice, even broken rice, to ethanol since people will relate it to liquor and oppose. M. Ponnuswamy, Chairman and Managing Director of Pon Pure Chemicals, advocates that the government should support maize cultivation as an alternative. "Maize is not water intensive. It degrades soil and cannot be the sole crop either. It can be used in rotation with sugarcane to ensure that soil fertility is not degraded," he says. Some half a dozen distilleries for fuel ethanol are on the drawing boards and at various stages of completion. Assuring feedstock supply can help to promote a non-sugarcane distillery base in the State.

Vishal Kamat, Chairman Confederation of Indian Industry (CII) Maharashtra, says in Maharashtra it is more profitable to make ENA and supply it for other uses such as manufacturing activities, fashion and medicine than for ethanol blending. "All segments besides liquor are experiencing good demand thanks to a booming economy. This said, if there is a steady contract for procurement in blending then fuel ethanol can be attractive since additional processing will not be required after purity is ensured," he said.

Many across the industry demand an increase in ethanol pricing.

## THE GIST

The roadmap for achieving ethanol blending targets, prepared by the Niti Aayog, had laid down that the capacity of sugarcane-based distilleries would need to increase from 426 crore litres in 2021 to 760 crore litres in 2026, while grain-based distilleries' capacity should increase from 258 to 740 crore litres.

Ethanol will not only reduce greenhouse gas emissions, it will also prevent an estimated foreign exchange outflow of some \$4 billion per year, as per Maruti Suzuki company estimates, and bolster the rural economy by promoting the cultivation of various crops through an assured market.

Meanwhile, the developing ethanol economy has impacted States differently. While the fuel ethanol pricing is the same across India, States determine the pricing of Extra Neutral Alcohol (ENA) that goes into making liquor for consumption and other uses.



# ONGC selects Mazagon Dockyard Shipbuilders for natural gas & condensate flow from DSF-II blocks

AMITAV RANJAN

**NEW DELHI:** After dropping L&T from a tender for setting up wellhead platforms and pipelines at DSF-II and MBOSN-2005/1 fields, Oil & Natural Gas Corporation has engaged Mazagon Dockyard Shipbuilders Ltd (MDL) for a split job of building such facilities only at DSF-II.

The Rs 5212.54 crore (\$624.85 million) contract is being awarded to MDL on a nomination basis with open book estimates (OBE) where suitable exit provisions are being kept at various stages of the contract to ensure timely completion of the project.

ONGC expects the negotiated ceiling cost for constructing seven platforms along with associated pipelines and topside modifications to come down as MDL has assured to negotiate

with its sub-contractors and passing the benefit to ONGC.

ONGC expects to produce 10.651 billion cubic metres of natural gas and 1.835 million tonnes of condensate over a production life of 10-13 years with 21 wells from the four contract areas — NMT, CA, SB-15 and D33 – awarded under the Discovered Small Fields Second Round (DSF-II).

The composite tender for such facilities at MBOSN-2005/1 and DSF-II blocks was issued in December 2022 where L&T was the lone bidder. It quoted \$802.14 million, 46 percent higher than ONGC's revised cost estimate of \$547.14 million and 50 percent higher than the sanctioned value of \$535.65 million.

Due to the high price, the tender was cancelled in August 2023. Coupled with the cancel-



lation of other recent tenders such as Daman Upside Development Project and Mumbai High Redevelopment Phase-V due to high quotes, ONGC decided to promote domestic vendors for its projects as foreign firms were not participating in its tenders despite relaxation from stringent government guidelines.

It also strategized to award the DSF-II contract on nomination basis with the cost-plus OBE methodology considering the failure of the three tenders in a row due to high monop-

olistic bid price ranging from 46 to 78.85 percent.

To increase competition, ONGC felt it prudent to develop a government-run contractor who could be an alternative to monopolistic competition, as overall, it would benefit from developing another vendor with experience in successfully executing offshore projects. MDL became ONGC's obvious choice considering their experience in fabrication of jackets and topsides for the oil and gas exploration firm. Besides developing a new competitor, ONGC's reasons for selecting MDL on nomination basis were:

1. Experience of constructing offshore platforms (60 plus), almost 25 percent of ONGC's total offshore assets.

2. Suitable fabrication yard for taking up four jackets at a time.

3. Yard approved for jacket fabrication after evaluating space, soil characteristics, water depth for loading/unloading and other technical infrastructures.

4. Being government company, it is governed by the same process, procedures, guidelines, regulations, checks and balances.

5. Severe crunch of contractor/resources and less probability of easing of Oil/gas offshore construction markets in near future.

Sources said the contract to MDL is like the OBE works awarded by ONGC to Engineers India Ltd under a reimbursable Engineering, Procurement and Commissioning mode for Gas Terminal Restoration, Revamping of Sectionalizing Valve Stations for Gas Terminal & KRIBHCO Terminal at Hazira.



## Rai seeks meetings with Environment Minister to discuss strategy to combat cross-border pollution

STAFF REPORTER ■ NEW DELHI

Delhi government, ahead of the winter season, has sought the Centre's support for collaboration with neighbouring states to address cross-border sources of pollution in the national capital.

In a letter to Union Environment Minister Bhupendra Yadav on Tuesday, Delhi Environment Minister Gopal Rai sought time for meeting him to discuss the issue for a common strategy to combat air pollution. He requested the Centre to take stronger action by facilitating



collaboration between Delhi and its neighbouring states to address cross-border sources of pollution.

"I believe that with the central government's support, we can build on the foundation laid by the Delhi government and

work towards a long-term solution to this crisis. I trust that you will take the necessary steps to ensure a cleaner and healthier future for all," Rai said.

Rai said that the air pollution crisis that Delhi faces every year, especially during the winter season, has a severe impact on the health and well-being of millions of residents, particularly the elderly, children, and those with pre-existing respiratory conditions.

The minister highlighted various measures taken by the Kejriwal government to mitigate the crisis.

"We regularly undertake several initiatives to combat this issue, such as implementing the odd-even vehicle scheme, promoting electric vehicles, and enhancing the frequency of public transport and we have also enforced a ban on fire-crackers, large-scale plantations drives and switching the industrial units to clean PNG fuel," Rai said.

The air quality in Delhi, however, especially between November and December remains hazardous, largely due to factors beyond the control of the state government, pointed out the minister.



# RIL to Invest ₹1kcr to Stem CBM Output Fall

Co to drill multiple new wells to increase production target to 1 mscmd over next 3 yrs

Kalpna Pathak

**Mumbai:** Reliance Industries (RIL) would be investing over ₹1,000 crore in its coal bed methane (CBM) blocks in Sohagpur, Madhya Pradesh as the company looks at increasing CBM gas production from the fields, according to industry sources aware of the development.

“RIL is seeing a decline in its CBM production and will be drilling multiple new wells to up production target to 1 million standard cubic meters (mscmd) per day over the next three years,” said an industry official aware of the development, adding that RIL would be investing over ₹1,000 crore in the process.

CBM is natural gas stored in coal seams, extracted by drilling wells into coal seams and used as compressed natural gas for various domestic and industrial purposes.

RIL has two CBM blocks in Madhya Pradesh spread across 995 square kilometre. In its annual report for FY24, RIL said over 300 wells are in production, with an average output of 0.64 mscmd of gas during the year. In FY23 and FY22, RIL's average production from the block was 0.73 mscmd of gas. In FY21 and FY20, it was at 1 mscmd.

In an emailed response, a RIL spokesperson said that to augment the production and reserves of CBM, RIL has embarked on a multi-lateral well (MLW) programme.

“The performance of the first 20 wells has been quite encouraging as we have seen a significant incre-

## GAS PRODUCTION



In its annual report for FY24, RIL said over 300 wells are in production, with an average output of 0.64 mscmd of gas during the year

ase in the production,” the spokesperson said, adding that CBM has marketing freedom, and is sold pursuant to auction guidelines issued by the govt.

The spokesperson added that the company will continue to drill MLW wells to augment production and reserves of CBM from the asset.

This February, RIL held an online auction to sell the 0.90 million standard cubic meters of gas per day that it will produce from the Sohagpur block. The majority of the gas has been taken by state-owned gas utility Gail (India) Ltd and city gas distributor Indraprastha Gas Ltd. The bid was made at \$11 per million British thermal unit.

“Reliance Gas Pipeline Limited, a subsidiary of RIL, operates the 302-km Shahdol-Phulpur Pipeline from Shahdol (MP) to Phulpur (UP) connecting the CBM gas fields with the national gas grid. This provides access to consumers across the country,” RIL added in its annual report.



## इंद्रप्रस्थ कॉलोनी में छह माह बाद शुरू हुआ IGL का काम

■ एनबीटी न्यूज, भोपुरा : भोपुरा टीला मोड़ स्थित इंद्रप्रस्थ योजना कॉलोनी डी ब्लॉक में रेजिडेंट्स वेलफेयर असोसिएशन के अथक प्रयासों से छह महीने बाद आईजीएल पाइपलाइन डालने का काम शुरू हो गया है। मूलभूत सुविधाएं न मिलने से नाराज निवासियों ने आईजीएल और जीडीए के खिलाफ जुलाई में प्रदर्शन भी किया था। आरडब्ल्यूए कार्यकारिणी अध्यक्ष सतीश भारद्वाज ने बताया कि आईजीएल विभाग की लापरवाही के कारण कॉलोनी 2000 निवासी सफर कर रहे थे। इंद्रप्रस्थ गैस पाइपलाइन कनेक्शन का पैसा जमा करने के बाद भी जीडीए के नकारात्मक रुख के कारण गैस कनेक्शन नहीं मिल पा रहा था। इसके लिए कई बार शिकायत की।



## भारतीय कंपनियां एक-दो साल में 50 अरब डॉलर तक निवेश करेंगी, रिलायंस होगी अग्रणी: मूडीज

नई दिल्ली, 20 अगस्त (एजेंसी): साख निर्धारण से जुड़ी मूडीज रेटिंग्स ने कहा कि भारतीय कंपनियां क्षमता बढ़ाने को अगले एक-दो साल में पूंजीगत व्यय के तहत सालाना 45 से 50 अरब डॉलर का निवेश करेंगी।



देश की सबसे मूल्यवान कंपनी रिलायंस इंडस्ट्रीज की इस व्यय में हिस्सेदारी 30

प्रतिशत होगी।

मूडीज ने भारत और इंडोनेशिया में सक्रिय कंपनियों के ऊपर जारी एक रिपोर्ट में कहा कि उत्पादन शृंखला एकीकरण को बढ़ाने और शुद्ध रूप से शून्य कार्बन उत्सर्जन का लक्ष्य हासिल करने के लिए निवेश किया जाएगा। इसके मुताबिक, तेल एवं गैस क्षेत्र और रिलायंस इंडस्ट्रीज मिलकर एक-दो साल में सामूहिक रूप से भारतीय कंपनियों के कुल व्यय का 60 प्रतिशत से अधिक खर्च करेंगी।

मूडीज ने कहा कि भारत में रेटिंग वाली सात तेल और गैस कंपनियों का निवेश में हिस्सेदारी कुल निवेश का लगभग 30 प्रतिशत होगी। ये कंपनियां मौजूदा क्षमता का विस्तार करने और कार्बन उत्सर्जन में कमी लाने लिए हरित ऊर्जा क्षेत्र में निवेश करने के लिए सालाना लगभग 15 अरब डॉलर व्यय करेंगी।





## रेटिंग्स एजेंसी मूडीज ने जारी की रिपोर्ट

# भारतीय कंपनियां एक-दो साल में 50 अरब डॉलर तक निवेश करेंगी, रिलायंस होगी अगुवा

एजेंसी ► नई दिल्ली

साख निर्धारण से जुड़ी मूडीज रेटिंग्स ने मंगलवार को कहा कि भारतीय कंपनियां क्षमता बढ़ाने को अगले एक-दो साल में पूंजीगत व्यय के तहत सालाना 45 से 50 अरब डॉलर का निवेश करेंगी। देश की सबसे मूल्यवान कंपनी रिलायंस इंडस्ट्रीज की इस व्यय में हिस्सेदारी 30 प्रतिशत होगी। मूडीज ने भारत और इंडोनेशिया में सक्रिय कंपनियों के ऊपर जारी एक रिपोर्ट में कहा कि उत्पादन शृंखला एकीकरण को बढ़ाने और शुद्ध रूप से शून्य कार्बन उत्सर्जन का लक्ष्य हासिल करने के लिए निवेश किया जाएगा।

### तेल व गैस पर रिलायंस 60 फीसदी से अधिक करेगी खर्च

इसके मुताबिक, तेल एवं गैस क्षेत्र और रिलायंस इंडस्ट्रीज मिलकर एक-दो साल में सामूहिक रूप से भारतीय कंपनियों के कुल व्यय का 60 प्रतिशत से अधिक खर्च करेंगी। मूडीज ने कहा कि भारत में रेटिंग वाली सात तेल और गैस कंपनियों का निवेश में हिस्सेदारी कुल निवेश का लगभग 30 प्रतिशत होगी।

### खास बातें

- रिलायंस की व्यय में हिस्सेदारी 30 फीसदी होगी
- निवेश शून्य कार्बन उत्सर्जन लक्ष्य प्राप्त करने किया जाएगा



### हरित ऊर्जा क्षेत्र में होगा 15 अरब डॉलर व्यय

ये कंपनियां मौजूदा क्षमता का विस्तार करने और कार्बन उत्सर्जन में कमी लाने लिए हरित ऊर्जा क्षेत्र में निवेश करने के लिए सालाना लगभग 15 अरब डॉलर व्यय करेंगी। मूडीज रेटिंग्स ने उदाहरण देते हुए कहा कि ओफनर्जीसी (बीएच-3 स्थिर) और इंडियन ऑयल अगले दो साल में मंडार बढ़ाने, वितरण गतिविधियों यानी आपूर्ति शृंखला के एकीकरण और ऊर्जा बदलाव पर क़मशः छह अरब डॉलर और चार अरब डॉलर खर्च करेंगी।

### रिलायंस ने 15 अरब डॉलर निवेश का किया निर्धारण

रिपोर्ट के मुताबिक, 'अगले एक से दो साल में रेटिंग वाली भारतीय कंपनियों का सालाना पूंजीगत व्यय लगभग 45 से 50 अरब डॉलर तक रहेगा। इसमें रिलायंस इंडस्ट्रीज की हिस्सेदारी अकेले 30 प्रतिशत होगी। कंपनी ने विभिन्न कारोबार में निवेश को लेकर लगभग 15 अरब डॉलर का निर्धारण किया हुआ है।'

### दोनों देश एशियाई की उभरती अर्थव्यवस्था

मूडीज ने कहा कि भारतीय और इंडोनेशियाई कंपनियों के लिए कर्ज गुणवत्ता बेहतर रहेगी। चीन को छोड़कर भारत और इंडोनेशिया एशिया की दो सबसे बड़ी उभरती अर्थव्यवस्थाएं हैं। उभरती अर्थव्यवस्थाओं में दोनों जी-20 देशों में रेटिंग वाली कंपनियों की संख्या और रेटिंग वाले कर्ज की मात्रा सबसे अधिक है।

### वृद्धि दर छह प्रतिशत रहने का अनुमान

मूडीज ने कहा कि अगले दो साल में भारत की जीडीपी (सकल घरेलू उत्पाद) वृद्धि दर छह प्रतिशत से अधिक रहने का अनुमान है। भारत की आर्थिक वृद्धि को गति देने में घरेलू मांग की भूमिका महत्वपूर्ण होगी।

### रेटिंग वाली कंपनियों की कमाई पांच फीसदी बढ़ेगी

मूडीज रेटिंग्स को उम्मीद है कि अगले एक-दो साल में रेटिंग वाली भारतीय कंपनियों की कमाई पांच प्रतिशत बढ़ेगी। धातु, खनन और इस्पात, दूरसंचार तथा वाहन कंपनियों सहित विभिन्न क्षेत्रों में व्यापक वृद्धि से कंपनियों को लाभ होगा।