

BANS ON BS-3 & BS-4 DIESEL VEHICLES HAS DISRUPTED TRANSPORTATION

Pollution crisis in Capital fuels demand for CNG, BS-6 vehicles during wedding season

NEW DELHI: The enforcement of Stage IV of GRAP, which bans BS-3 and BS-4 diesel vehicles, has disrupted travel and transportation, particularly for those engaged in the wedding business.

The Central Pollution Control Board imposed GRAP-IV measures after Delhi's air quality index (AQI) entered the 'severe' category on Sunday.

The restrictions, which came into effect at 8 am Monday, aim to curb pollution caused by older diesel vehicles.

However, the measure has had unintended consequences.

Travel agencies report a sharp rise in demand for BS-6 and CNG vehicles, including cars like Ertiga, Innova, and



traveller buses, as they scramble to meet commitments made before the ban.

"The wedding season has added to the pressure. Many vehicles were pre-booked months in advance, and with this sudden ban, we had to scramble to adjust," said Sewak Tuar, a travel agency owner.

"We are struggling to

arrange new vehicles, the petrol, CNG, and BS-6 compliant ones, as weddings and transportation needs are being heavily affected," he added.

Aryan Sinha, another travel agency owner, highlighted the growing challenges

"We have vehicles available for nearby trips like Amritsar, but families booking vehicles

for destinations such as Manali, Mussoorie, and Rishikesh, as well as for weddings, are facing difficulties," he said.

According to Sinha, wedding bookings often require 10 to 15 vehicles for multiple days. Managing this demand is challenging because they now have to ensure vehicles meet the required standards, he said.

"For large groups, CNG buses, traveller buses, and BS-6 compliant vehicles, especially newer models from 2020 onward, are in high demand," he said.

The restrictions have also impacted routine tourism as pollution prompts many families to plan trips to hill stations.

Rajesh Kumar, another

travel agency owner, said, "This is the peak wedding season, and many families plan destination weddings or large gatherings requiring bulk bookings.

Rearranging these commitments has been costly and disruptive, as we now have to rent additional vehicles or upgrade our fleet to comply with the regulations."

The shortage has also caused financial strain on agencies, with many reporting losses. "A large portion of our fleet comprises BS-3 and BS-4 vehicles, which are now off the roads. To accommodate the demand, we've had to rent compliant vehicles, which increases costs," Kumar added. AGENCIES



REFINED PETROLEUM PRODUCT EXPORT ROSE 12% IN OCT

OUTBOUND PETROLEUM PRODUCT SHIPMENTS RISE

Month	Amount (\$ bn)			
	FY25 (mt)	Chg (%)	FY25	Chg (%)
April	4.75	8.94	3.71	11.4
May	5.26	-0.75	3.79	6.16
June	4.98	-0.59	3.51	2.03
July	5.1	-4.67	3.67	-10.26
August	5	-14	3.4	-30.89
September	5.8	20.83	3.9	-9.3
October	5.1	13.3	3.3	-8.3
TOTAL	36.8	4.24	25.4	-6.9

Demand in key overseas markets has enabled the continuing rise in the export of refined petroleum products, which jumped 12.7 per cent in October, according to the latest data released by the Petroleum Planning and Analysis Cell (PPAC). Export of refined

petroleum products widened in the latest month to 5.1 million tonnes (mt), earning Indian exporters \$3.3 billion. Exports in the category have increased by 4.2 per cent to 36.8 mt in the first seven months of FY25, mostly on account of a broad-based increase

DOMESTIC FUEL CONSUMPTION GROWS

Month	FY25 (mt)	Chg (%)
April	20.15	7.75
May	21.07	1.88
June	19.93	2.31
July	19.66	7.49
August	18.34	-2.65
September	17.9	-1.6
October	20	2.56
TOTAL	137.05	2.54

Source: PPAC

in exports of petcoke, petrol, and aviation turbine fuel. The data may cheer policymakers, given expectations of falling market demand in the last months of 2024 amid higher supply, and decelerating supply in China and elsewhere. **SUBHAYAN CHAKRABORTY**

Explainer

● What is windfall tax? When is it imposed?

WINDFALL TAX IS THE higher tax levied by the government on certain specific products in a specific industry when economic conditions allow above-average profits to be generated by these products.

Post the start of the Russia-Ukraine conflict, Brent crude oil prices spiked to about \$135/barrel and remained above \$100/barrel for several weeks. A few countries, including the US, banned Russian oil and gas imports, while some European nations decided to phase out Russian oil and oil products. This led to further spikes in crude prices and oil companies making significant profits.

Recognising this, the government decided to impose a windfall gains tax. The tax, imposed on domestic crude oil production as well as exports of petrol, diesel, and jet fuel, thus was aimed at curbing unprecedented profits earned by oil companies and generating additional revenue for the government. An additional objective was to shore up domestic supplies as oil refiners were preferring to export than to meet the local requirements, given the spike in demand overseas.

● On what products was the windfall tax imposed?

ON JULY 1, 2022, the government imposed a special additional excise duty of ₹23,250 per tonne of crude, (equivalent to ~\$40/barrel) owing to elevated crude prices and the windfall gains made by the crude producers. Small producers, whose

annual production of crude was less than 2 million barrels, were exempted from this cess. Besides this cess on crude, the government imposed special additional excise duty on exports of high-speed diesel (HSD) at ₹13/litre, motor spirit (MS) at

₹6/litre and on aviation turbine fuel (ATF) of ₹6/litre on the oil refining companies.

This special additional excise duty is reviewed every fortnight based on the average prices of oil in the preceding two weeks.



CRUDE OIL PRICES

Why the windfall tax has outlived its utility

The petroleum ministry has written to the finance ministry seeking removal of the windfall tax on crude oil as the global crude oil prices have declined substantially compared to 2022 when the tax was imposed. *Prashant Vasisht* explains why the cess has no relevance now

JULY 1, 2022

SPECIAL ADDITIONAL EXCISE DUTY OF ₹23,250 PER TONNE OF CRUDE WAS IMPOSED

SINCE THE IMPOSITION, THERE HAVE BEEN MORE THAN 20 REVISIONS IN THE CESS

SEP 18, 2024

WINDFALL TAX ON DOMESTICALLY PRODUCED CRUDE WAS SCRAPPED TO ZERO

● Is there any sunset clause in this special cess?

SINCE THE IMPOSITION, there have been more than 20 revisions in the cess, basis the movement in crude prices and crack spreads of HSD, MS and ATF. The government had raised the windfall tax, or special additional excise duty (SAED) on petroleum crude to ₹7,000 per metric tonne from ₹6,000 per tonne, effective July 16, 2024. However, in August as crude prices started falling, it started slashing the windfall tax. By August 31, 2024, the cess on domestically produced crude oil was down to ₹1,850 per tonne. It was further scrapped to ₹0 per tonne, effective September 18. Windfall tax on export of diesel and ATF was retained at nil. However, there is no sunset clause specified, though this was to be a temporary cess to be phased out when crude and product prices ease to normal levels.

● Impact on upstream and downstream firms

THE CESS LOWERED the crude oil realisations of upstream industry to ~\$70-75/barrel. Likewise for HSD, MS and ATF, it reduced the ex-refinery realisations. The margins and cash accruals of the industry were impacted; however, the capex plans were not adversely impacted as ex-SAED realisations were remunerative for undertaking capex. A removal of the tax would benefit upstream companies such as state-owned ONGC and private players like Reliance as it affects their profitability and cash accruals. While the government has been reducing the windfall tax in a graded manner in response to the fall in crude prices, oil companies, especially those involved in exploration, production, and refining, have found the fortnightly review and revision process cumbersome, as it adds to the uncertainty in an industry that requires heavy capital investment.

● Is the government withdrawing the cess?

EVEN AS GLOBAL economic growth remains tepid, intensifying electrification and slowdown in China is leading to reduced demand for crude oil. Prices of crude oil have moderated to \$70-75/barrel at which upstream companies would not be making the above-average profits. The crack spreads of oil products have also declined owing to new refinery capacity additions amid weak demand. Accordingly, the government is considering withdrawal of the special additional excise duty on crude oil, HSD, MS and ATF. As the global crude oil prices have declined

substantially compared to 2022 when the tax was implemented, there is no relevance of the tax now. An *FE* report last month had quoted Tarun Kapoor, advisor to the Prime Minister, as saying that the government is mulling scrapping windfall tax on crude oil. He had said that the petroleum ministry has sought removal of the tax and that the finance ministry will take a call on the same noting that there is no relevance of the tax anymore.

The writer is senior vice president & co-group head - Corporate Ratings, ICRA



रिफाइंड पेट्रोलियम उत्पादों का निर्यात

शुभायन चक्रवर्ती
नई दिल्ली, 21 नवंबर

प्रमुख विदेशी बाजारों में मांग के कारण रिफाइंड पेट्रोलियम उत्पादों के निर्यात में वृद्धि जारी है। पेट्रोलियम प्लानिंग ऐंड एनॉलिसिस सेल (पीपीएसी) द्वारा जारी ताजा आंकड़ों के मुताबिक अक्टूबर में निर्यात 12.7 प्रतिशत बढ़ा है। इस महीने में रिफाइंड पेट्रोलियम उत्पादों का निर्यात बढ़कर 51 लाख टन हो गया है, जिससे भारत के निर्यातकों की 3.3 अरब डॉलर कमाई हुई है।

वित्त वर्ष 2025 के शुरुआती 7 महीनों में इस श्रेणी में निर्यात 4.2 प्रतिशत बढ़कर 368 लाख टन रहा है। पेटकोक, पेट्रोल और विमान ईंधन के निर्यात में वृद्धि के कारण ऐसा हुआ है। इन आंकड़ों से नीति निर्धारकों को राहत मिलेगी, जो अधिक आपूर्ति, चीन को आपूर्ति घटने व अन्य वजहों से 2024 के आखिरी महीनों में



प्रमुख विदेशी मांग के कारण में रिफाइंड पेट्रोलियम उत्पादों का निर्यात प्रतिशत बढ़कर 51 लाख टन हो गया है, जिससे भारत के निर्यातकों की 3.3 अरब डॉलर कमाई हुई है।

निर्यात में गिरावट की उम्मीद कर रहे थे। पेट्रोलियम निर्यात करने वाले देशों (ओपेक) द्वारा उत्पादन में कटौती जारी रखने के बावजूद वैश्विक आपूर्ति बढ़ी है। पिछले सप्ताह इंटरनैशनल एनर्जी एजेंसी ने कहा था कि तेल की वैश्विक आपूर्ति 2,90,000 बैरल प्रति दिन बढ़कर 1,029 लाख बैरल प्रति दिन हो गई,

क्योंकि लीबियाई तेल के बहाव आने से कजाख और ईरान की आपूर्ति कमी की भरपाई हो गई।

अक्टूबर में कच्चे तेल के निर्यात 4.27 प्रतिशत बढ़कर 19 लाख टन बढ़ गया, जो अक्टूबर, 2023 के 18.5 लाख टन था। इससे पता चलता है कि इस महीने में कोई कमी नहीं है।

वैज्ञानिकों ने शैवाल से बना दिया बायो डीजल

■ अनिकेत यादव

प्रयागराज। वैज्ञानिकों ने शैवाल से बायो डीजल तैयार किया है। मोतीलाल नेहरू राष्ट्रीय प्रौद्योगिकी संस्थान (एमएनएनआईटी) वैज्ञानिकों ने बनाने के लिए आयोनिक लिक्विड आधारित फोटोकैटलिसट तकनीक विकसित की।

तकनीक से लैब में शैवाल और वेस्ट ऑयल (तलने या इस्तेमाल के बाद

सौर ऊर्जा का इस्तेमाल

वैज्ञानिक के मुताबिक, माइक्रोवेव, अल्ट्रासाउंड और प्रकाश का उपयोग करके प्रक्रिया को तेज किया जाएगा। फोटोकैटलिसट का उपयोग हरित उत्पादन को बढ़ावा देता है। सौर ऊर्जा का इस्तेमाल उत्प्रेरक के तौर पर किया गया।

बचे तेल) से बायो डीजल बनाया है। इसे भारत सरकार ने 20 साल के लिए पेटेंट प्रदान किया है। विज्ञान और

बन सकता है विकल्प

शैवाल से तैयार बायोडीजल को डीजल के एक विकल्प के तौर पर देखा जा रहा है। यह जैव ईंधन बायोडीजल उत्पादन में अहम योगदान कर सकता है। साथ ही, विभिन्न खाद्य प्रसंस्करण उद्योगों के अपशिष्ट भी उपयोग हो सकेगा।

प्रौद्योगिकी विभाग के डॉ. सुशील कुमार और डॉ. दीपेश एस पटले को एक प्रोजेक्ट प्रदान किया था। इसे तीन साल

में बनाया है। पहले चरण में आयोनिक लिक्विड उत्प्रेरक के साथ उन्नत अल्ट्रासोनिक रिएक्टर उपयोग किया।