

India's crude cost slips below \$100, ATF down by 2%

India's crude cost has slipped below \$100 per barrel for the first time since this April in the wake of global prices dropping 5.5% over the week, reports Sanjay Dutta. However, an immediate cut in fuel prices is unlikely as the rupee's record slide and a freeze on pump rates have still kept retailers in the red.

Jet fuel (ATF) prices have been reduced by 2.2%, reflecting a fall in international oil prices. This is only the second reduction in ATF rates this year. **P 11**

India's crude cost slips below \$100 but fuel price cut unlikely

Sanjay.Dutta@timesgroup.com

New Delhi: India's crude cost has slipped below \$100 per barrel for the first time since April in step with this week's fall in benchmark rates. While it may appear to be a silver lining for the rupee, an immediate cut in fuel prices is unlikely as the Indian currency's record fall and a freeze on pump rates still keep retailers in the red.

Data show the Indian Basket, or the mix of crude bought by Indian refiners, falling to \$99.76 per barrel on July 14. The basket was last below \$100 on April 25 when it stood at \$99.17 a barrel.

The fall comes as global prices dropped 5.5% over the week as recession fears overshadowed demand-supply mismatch concerns. But the market remains volatile, with benchmark Brent bouncing back above \$100 on Friday as hopes of an early production increase by Saudi Arabia and UAE receded.

The Indian Basket had last slid under \$100 on April 25 at \$99.17 per barrel but has been ruling above the century mark since. It first breached the \$100-mark this year on February 24 to hit \$100.71 a barrel as the Ukraine-Russia conflict broke out.

If prices remain below \$100 for a while, it will ease the pressure on a battered rupee, which is hovering near a historic low of 80 against the dollar. Lower prices will reduce dollar demand for oil imports. A 45% increase in dollar demand from refiners is seen as a major reason for forex reserves dipping by \$8 billion in the week ended July 8.

The decline in crude prices, however, is not enough to

OIL IMPORT BILL

Period	Crude*	Quantity**	Products*	Quantity**
2021-22	120.4	211.9	40.5	24.5
2020-21	62.2	196.4	14.7	43.2
2019-20	101.3	226.9	17.6	43.7
2018-19	111.9	226.4	16.3	33.3
2017-18	87.8	220.4	13.6	35.4

* \$ billion | ** million tonne | Source: Oil ministry

Jet fuel price slashed by 2.2%, 2nd cut in '22

Oil marketing companies (OMCs) have cut aviation turbine fuel (ATF) prices by 2.2% for this month, as the price of crude cooled down a bit over the last few days. Jet fuel price was cut by Rs 3,084.9 per kilolitre and is now selling at Rs 1,38,147.9 per kl, making this only the second reduction this year amid a spate of relentless spikes. ATF for domestic flights is among the most expensive in India due to two reasons: one — high base price by OMCs, which, unable to raise the politically sensitive petrol, diesel, and cooking gas prices, make the most of it in jet fuel prices, often disproportionately; two — high central and state taxes on the base price. ATF prices have increased by more than 120% since June 2021. The Union petroleum and aviation ministers met Friday to discuss relief to Indian carriers on the fuel front. **TNN**

wipe out the losses on petrol and diesel, which brokers pegged at Rs 12-15 per litre as pump prices remained frozen amid rising crude and falling rupee — both key elements in pricing. The rupee's record fall has offset much of the relief from crude's fall.

The government had on May 21 announced an excise duty cut of Rs 8 on petrol and Rs 6 on diesel when the Indian Basket was at \$109.55 a barrel and rupee was 73-74 against the dollar. The post-cut fuel prices correspond to oil at \$85, while the rupee has tumbled to 80 against the Greenback.

India's crude cost rose to a decade's high at \$121.28 per barrel on June 9. This was the highest since March 9, 2012 when the Indian Basket had hit \$125.13. This pushed the monthly average in June to \$118.34 per barrel, a level

last seen in April 2012 when the price averaged \$118.64.

In 2021-22, the oil companies spent \$144 billion on importing about 212 million tonne (mt) of crude and 40 mt of products. High oil prices weaken the rupee by draining the forex kitty as more Indian currency is needed to buy each dollar. As the rupee loses strength, raw material imports become costlier.

This impacts India Inc's profitability by raising production costs, leading to higher inflation as goods and services become more expensive and make finances tougher for the common man.

Oil prices have been rising since October 2021 but it spiked after the Russia-Ukraine conflict broke out on February 24, hitting a 14-year high of \$139 per barrel on March 7.

Green fuel will end need for petrol in India in 5 years: Gadkari

Union minister Nitin Gadkari has expressed confidence that green fuel will end the need of petrol in vehicles in the country in the next five years. During his speech in Maharashtra's Akola, the minister made a strong pitch for the use of green hydrogen, ethanol and other green fuels. "With full faith, I want to say that petrol will vanish from the country after five years," he said.