

Keep stability in oil market, Puri to OPEC

ARUNIMA BHARADWAJ
New Delhi, November 10

INDIA CALLED UPON the Organization of the Petroleum Exporting Countries (OPEC) to continue maintaining and ensuring stability in the oil market for the benefits of consumers, producers, and the global economy.

"As India remains on a trajectory of stable and robust economic growth, fostering deeper collaboration for the mutual benefit of both parties has the potential to contribute significantly to the long-term prosperity and stability of the global oil markets," oil minister Hardeep Singh Puri said at the 6th OPEC-India Energy Dialogue at Vienna, Austria.

The meeting further discussed key issues concerning energy markets emphasizing on ensuring availability, affordability, and sustainability with India's role in growing economic growth and oil demand. India is the third-largest energy consumer and crude oil importer after China and the US.

The World Oil Outlook 2023 had forecast India's oil demand at 28% of incremental global energy demand in the period 2022-2045



Hardeep Singh Puri, Union oil minister

PTI

and has also said that India will be the fastest growing major developing economy averaging a long-term growth of 6.1% in the mentioned period. "The relationship between India and OPEC will be pivotal in the years to come, as the world seeks to foster global energy security, deliver energy affordability and reduce emissions," said HE Al Ghais, secretary general of OPEC. The two parties also agreed to hold the next OPEC-India Energy Dialogue scheduled in 2024 in India.



For RIL, oil and gas business likely to be nearing a peak

AMRITHA PILLAY
Mumbai, 10 November

Reliance Industries Ltd's (RIL's) oil and gas vertical reported its record quarterly profit in the latest quarter (July-September), when the business reported an Ebitda (earnings before interest, taxation, depreciation, and amortisation) of ₹4,766 crore.

In the quarter, a little over 10 per cent of RIL's consolidated Ebitda came from its oil and gas business.

Even as this business finally claims a larger share in overall profits, analysts say it may be nearing its peak for now. RIL's oil and gas business performance for several years has been lacklustre in comparison to profits its other divisions have returned.

The business has, however, looked up in the past several quarters with gas production commencing from the KG-D6 block.

"The turnaround began with the start of gas production at KG-D6 (commenced gas production from satellite cluster in April 2021 and R-cluster in December 2020)," analysts with BNP Paribas noted in their report on the company.

"This was further boosted by the commencement of gas production from the MJ field,

KEY STANDINGS

	FY20	FY21	FY22	FY23	Q2FY24
Oil & gas Ebitda (₹ cr)	353	258	5,457	13,589	4,766
Consolidated Ebitda (₹ cr)	102,280	97,580	125,687	154,691	44,867
Share (%)	0.35	0.26	4.34	8.78	10.62
Production: KGD6*	NA	12.8	>18	19	28.3

*In million metric standard cubic meters per day

Source: Company presentations

which yielded 29 MMSCMD (million metric standard cubic metres a day) of gas in 2QFY24 and is on course to achieve 30 MMSCMD production in the near term," they wrote.

However, analysts from foreign and domestic brokerages say this is nearing its peak.

Analysts with Motilal Oswal in their latest post-earnings report on RIL said FY25 would see the full benefit from the ramped up volumes at the MJ field.

Those at JP Morgan are calling it "the last hurrah".

"Much was expected by the market of Reliance's E&P

business earlier, but the large D1/ D3 fields eventually disappointed in terms of output. That seems to have led to RIL scaling back its upstream ambitions," the analysts said, noting the company has exited most of its overseas assets and the US shale properties it had acquired.

"There is little else beyond this -- no major exploration/development activities in this part of the business (are) anticipated. RIL's cash flow/Ebitda will likely see significant albeit temporary gains as output hits the peak," the analysts noted.

The peak for KG-D6 gas

production of around 30 MMSCMD isn't far from now. Production, according to the company's quarterly results, stands at ₹29 MMSCMD.

"Combined, the KG-D6 project in completion (three phases) will develop more than 3 trillion cubic feet (TCF) of gas with gross production of 30 MMSCMD and should reach peak production in 2023 (FY24). This contributes to 30 percent of India's domestic gas production," analysts with Goldman Sachs noted in their earnings review. In their multi-year estimates of up to FY26, brokerages JM Financials, Emkay, UBS, and Kotak Securities see this segment's Ebitda peaking either this financial year or the next.

"Agree, this is the best it gets for this business segment of RIL," said an oil and gas analyst, adding, "But upside could be in steps if they stumble upon new discoveries".

RIL is working on ultra-deep projects such as KG-UDW1, where the first exploration well is planned to be drilled in the second half of the current year.

It has commenced a programme of an additional 40 wells as part of its production augmentation plan, with output anticipated to be ramped by Q4FY24.

Clean Air? Target Cooking, Not Cars

Dust aside, biomass burning contributes most to PM2.5-led air pollution countrywide. Households are bigger emitters than farmers. Industry emissions come next

Chandra Bhushan



Air pollution is a pervasive issue in India, with the Indo-Gangetic Plain (IGP) suffering the most severe consequences. The severity of this problem is underscored by recent rankings that place Delhi, Kolkata and Mumbai among the world's 10 most polluted cities. Mumbai's air quality, for instance, has steadily deteriorated in the last five years, with its air quality index (AQI) frequently surpassing 200, indicating poor conditions, and sometimes even 300, signifying very poor air quality. This trend raises urgent questions about the root causes of this escalating air pollution and why it remains unmitigated.

Colleagues and I in a comprehensive study put together data from various sources to develop an inventory of air pollutants in India, focusing on PM2.5, which are particles less than 2.5 microns in size and a primary concern for the country. High exposure to PM2.5 is detrimental to health, affecting various bodily systems, particularly the respiratory system, and increasing the risk of diseases such as cancer and cardiovascular ailments.

Our research indicates that India emits approximately 5.2 million tonnes of PM2.5 annually, not accounting for dust from land and construction. Astonishingly, 82% of this comes from biomass burning and industrial activities.

Biomass burning is the leading cause of PM2.5 emissions in India, with residential fuel and burning of agricultural residue accounting for over half of these emissions. The reason biomass burning contributes such a massive share is that their emissions are unfiltered. Unlike automobiles and industries where some pollution control devices are used, biomass cookstoves and open burning in fields emit all their pollutants unconstrained into the air.

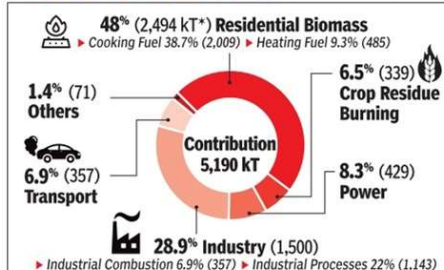
Some notable sources of biomass-related emissions are:

Cooking | Biomass – firewood, dung cakes, agro-residues and charcoal – is the primary cooking fuel for around 500 million people, mainly in rural areas, contributing 38.7% of PM2.5 emissions. Although programmes like PM Ujjwala Yojana (PMUY) have reduced biomass usage, the transition to cleaner fuels must be expedited to significantly cut down on both indoor and outdoor air pollution.

Heating | Often overlooked, biomass used for heating, especially during winters, is a significant pollution



PM2.5 INVENTORY OF INDIA



* Annual PM2.5 Emissions In Kilo Tonnes

Source: iFOREST

source. Two-thirds of Indian households – about 860 million people in rural and urban areas – rely on biomass for heating. Emissions from this source exceed those from power and transport sectors. So, if the Delhi government wants to reduce air pollution during winter, it should ensure there is no burning in the city of biomass and garbage for heating. This would reduce pollution more rapidly than banning construction and spraying water on roads.

Crop Residue Burning | This practice contributes about 7% of PM2.5 emissions, equal to the emissions from all of India's vehicles. About 100 million tonnes

of crop residues are burnt each year, with a third of this occurring within a 30-day period across Punjab, Haryana, UP and Rajasthan in October and November. This intense burning significantly escalates pollution levels in cities like Delhi to hazardous levels. Eliminating stubble burning is essential to reduce the occurrence of severe and hazardous pollution days.

It is essential to underscore that a bulk of biomass used for heating and crop residue burning takes place during winter. This, along with adverse meteorological conditions in IGP, pushes the pollution to dangerous levels in winter.

Industry Invisible | Industries, often neglected in discussions on air pollution, are the second-largest source of PM2.5, contributing 29% of the emissions and are the leading cause of pollution in cities like Mumbai and Kolkata. While larger industries have adopted adequate pollution controls, countless smaller enterprises have not. Sectors like brick kilns, metal, food processing and agro-based industries are some of the key ones that need stringent oversight.

Likewise, the power sector, accounting for 8% of PM2.5, must adhere to emission norms, as about 60% of power plants still fail to meet the strict standards set in 2015.

Automobile Focus | Vehicles, which have been a focal point of pollution control efforts over the past two decades, contribute only 7% of PM2.5 emissions. While in cities, this number could be a little higher, emissions from automobiles are far below those from industries and biomass. This is precisely why vehicle restriction schemes like odd-even have a minimal impact on improving air quality in cities like Delhi.

The analysis clearly demonstrates the need for substantial actions to shift households away from biomass fuels for cooking and heating through programmes such as PMUY. Under the Sustainable Development Goals, India has committed to providing clean fuel to every household by 2030; achieving this target would be the biggest action in controlling air pollution. Furthermore, the burning of crop residues must not be tolerated. Both incentives and penalties should be used to eliminate this practice as this will bring the quickest result on air quality. Lastly, there must be a concerted effort to decrease industrial pollution through rigorous monitoring and enforcement. These strategies must take precedence as they represent the primary sources of air pollution.

The writer is CEO of the International Forum for Environment, Sustainability and Technology (iFOREST)

ONGC posts ₹16,553-cr profit in Q2

TOPLINE DECLINES. Consolidated total income has fallen to ₹1.49 lakh crore from ₹1.71 lakh crore

Our Bureau

New Delhi

State-run Oil and Natural Gas Commission (ONGC) on Friday reported a 142.4 per cent y-o-y growth in its consolidated net profit at ₹16,553 crore in the July-September quarter of FY24.

However, the exploration and production major's consolidated total income fell to ₹1.49 lakh crore in Q2 FY24 from ₹1.66 lakh crore in Q1 FY24 and ₹1.71 lakh crore in Q2 FY23.

On a standalone basis, the company's realisation from crude oil produced from nominated fields fell to \$84.84 per barrel in Q2 FY24 from \$95.50 a year ago. The realisation of crude oil produced from joint ventures (JVs) also declined to \$79.41 per barrel from \$94.96.

"Board has approved interim dividend of 115 per



EXPANDING FIELD. The company declared a total of five discoveries (two on land and three offshore) during FY24 in its operated acreages REUTERS

cent, i.e. ₹5.75 on each equity share of ₹5. The total payout on this account will be ₹7,234 crore. The record date for distribution of dividend has been fixed for November 21, 2023, which has been intimated to the stock exchanges," the company said.

ONGC's total crude oil production fell by 2.1 per cent y-o-y to 5.249 million tonnes. Gas production fell by 2.8 per

cent y-o-y to 5.2 billion cubic meters (BCM).

DISCOVERY UPDATE

The company declared a total of five discoveries (2 on land and 3 offshore) during FY24 in its operated acreages. Out of these, 3 are prospects (Offshore) and 2 on land are New Pools. ONGC has monetised 2 discoveries till date during FY24, Gopavaram-21 (FY24)

and Karugorumilli-1 (FY23). ONGC said the reduction in production output can primarily be attributed to a decline in some of the matured fields and marginal fields. To counter this decline, ONGC is taking proactive steps by implementing well interventions and advancing new well-drilling activities within these fields.

Furthermore, in a bid to bolster evacuation capacities and modernise offshore facilities, a shutdown was undertaken in Panna-Mukta for the commissioning of a new crude oil pipeline, post taking over from JV Partner. The shutdown resulted in a temporary loss of production, it added.

Another factor impacting production was Cyclone Biparjoy struck in June 2023. This event disrupted both offshore and onshore production operations. Further, oil production of a Southern asset was hampered due to the

stoppage of wells caused by the cessation of crude oil receipts by a refinery, following a leak in its pipeline.

ONGC, however, acted swiftly and devised an alternate method for the evacuation of crude oil through tankers, thus resuming production. The current decline in production from matured fields will be compensated in upcoming quarters with the commencement of additional production from upcoming projects, which are under various stages of development, the company said.

The Company also made the disclosure about the approval of the Board of Directors for "Sustainable Capital Restructuring of ONGC petro additions Ltd (OPaL)", a joint venture of the company, for a capital infusion of ₹14,864.281 crore, subject to the approval of shareholders and/ or Government of India, as the case may be.

CAPITAL IDEAS.



RICHA MISHRA

News reports of Saudi Arabia and Russia reaffirming their intent to stick with oil supply curbs of more than one million barrels a day until the end of the year, even as the geopolitical tensions in West Asia continue, is a cause of worry. Though crude oil prices have been trading below the fearful numbers ruling earlier — now they are in the range of \$80 a barrel — the respite may just be short-lived for consumers like India.

As James Woolseys, an American political appointee who has served in various senior positions in the government there, has been quoted as saying, “We aren’t addicted to oil, but our cars are.”

So concerns for consumers like India arise from the fact that any spike in international crude oil and gas prices would have a ripple effect and disrupt the household budget of its citizens.

The leaders of the OPEC+ coalition announced their plans in separate official statements recently. While Riyadh has slashed daily crude production by one million barrels, Moscow is curbing exports by 300,000 barrels, on top of earlier cuts made with other OPEC+ nations. Saudi Arabia will review its production volumes next month and consider “extending the cut, deepening the cut, or increasing production,” according to the Saudi Press Agency.

In a separate statement, Russia’s Deputy Prime Minister, Alexander Novak, expressed a similar sentiment.

According to Giovanni Staunovo, Commodity Analyst at UBS, “We believe these voluntary supply cuts are likely to be extended into the first quarter of 2024 — given seasonally weaker oil demand at the start of every year, ongoing economic growth concerns, and the aim of producers and OPEC+ to support the oil market’s stability and balance.”

“We believe this monthly review process allows Saudi Arabia to retain control of the oil market, by adjusting its production due to market fundamentals. Russia’s participation is also important, as the country is the second largest producer in the OPEC+ group. The deal ensures close coordination between the two producers,” he said, adding “We continue to expect Brent oil to move back into a \$90-100/bbl range, supported by lower oil inventories.”

The next OPEC+ ministerial meeting is scheduled on November 26 in Vienna.

Now, anything above \$80 a barrel is worrisome for India. Oil prices have



REUTERS

extension of the current conflict between Israel and Hamas to other parts of region will create supply disruptions.

WEATHER MATTERS

According to Ehsan Ul-Haq, Lead Analyst Forecasting - Oil Research at Refinitiv, “I think, much will depend on weather in the Northern Hemisphere. If temperatures remain above normal, there will be less demand. Refinery margins are also weakening, which do not bode well for demand.”

“In January, refineries start buying for the second quarter, when demand is not as strong. I think, Saudi Arabia and Russia will know a bit more about demand at the start of December and will decide accordingly. Oil prices will depend on the Middle Eastern conflict, which means consumers will continue to face higher prices,” he added.

Industry trackers feel Saudi Arabia

Industry trackers feel Saudi Arabia may want a high price to fund some of its expensive projects and Russia needs it for

may want a high price to fund some of its expensive projects and Russia needs it for other purposes.

Kang Wu, Global Head of Demand Research, S&P Global Commodity Insights, said: “The decision of Saudi Arabia and Russia to extend their product cuts to the end of the year has already been incorporated into our price forecast. On that basis, Platts Dated Brent prices are forecast to decline by the first quarter 2024 from current levels, but with potential for volatility owing to wars and economic uncertainty.”

“Our annual average for Platts Dated Brent (base case) is \$85 a barrel in 2024 and \$76 a barrel in 2025. India is likely to benefit from the easing oil market with moderated oil prices. However, if the Israel-Hamas war intensifies where Iran gets involved and US tightens sanctions or if Saudi Arabia cuts production further than what is announced, the price of oil may spike significantly above the level today, negatively affecting all oil importing countries including India,” he added.

“Demand for petroleum products is not exactly growing, globally speaking. India is the only country which is

petroleum products, including turbine fuel and LPG. OPEC is struggling since the demand and supply picture is not at all rosy — therefore, to keep their cash flows healthy they try every possible tool to push prices up, with production cut the most potent one. They try to create shortages artificially,” says energy expert, Narendra Taneja.

“For India, anything above \$80 a barrel is outside the comfort zone,” he added.

The price at which Indian refiners sourced their crude oil (Indian Basket) as on November 11 stood at \$81.64 a barrel. After hitting an average of \$93.54 in September and \$90.08 in October, it has softened and averaged \$85.55 in November till now.

Last month, the Minister for Petroleum and Natural Gas, Hardeep Singh Puri, was quoted as saying that the country will be able to manage oil prices above \$100/barrel, but it could lead to “organised chaos”.

Any instability in the market will affect the consuming nations, however prepared they might be. For consumers like India, while energy transition is happening, it also needs to scale up its domestic production further to ensure

तेल उत्पादन में और कटौती न करें ओपेक देश : हरदीप पुरी

जागरण ब्यूरो, नई दिल्ली: अंतरराष्ट्रीय बाजार में कच्चे तेल की कीमतों में चल रही अस्थिरता के बीच भारत ने तेल उत्पादक देशों से आग्रह किया है कि वह आने वाले दिनों में कच्चे तेल के उत्पादन में और कटौती न करें। ऐसा करने से पूरी दुनिया की विकास दर को लेकर अनिश्चयता पैदा होगी। यह बात पेट्रोलियम व प्राकृतिक गैस मंत्री हरदीप सिंह पुरी ने वियना में गुरुवार को ओपेक देशों के साथ भारत की विशेष बैठक में कही है। भारत ने ओपेक देशों को यह भी बताया कि वह आने वाले दशकों में दुनिया में कच्चे तेल का सबसे बड़ा खरीदार होगा और तेल उत्पादक देशों को बड़े खरीदार देशों के हितों का ध्यान रखना होगा। यह भारत और ओपेक के बीच छठी ऊर्जा वार्ता थी।

पेट्रोलियम मंत्री पुरी ने एक्स (पूर्व में ट्विटर) पर लिखा है कि ओपेक के साथ कच्चे तेल की भावी खपत पर जारी रिपोर्ट पर भी चर्चा हुई है। इस रिपोर्ट के मुताबिक, भारत वर्ष



हरदीप सिंह पुरी •

पेट्रोलियम मंत्री हरदीप सिंह पुरी ने तेल उत्पादक देशों के साथ विशेष बैठक में की चर्चा, कहा- बड़े खरीदारों का रखें ध्यान

2022 से 2045 तक दुनिया में सबसे तेज गति से बढ़ती हुई इकोनमी बना रहेगा। इसकी औसत विकास दर 6.2 प्रतिशत रहेगी और दुनिया की कुल तेल खपत में इसकी 28 प्रतिशत हिस्सेदारी होगी। बैठक में तेल की उपलब्धता, कीमत व स्थिरता को लेकर भी चर्चा हुई है। यह वैश्विक ऊर्जा बाजार की स्थिरता के लिए जरूरी है। चूंकि भारत वैश्विक विकास दर और ऊर्जा मांग को दिशा देने वाला प्रमुख देश होगा, इसलिए उसके लिए भी यह जरूरी है।

पेट्रोल-डीजल को जीएसटी में लाने पर कांग्रेस का दोहरा रवैया : निर्मला

एजेंसी ■ इंदौर

वित्त मंत्री निर्मला सीतारमण ने शुक्रवार को कहा कि केंद्र में सत्तारूढ़ भारतीय जनता पार्टी (भाजपा) पेट्रोल-डीजल को माल एवं सेवा कर (जीएसटी) के दायरे में लाना चाहती है, लेकिन कांग्रेस इस विषय पर दोगला रवैया अपना रही है। सीतारमण ने इंदौर में संवाददाताओं से कहा कि भाजपा और उसकी अगुवाई वाली केंद्र सरकार शुरुआत से ही पेट्रोल-डीजल को जीएसटी के दायरे में लाने के पक्ष में है क्योंकि इस कदम से जनता को फायदा होगा, लेकिन इस विषय में फैसले का अधिकार जीएसटी परिषद को है। उन्होंने कांग्रेस महासचिव प्रियंका गांधी वाद्रा पर निशाना साधते हुए कहा, 'पेट्रोल-डीजल को जीएसटी में लाए जाने से रोकने वाले कौन लोग हैं? अगर प्रियंका पेट्रोल-डीजल को जीएसटी के दायरे में लाए जाने के पक्ष में हैं, तो उन्हें कांग्रेस की हर राज्य सरकार से कहना चाहिए कि वे जीएसटी परिषद में इसकी सहमति दें। वित्त मंत्री निर्मला सीतारमण ने कहा कि पेट्रोल-डीजल को जीएसटी के दायरे में लाने के मामले में दोगला रवैया रखने वाली कांग्रेस से मीडिया को इस बारे में



सवाल करना चाहिए। इजराइल-हमास युद्ध के भारतीय अर्थव्यवस्था पर असर के बारे में पूछे जाने पर वित्त मंत्री ने कहा, जब से रूस-यूक्रेन युद्ध शुरू हुआ, तब से कच्चे तेल के दामों को लेकर लगातार अटकलबाजी चल रही है और हम इससे निपटते आ रहे हैं। आपको जानकारी होगी ही कि हमने रूस से सस्ता कच्चा तेल आयात किया है। वित्त मंत्री निर्मला सीतारमण ने कहा, चाहे रूस-यूक्रेन युद्ध हो या इजराइल-हमास युद्ध, दुनिया में जब भी कोई जंग होती है, तो कच्चे तेल

के दामों पर असर की संभावना होती है। हम हालात पर पहले से बारीक नजर रखते आ रहे हैं। सीतारमण ने कहा कि सरकार टमाटर, आटा, दालों और आम जरूरत की अन्य चीजों की महंगाई पर नियंत्रण के लिए काफी पहले से कदम उठा रही है, लेकिन कांग्रेस की पूर्ववर्ती सरकार में खाद्य मुद्रास्फीति की दर 22 महीने तक 10 फीसद से ज्यादा रही थी। उन्होंने दावा किया कि तब कांग्रेस सरकार इस महंगाई पर काबू पाने की दिशा में कुछ भी नहीं कर सकी थी।

पेट्रोल-डीजल जीएसटी में लाने से फायदा: सीतारमण

इंदौर, एजेन्सी। वित्त मंत्री निर्मला सीतारमण ने शुक्रवार को कहा कि केंद्र में सत्तारूढ़ भाजपा पेट्रोल-डीजल को जीएसटी के दायरे में लाना चाहती है, लेकिन कांग्रेस इस विषय पर दोहरा रवैया अपना रही है।

सीतारमण ने इंदौर में कहा कि भाजपा और उसकी अगुवाई वाली केंद्र सरकार शुरुआत से ही पेट्रोल-डीजल को जीएसटी के दायरे में लाने के पक्ष में है, क्योंकि इस कदम से जनता को फायदा होगा, लेकिन इस विषय में फैसले का अधिकार जीएसटी परिषद को है। उन्होंने प्रियंका



कहा-
कांग्रेस
मामले में
दोहरा रवैया
अपना रही

गांधी वाड़ा पर निशाना साधते हुए कहा, पेट्रोल-डीजल को जीएसटी में लाए जाने से रोकने वाले कौन लोग हैं। अगर प्रियंका पेट्रोल-डीजल को जीएसटी के दायरे में लाए जाने के पक्ष में हैं, तो उन्हें कांग्रेस की हर राज्य सरकार से कहना चाहिए कि वे जीएसटी परिषद में इसकी सहमति दें।