

First India-UAE crude oil transaction in local currencies

New Delhi: The first-ever India-UAE crude oil transaction under the newly implemented Local Currency Settlement (LCS) system took place on Monday between Abu Dhabi National Oil Company (ADNOC) and Indian Oil Corporation (IOC), the Indian embassy in Abu Dhabi announced.

The transaction involved sale of about 1 million barrels of crude oil. Both Indian rupees and UAE dirhams were used for the transaction. India and the UAE have a strong oil and gas relationship and the UAE is a key partner for India's energy security.

"This is India's first-ever LCS and is expected to reduce transaction costs and time and increase reliance on local currencies. This will further add to the preferential terms accruing from CEPA," the embassy said. TNN

Govt hikes windfall tax on crude, diesel export, ATF

ENS ECONOMIC BUREAU

NEW DELHI, AUGUST 14

IN CONTINUATION to the earlier hike in windfall profit tax on domestic crude oil, the government on Monday hiked special additional excise duty on crude petroleum to Rs 7,100 per tonne with effect from August 15.

In the last fortnightly review, windfall tax on domestically produced crude oil was set at Rs 4,250 per tonne.

Also, the Special Additional Excise Duty (SAED) or duty on export of diesel will be hiked to Rs 5.50 per litre from Re 1 per litre at present.

A duty of Rs 2 per litre will be imposed on jet fuel or aviation turbine fuel (ATF) with effect from August 15.

Currently, there is no SAED on ATF and on petrol, it will continue to be zero.

The windfall tax was first levied on July 1 last year after oil prices jumped due to the ongoing Russia-Ukraine war.



Govt hikes windfall tax on domestic crude, diesel export, ATF

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Besides, the Special Additional Excise Duty (SAED) or duty on export of diesel will be hiked to Rs 5.50 per litre from Re 1 per litre at present.

A duty of Rs 2 per litre will be imposed on jet fuel or ATF with effect from August 15. Currently, there is no SAED on the jet fuel.

SAED on petrol will continue to be zero. India first imposed windfall profit taxes on July 1, 2022.

AGENCIES

India makes first crude oil payment to UAE in rupees



REUTERS
August 14

INDIA AND THE United Arab Emirates have started settling bilateral trade in their local currencies, with India's top refiner making payment in rupees for purchase of a million barrels of oil from the Middle Eastern nation, the Indian government said on Monday.

Indian Oil made payment to Abu Dhabi National Oil Company (ADNOC), according to a statement issued by Indian embassy in UAE.

The transaction comes after one involving the sale of 25 kg gold from a UAE gold exporter to a buyer in India at about ₹12.84 crore (\$1.54 million).

India in July signed an agreement with the UAE allowing it to settle trade in rupees instead of dollars, boosting India's efforts to cut transaction costs by eliminating dollar conversions.

During a visit by Indian Prime Minister Narendra Modi to the UAE, the two countries also agreed to set up a real-time payment link to facilitate easier cross-border money transfers.

Bilateral trade between India and UAE was \$84.5 billion in 2022-23.

India is keen to push similar local currency arrangements with other countries, as it looks to boost exports amid slowing global trade.

India, UAE make first crude oil trade in local currencies

YESHI SELI @ New Delhi

EXACTLY a month after Prime Minister Narendra Modi and President of the UAE, Sheikh Mohamed bin Zayed Al Nahyan, signed a Memorandum of Understanding on trade in national currencies, the Abu Dhabi National Oil Company (ADNOC) and Indian Oil Corporation Limited (IOCL) made their first-ever crude oil transaction in national currencies.

The transaction involved sale of one million barrels of oil.

"The first ever crude oil transaction under the newly implemented Local Currency Settlement (LCS) took place on Monday between the ADNOC and IOCL. The transaction involved the sale of 1 million barrels of crude oil. Both Indian rupee and UAE dhiraams were used in the transaction," according to the Indian Embassy in Abu Dhabi.

"Trade in local currencies is a very important aspect of India-UAE cooperation. It paves the way for enhanced economic collaboration and will make international financial interactions simpler," said PM Modi on July 15.

The UAE is one of India's key partners in the oil and gas sector, which is significant for India's energy security. Petroleum products form the bulk of trade between the two nations. The UAE is the fourth largest source of crude oil and second largest source for LNG and LPG for India. In 2022



\$35.10 billion worth of petroleum products were traded between the two – which made up for 41.1 per cent of the total bilateral trade.

"This LCS and is expected to reduce transaction costs and time and increase reliance on local currencies. This will add to the preferential terms accruing from CEPA and traders can choose payment currency based on mutual agreement," the Indian Embassy statement added.

Monday's transaction is the second under LCS. The first one took place on July 15 the day the MoU was signed and involved the sale of 25 kg of gold from a leading UAE gold exporter (Peekay Intermark) to a buyer in India (YES Bank). This was valued at ₹12.84 crore. Meanwhile, the trade between the two nations rose to \$85 billion in 2022, making the UAE India's third-largest trading partner for 2022-23 and India's second-largest export destination. India is the UAE's second-largest trading partner.

MRPL plans to phase out exports in three years

Reuters

New Delhi

Mangalore Refinery and Petrochemicals Ltd plans to phase out fuel exports in the next two to three years as it expands its local retail network to diversify its sources of revenue, its Managing Director said.

MRPL, a subsidiary of ONGC, operates a 300,000 barrel-per-day coastal refinery in Karnataka, mostly supplying the state refiners that own about 90 per cent of India's retail fuel stations and exporting the remainder.

Sanjay Varma told Reuters that MRPL plans to expand its retail outlets in southern

region to 1,800 by 2027 from about 71 now. "When refining margins are low (retailers) make a handsome profit because marketing margins are good. It gives a natural hedge if we have marketing margins," Varma said.

MRPL's exports, previously 2-3 cargoes each of diesel and jet fuel monthly, have suffered in the last six months as maintenance shutdowns at other refiners raised demand for its fuel.

"Our plan is to go for zero exports as we would like to push volumes through our retail outlets," Varma said.

MRPL would cut crude imports from countries including Russia in August and September because of the outage, Varma said.

MRPL to phase out fuel exports in 3 yrs

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REUTERS

Russian crude purchase slumps by record 25% in August

S DINAKAR
Amritsar, 14 August

Indian purchases of Russian crude oil declined by around 25 per cent in the first half of August, the steepest month-on-month drop in terms of volumes, with refiners expecting further falls amid contract negotiations for late September/October deliveries, according to industry officials and ship tracking analysts.

Lower discounts, coupled with higher procurement costs, will erode margins and hurt Q2FY24 earnings at state-run refiners, analysts said.

Shipments of Russian oil loaded for India dropped to a little less than 1.5 million barrels per day (bpd) in the first fortnight of August from around 2 million bpd in July, according to the loading data from Paris-based market intelligence agency Kpler and London-based market intelligence agency Vortexa.

Russian purchases accounted for 36 per cent of India's crude oil import in August from 44 per cent in July, the Kpler data shows.

"We expect Russian crude oil import into India to slow as Russia scales back on its export amid lower production and higher domestic runs," said Serena Huang, an analyst at Vortexa.

Kpler too expects Russian purchases to average 1.6 million bpd until September.

Russia is making voluntary cuts of 500,000 bpd this month and 300,000 bpd next month, according to its officials. Around 445,000 bpd of the cut is in Baltic Sea export, which represents Russia's lowest-margin exported barrel since the bulk sails four weeks to India, according to US market intelligence provider Energy Intelligence.

A Mumbai-based refiner confirmed to Business Standard that Russian shipments might come in lower this month and the next, at around 1.5 million bpd with an even steeper fall expected for October deliveries because discounts had more than halved from \$10-13 a barrel early this year. "At \$3-4 a barrel, Russian oil is not workable. We need \$7-8," the refining official said.

Huang said despite the fall, Russian oil



was competitive against other grades of oil. But the official said big banks like State Bank of India, Bank of Baroda, and ICICI Bank were making life "miserable" for refiners, demanding extensive documentation and refusing to entertain payments on trades made above \$60 a barrel, a cap imposed by Western powers. Higher discounts also help keep Urals below the sanctions threshold.

Indian refiners may slash purchases of

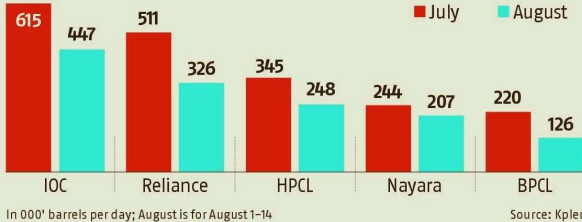
Russian oil for October deliveries from July levels as they talk to traders on supply after discounts on Russian oil slumped to the lowest levels since the Ukraine invasion last February, industry officials said. Russian purchases may drop below 1.5 million bpd in October unless traders decide to forgo more of their margins and pass them on to refiners, the Mumbai-based refiner said. Freight rates have also dropped to \$6-8 a barrel for Russian oil because of a drop in purchases, the refin-

ing official said.

The steep drop in Russian purchases threatens to hurt India's economy by depriving the country of cheap, discounted fuel. India imports over 85 per cent of its crude oil needs. Barring Iraq, whose supplies are limited, Gulf crude oil from places like Saudi Arabia and the United Arab Emirates cost \$14-21 a barrel more than Russian oil did in June, the Indian customs data shows.

State-run refiners, led by IndianOil,

INDIA'S TOP IMPORTERS OF RUSSIAN CRUDE IN 2023



Bharat Petroleum, and Hindustan Petroleum, will see an impact on July-September earnings because of higher costs of purchases and an inability to pass them on to consumers amid the election season, analysts said. Oil-marketing companies were planning to cut pump prices based on Q1 results but that will have to wait, an industry source said.

"Crude prices are high, marketing margins on diesel in early August were negative," said Prashant Vashisht, senior vice-president and co-group head at Mumbai-based ratings agency ICRA. "If there's nothing to support earnings from Russian discounts and with negative marketing margins, earnings would be dampened," he added.

European benchmark Brent rose above \$86 a barrel last week, the highest since April. The Indian crude oil basket averaged \$77 in the April-June period and \$87 this month. New Delhi and Indian refiners have saved billions of dollars in the last 18 months from purchases of discounted Russian oil. The surge in Brent and Urals puts such savings at stake.

Windfall tax hiked on domestic crude, diesel export, ATF



THE GOVERNMENT ON Monday hiked special additional excise duty (SAED) on crude petroleum to ₹7,100 per tonne with effect from August 15. SAED on export of diesel will be hiked to ₹5.50 per litre. A duty of ₹2 per litre will be imposed on jet fuel or ATF.

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पाकिस्तान ने रूस से ऑयल इम्पोर्ट बंद किया

रिफाइनिंग प्रोसेस में भारी नुकसान

इस्लामाबाद, (एजेंसी): पाकिस्तान अब रूस से सस्ता क्रूड ऑयल नहीं खरीदेगा। इसकी वजह यह है कि पाकिस्तान में जो रिफाइनरी यूनिट या प्लांट हैं, वो रूसी क्रूड ऑयल को रिफाइन करने में बहुत कम कामयाबी हासिल कर सके हैं। इसकी वजह से उन्हें भारी घाटे का सामना करना पड़ रहा है। पाकिस्तान ने रूस से बड़ी मिन्नतों के बाद क्रूड इम्पोर्ट डील हासिल की थी। दरअसल, भारत ने डेढ़ साल पहले रूस से सस्ता क्रूड इम्पोर्ट करने की डील की थी। इसके बाद पाकिस्तान की दो सरकारों ने भारत की बराबरी करने के लिए रूस से डील की, लेकिन उसको अब दिखावे का दांव भासी पड़ गया है। पाकिस्तानी वेबसाइट 'द न्यूज' की रिपोर्ट के मुताबिक सरकार ने रूस से क्रूड ऑयल इम्पोर्ट फौरन बंद करने का फैसला किया है। हालांकि, इसके लिए भी बीच का रास्ता निकाला गया है। पहले इम्पोर्ट को सस्पेंड किया गया है। इसके बाद परमानेंट बैं किया जाएगा। यह तरीका इसलिए अपनाया जा रहा ताकि रूस सरकार पाकिस्तान के इस एकतरफा फैसले

भारत
को दिखाने के
लिए खरीद शुरू
की थी



से नाराज न हो जाए। रिपोर्ट में आगे कहा गया है- पाकिस्तान में सिर्फ दो रिफाइनरीज हैं। इन दोनों ने ही साफ कर दिया है कि अब रूस का क्रूड ऑयल रिफाइन नहीं कर सकेंगी। इसकी वजह यह है कि अरब देशों के क्रूड की तुलना में बहुत कम रिफाइन सेसल है। जबकि 20 प्रतिशत ज्यादा फर्नेस ऑयल निकल रहा है। इसके अलावा रिफाइनिंग के बाद रूसी क्रूड से बहुत कम केरोसिन या शिप फ्यूल मिल रहा है। जाहिर सी बात है कि पाकिस्तान सरकार ने रूस से क्रूड इम्पोर्ट का जो फैसला किया था, वो अब उसके लिए बड़ी परेशानी का सबब बन गया है।