

# HPCL bags long-term gas contract from OPaL

**Our Bureau**

New Delhi

Hindustan Petroleum Corporation (HPCL) on Monday said it has secured a long-term contract from ONGC Petro additions (OPaL) for supply of natural gas to their mega petrochemical complex at Dahej.

OPaL, a joint venture of ONGC, GAIL and GSPC, requires the gas to operate its own captive power plant to

support its power and steam requirements.

“HPCL won the contract through competitive bidding against a tender floated by OPaL. HPCL will supply 13.53 Trillion British thermal units of natural gas to OPaL during October 23 to May 26,” the CPSU oil marketing company said in a regulatory filing on BSE.

HPCL is focused on building a strong foothold in petrochemicals, fertilisers and other sectors, it added.

# CNG vehicles gear up for a long ride

With regulated prices and its designation as a 'clean fuel', this segment of the transport industry could accelerate

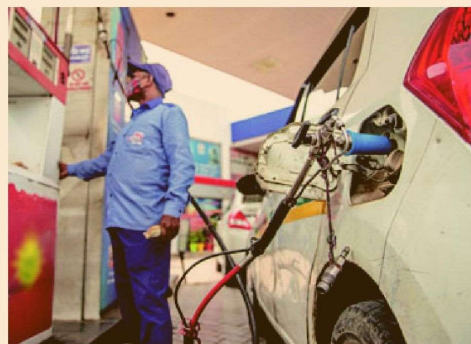
SHINE JACOB  
Chennai, 19 June

India's city gas distribution (CGD) infrastructure has seen an investment of ₹1.5 trillion in the last five years. Apart from the supply of piped natural gas (PNG) for domestic and industrial purposes, compressed natural gas (CNG) for transportation forms a significant element of the CGD network. CNG, which is considered one of the cleanest modes of transportation, has been seeing a topsy-turvy ride over the last few years.

The pandemic, price rise triggered by geopolitical tensions such as the Russia-Ukraine War, the subsequent demand dip and the European Union sourcing largely from India's traditional Gulf suppliers are among the key reasons for instability. Though many view CNG as an intermediate fuel ahead of the electric vehicle boom, CNG suppliers, original equipment manufacturers (OEMs) and consumers believe that this is a fuel for the longer run.

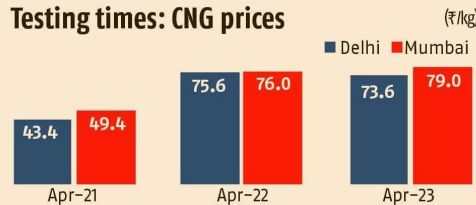
On April 6, the industry seemed to have been given a fresh lease of life. The Cabinet Committee on Economic Affairs cleared a new domestic natural gas pricing plan, setting domestic gas price at 10 per cent of the average price of the India basket crude for the previous month. However, the gas price must stay within a Cabinet-determined band of \$4-6.5 for gas produced by the fields operated by Oil and Natural Gas Corporation and Oil India. The new policy helped in bringing down the CNG prices by up to 10 per cent across cities.

To those who are betting big on this fuel, there are rea-



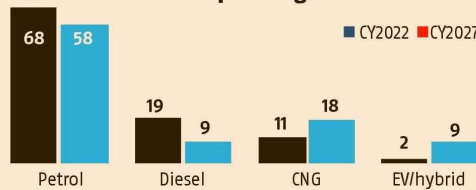
## STEPPING ON THE GAS

Testing times: CNG prices



Source: PPAC

## Powertrain mix of passenger vehicles (In%)



Source: ICRA Research

sons to cheer. According to a report by CARE Ratings, CNG car sales volume revved up 41 per cent in FY23, despite a 49 per cent rise in prices, indicating that long-distance commuters and taxi drivers still depend on the fuel. According to data in the Vahan portal, CNG-only vehicle registrations saw an

average of 31,050 units per month from January to May 2023, compared to 22,615 units per month during the same period in 2022, representing a 37 per cent increase.

"CNG vehicle sales are directly proportional to the pricing of CNG in the market. What is good about this segment is that everybody is now

aware of the benefits of CNG, especially taxi operators. Also talks about diesel vehicles being banned are encouraging buyers to go for any alternative fuel," said Manish Raj Singhania, president, Federation of Automobile Dealers' Associations.

Significantly, the rise in CNG vehicle sales has occurred despite the fact that prices increased by 70 per cent in Delhi based on Petroleum Planning and Analysis Cell data, from ₹43.40 per kg in April 2021 to ₹73.59 per kg in April 2023. At the same time, prices in Mumbai expanded 60 per cent from ₹49.4 per kg to ₹79, touching an all-time high of ₹89.5 per kg in November 2022.

Despite the upbeat outlook, OEMs are still in a defensive mode in terms of creating or expanding CNG offerings. That's because despite the January-May 2023 uptick, FY23 was not a good year for CNG. "The differential between diesel and CNG became too narrow for CNG to be really attractive. So, customers did not come forward to buy CNG vehicles. Recently, there were some policy announcements, which have made CNG a little bit more attractive again. Still the gap is not enough to get back to the levels that we have seen before," said Shenu Agarwal, the new managing director and chief executive officer of Ashok Leyland, addressing its Q4 earnings call.

"Because of the recent changes, some uptick in the CNG demand will happen, but it will not reach the same level at the current prices. Now, CNG prices are going to be announced every month. We have to see how it performs over the next few months. We are ready with its product portfolio," Agarwal added.

Certainly, the second half of the calendar year 2022 was not that attractive for manufacturers. Take the case of Maruti Suzuki India (MSIL). The contribution of CNG powertrains in the order backlog for MSIL declined from 43 per cent in June 2022 to 32 per cent in December 2022. In the passenger car segment, MSIL has 74 per cent market share in the CNG segment with 12

models, followed by Hyundai at 15 per cent and Tata at 11 per cent. According to ICRA analysts, despite a higher upfront cost, lower running costs, aided by a superior mileage significantly lower the total cost of ownership for CNG-powered vehicles.

"Rising gas prices slowed down the adoption of CNG powertrains in H2 CY2022, led by a decline in the running cost differential between petrol and CNG powertrains and a consequent increase in the payback period for the latter. A decline in CNG prices has led to a reduction in the total cost of ownership (10-15 per cent lower than petrol) for the powertrain and is likely to aid adoption for the same going forward," predicted Shamsher Dewan, senior vice-president and group head, corporate ratings, ICRA, about the government decision in April.

According to ICRA, while the initial purchase cost of CNG is 10 per cent higher than petrol, it provides 50-55 per cent savings on fuel cost after the new pricing policy and 15-20 per cent savings in the total cost of ownership.

ICRA estimates CNG powertrain penetration to increase to around 18 per cent by CY2027, from 11 per cent in CY2022. During the same period, electric vehicles and hybrids are expected to see a rise in share from 2 per cent to 9 per cent. On the other hand, petrol share is expected to decline from 68 per cent now to 58 per cent and diesel from 19 per cent to 9 per cent. This may well be the reason industry veterans like former ONGC Chairman and Managing Director R S Sharma believe that CNG will sustain as a major fuel even in 2050. "It is a long-haul fuel and no intermediate. Since the base load of green energy fuels is low, that may hardly be able to meet the incremental demand," Sharma said.

The government has set a target of 17,700 CNG outlets by 2030, against 5,665 now. Going by the massive investments in the last few years and the expansion plans lined up, it seems the government is also considering it as a long-haul fuel.



# Oil steady on China stimulus

Bloomberg  
feedback@livemint.com

**O**il held steady as investors tracked China's plans to support its economy while a prior rally in wider markets ran out of steam.

Benchmark Brent futures traded near \$76.50 a barrel after climbing more than 2% last week as China cut interest rates and hinted that further support would be delivered. Still, Friday's State Council meeting in Beijing ended with little detail on any new measures to revive the world's largest crude importer.

Crude trading volumes, especially for West Texas Intermediate, may be lower than usual on Monday as US marks the Juneteenth holiday.

Despite Monday's lackluster price movement, there have been steady gains for gasoline and diesel as a spate of refinery outages ramps up premiums for the fuels. That's also helping to boost demand for some Middle Eastern crudes.

Oil has retreated in the first half of the year as China's recovery from covid zero missed lofty expectations while global supplies, including from Russia, remained abundant. In a bid to stem the slide, the Organization of the Petroleum Exporting Countries and its allies have announced production cuts, including a voluntary reduction from Saudi

Arabia of 1 million barrels a day in July.

"We are back to focusing on Russian oil supply and the slowing of the Chinese economy," said Arne Lohmann Rasmussen, head of research at Global Risk Management.

"There is a growing risk that the \$75 floor will not hold, and that the rise in Brent above \$76 last week was due to short-covering."

Both Opec and the Paris-based International

Energy Agency have forecast that market will tighten substantially in the second half. Still, crude stockpiles at key US hub of Cushing, Oklahoma, have hit a two-year high.

**Benchmark  
Brent futures  
traded near  
\$76.50 a  
barrel after  
climbing more  
than 2% last week**

**BRENT CRUDE DOWN AT \$76.07 A BARREL**

# Oil Falls on China Growth Concerns

**Reuters**

**London:** Oil prices fell on Monday as questions over China's economy outweighed OPEC+ output cuts and the seventh straight drop in the number of oil and gas rigs operating in the United States.

Brent crude fell 54 cents, or 0.7%, to \$76.07 a barrel. West Texas Intermediate (WTI) crude lost 64 cents, or 0.9%, to \$71.14. Trading volumes were thin due to a U.S. holiday. Both contracts ended last week with gains of more than 2%.

"(China's) economy is navigating through powerful headwinds," said PVM oil analyst Tamas Varga. "The property market has not healed from last year's slump, and in May both retail sales and industrial output came in below expectation."

A number of large banks have cut their forecasts for China's 2023 growth in gross domestic product after May data last week showed the post-COVID recovery in the world's second-largest economy was faltering.



China is widely expected to cut its benchmark loan rates on Tuesday after a similar reduction in medium-term policy loans last week to shore up a shaky economic recovery.

In recent weeks global road traffic has been declining, said Jorge Leon, Rystad Energy's senior vice president, which may also point to slowing growth and drag on oil prices.

"Much will depend on China's economic performance in the second half of this year and the effectiveness of the country's recently announced stimulus measures, and on the ability of the US and Europe to avoid an economic slowdown amid interest rates hikes," Leon wrote in a research note.



# BJP: Central PSU job numbers virtually at same levels since '13

## Slams 'Devious Agenda' Of Rahul Gandhi

TIMES NEWS NETWORK

**New Delhi:** BJP on Monday lashed out at Rahul Gandhi for his "devious agenda" on public sector jobs.

It argued that the overall manpower in central PSUs had remained virtually unchanged since 2013, despite the privatisation of Air India and staff rationalisation at companies such as BSNL and MTNL, with the latest numbers expected to show an addition to the workforce due to the special recruitment drive launched by the Modi government.

"In 2013, the total number employed with PSEs stood at 20.3 lakh. The same number as in 2022 was 19.8 lakh, despite rationalisation in BSNL/MTNL and Air India's disinvestment. Additionally, as part of Mission Recruitment, CPSEs have added over 20,000 new jobs since June last year, which will reflect in this year's tally," BJP IT cell head Amit Malviya said in a series of tweets, while accusing the Congress of mutilating data.

He said the Congress party should "stop shedding



Despite Air India's privatisation and staff rationalisation at units like BSNL and MTNL, the total number employed with PSEs stood at 19.8 lakh in 2022. In 2013, the number was 20.3 lakh, BJP said

crocodile tears" over the state of PSUs as several companies had seen an increase in manpower between 2013 and 2022.

"Like Indian Oil Corporation (increase of 79,828), Mahanadi Coalfields (36,418 additions), Nuclear Power Corporation (22,235 new employees), Northern Coalfields (incremental 17,674 jobs) and HPCL Rajasthan Refinery has added 16,422 new head count, among others," he said.

Gandhi had tweeted that the jobs in PSUs had reduced from 16.9 lakh in 2014 to 14.6 lakh in 2022. He mentioned the reduced number of employment in BSNL, SAIL, MTNL, SECL, FCI and ONGC. He also said the number of contractual employees had doubled, raising questions on whether the rise in contractual employees is a medium to "snatch" the constitutional rights of reservation.

Malviya tweeted, "Poorly

conceived policies of Congress have brought down countless PSUs and sunk taxpayer's money, which could have been used for health and education. Due to massive corruption and foolish policies, Air India and BSNL were decimated under the UPA govt. While PSUs have been given far greater freedom under the Modi government."

He said that the profit of CPSEs had soared 93% from around Rs 1.3 lakh crore in 2013-14 to around Rs 2.5 lakh crore in 2021-22.

Malviya also said that Gandhi should stick to doing "choreographed interviews, which can be edited later, to remove bloopers and make you look reasonable". He said, "You ran a vicious campaign against HAL, SBI, and LIC too, eventually to look stupid, when each of these PSUs posted super profits."

He said contribution of all CPSEs to central exchequer

## Govt provided 9L jobs in 9 yrs, more than UPA's 6L: Min

**B**JP on Monday countered Congress and other opposition parties' claims about the employment situation in the country with Union minister Jitendra Singh saying that during the last 9 years, the Modi government has provided nearly 9 lakh jobs at the Centre, higher than the 6 lakh during UPA's 10-year tenure.

"Post-2014, employment has been both quantitatively and qualitatively better than the 9 years before 2014 under the UPA. Statistics say it all," Singh, who is the minister for personnel, said. **TNN**

by way of excise duty, custom duty, GST, corporate tax, interest on central government loans, dividend, and other duties and taxes stood around Rs 5.1 lakh crore in FY 2021-22 as against Rs 2.2 lakh crore in FY 2013-14, a jump of 130%. Malviya also said how the net worth of all CPSEs has increased from Rs 9.5 lakh crore as in 2014 to Rs 15.6 lakh crore as in March 2022, registering a growth of 65%.

"Truth is that Modi Govt has reformed PSUs and they are doing much better than they ever did under the Congress," Malviya tweeted.



# पाकिस्तान को रूसी तेल, कमाई भारत की

## रूस से आकर भारत में रिफाइन हुआ और यूएई के रास्ते पहुंचा पाकिस्तान

कराची, 19 जून (विशेष) : कराची पहुंची रूसी तेल की खेप को लेकर पाकिस्तान में नया विवाद खड़ा हो गया है। पाकिस्तान की सरकार जहां, यह कहकर अपनी पीठ थपथपा रही है कि अब उसे भी भारत की तरह रूस से सस्ता तेल मिलने लगा है, वहीं स्थानीय मीडिया रिपोर्ट्स कुछ और ही खुलासा कर रही है।

पाकिस्तानी मीडिया में यह दावा किया जा रहा है कराची बंदरगाह पर जो रूसी तेल मिला है, वह कच्चा तेल नहीं है। उसे भारत में रिफाइन किया गया है और संयुक्त अरब अमीरात के रास्ते पाकिस्तान पहुंचाया गया है। इस पर भारत ने अच्छी खासी कमाई की है। गत 11 जून को एक रूसी कार्गो शिप ही इस तेल को लेकर आया था। जब 45 हजार टन की यह खेप पहुंची तो पाकिस्तान के प्रधानमंत्री शहबाज शरीफ ने कहा कि उन्होंने अपना वादा पूरा कर दिया। डिस्काउंट पर मिला रूस का



पाकिस्तान के वास्ते, सस्ते तेल के टेढ़े रास्ते

क्रूड ऑयल कराची पहुंच गया है। यह बदलाव का दिन है। उससे पहले पाकिस्तान के पूर्व प्रधानमंत्री इमरान खान रूस से सस्ता तेल लेने के लिए अक्सर भारत की मिसाल देकर सरकार को घेर चुके थे।

**चीनी मुद्रा में भुगतान :** जहां रूस को

भारत अपनी मुद्रा में तेल सौदों का भुगतान कर रहा है, वहीं पाकिस्तान ने चीन की मुद्रा युआन में भुगतान किया है। रूसी ऊर्जा मंत्री निकोल शुलगिनोव कह चुके हैं कि पाकिस्तान के लिए तेल निर्यात शुरू हो गया है, लेकिन पाकिस्तान के लिए कोई खास छूट नहीं है।

### भारत-यूएई ने की प्रति बैरल 17 डॉलर कमाई

पाकिस्तानी मीडिया ने अपनी रिपोर्ट में कहा है कि रूस से जो तेल घूम फिर कर आया है उसमें भारत और यूएई ने प्रति बैरल कम से कम 17 डॉलर कमाए हैं। रूस ने यह तेल भारत को 52 डॉलर प्रति बैरल पर बेचा। फिर भारत और यूएई के बीच एक ही पक्ष ने इस तेल को एक कीमत पर खरीदा और फिर इसे पाकिस्तान को 69 डॉलर प्रति बैरल पर बेचा गया।

### भारत का भी ख्याल

रूस नहीं चाहता कि पाकिस्तान को तेल देने से भारत नाराज हो जाए। इसलिए रूस ने जो तेल कराची पहुंचाया है, उसे गुजरात की एक रिफायनरी में रिफाइन किया गया

### पाक-रूस दोस्ती का कोई भविष्य नहीं

पाकिस्तान ने गत अप्रैल में रूस से एक लाख मीट्रिक टन तेल के लिए समझौता किया था। पाकिस्तान और रूस के बीच इसे सहयोग बढ़ाना माना जा रहा है, हालांकि दोनों की दोस्ती का कोई भविष्य नहीं दिखता। पाकिस्तान शीतयुद्ध के समय से ही अमरीकी खेमों में है। वह अब भी अमरीका को नाराज नहीं कर सकता। वैश्विक वित्तीय संस्थानों से कर्ज के लिए उसे अमरीका की मदद चाहिए। इसके अलावा पाकिस्तान लंबे समय तक रूस से तेल नहीं खरीद सकता, क्योंकि उसके पास रिफाइन करने की व्यवस्था ही नहीं है।

है। भारतीय मीडिया में यह खबर प्रकाशित हुई है। शिपिंग इनवेस्टर एएफ रिचर्डसन ने तो ट्विटर पर पाकिस्तान भेजे गए रूसी तेल का पूरा रूट मैप ही शेयर कर दिया। इसमें लिखा है कि पहले रूस से तेल भारत आया, फिर भारत से संयुक्त अरब अमीरात और फिर वहां से पाकिस्तान। जिस शिप से यह तेल पहुंचा है, वह कंपनी भी यूएई में पंजीकृत है।

SAUDI ARABIA'S OIL CUT

# THE CRUDE SHOCK

SAUDI ARABIA IS SET TO CUT ITS CRUDE OIL PRODUCTION BY A MILLION BARREL PER DAY. WHAT TRIGGERED THIS MOVE AND HOW IT POSES A THREAT TO INDIA'S ECONOMY

By M.G. ARUN

**T**he decision taken by Saudi Arabia, the world's second-largest crude oil producer with a 12 per cent global share, to cut its oil output by one million barrels a day could pose a threat to the Indian economy, which is still recovering from the Covid crisis.

The cut, to come into effect in July, intends to shore up the price of crude oil, currently around \$75 (Rs 6,170) a barrel for Brent crude, the benchmark.

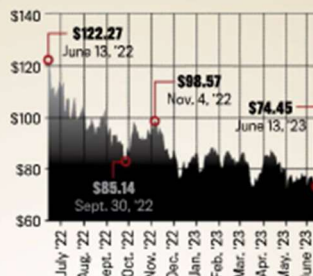
The move comes on the back of another production cut by the 13-member Organization of the Petroleum Exporting Countries (OPEC) in April.

For India, which relies on imports to meet 85 per cent of its oil requirement, this comes as a fresh challenge. In several cities, petrol is already selling for over Rs 100 a litre. Higher diesel prices would also drive up prices of various goods by making their transportation costlier.

## WHAT TRIGGERED THE OIL PRODUCTION CUTS?

Oil-producing nations want to shore up crude oil prices that have been dipping for several months

BRENT CRUDE PRICES PER BARREL



## HOW MUCH OIL DOES INDIA IMPORT AND PRODUCE?

232.4

MILLION TONNES

India's crude oil imports in FY23, up 9.4% y-o-y

\$158.3

BILLION

(Rs 13 lakh crore)  
Value of India's oil imports in FY23, up 31% y-o-y

29.2

MILLION TONNES

India's crude oil production in FY23, down 1.7% y-o-y



## WHO ARE THE TOP OIL PRODUCERS?

The US-led oil production in 2022, with Saudi Arabia and Russia close behind

1 USA 20.2	6 Iraq 4.6
2 Saudi Arabia 12.1	7 UAE 4.2
3 Russia 10.9	8 Brazil 3.8
4 Canada 5.7	9 Iran 3.7
5 China 5.1	10 Kuwait 3

(Figures in million barrels per day)

## WHO ARE THE TOP OIL EXPORTERS TO INDIA?

Iraq, Saudi Arabia and Russia were India's top crude oil suppliers in April-Dec. 2022

1 Iraq 26.7	2 Saudi Arabia 22.7	3 Russia 21.8	4 UAE 13.8
5 USA 8.3	6 Kuwait 6.4	7 Nigeria 5.3	8 Mexico 2.4
	9 Angola 2.4	10 Oman 2.3	

In April 2023, Russia was the top crude oil exporter to India, supplying 1.68 million barrels per day (Figures in \$ billion)



## HOW WILL THE CUTS HIT INDIA'S CURRENT ACCOUNT DEFICIT?

\$18.2

BILLION

(2.2% of GDP)  
India's CAD in Q3FY23\*

Current account deficit (CAD) is the difference between the inflow and outflow of foreign exchange

When crude oil prices rise, India will have to pay more for imports, widening the current CAD

A higher CAD can further weaken the rupee and stoke inflation. It can also trigger higher borrowings, leading to higher debt levels

\*Q4FY23 data not available yet

Source: GoI, eia.gov, oilprice.com



**OVL, OIL eye 50% stake  
in Kenyan oilfield**

India's flagship overseas oil company ONGC Videsh (OVL) has got a new partner in Oil India (OIL) to replace a reluctant Indian Oil Corporation (IOCL) for potential acquisition of a 50 per cent stake in Tullow Oil's \$3.4-billion oilfield project in Kenya, according to people with knowledge of the matter. But the OVL-OIL duo now face competition from super-aggressive Chinese energy giant Sinopec, which has entered the fray taking advantage of the delay on the Indian part in finalising the deal. Originally, OVL, the overseas arm of State-owned ONGC, was interested in buying out half of the stake in the Kenyan oilfield all alone.