

● LOW GLOBAL PRICES, RUSSIAN DISCOUNTS Crude bill down 23% in H1

Higher forex outgo for fuel likely in H2 amid rising prices

ARUNIMA BHARADWAJ
New Delhi, October 20

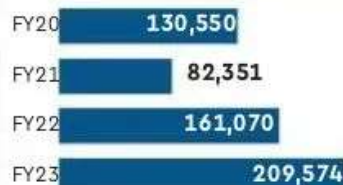
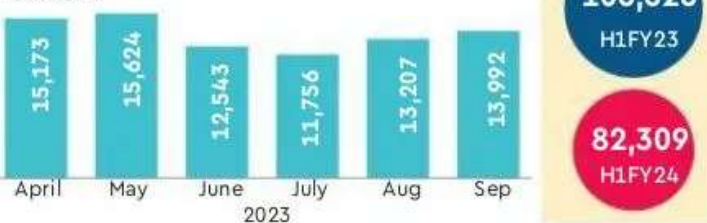
INDIA'S FUEL IMPORT bill fell 22.8% on year to \$82.3 billion in the first half of the current financial year 2023-2024, owing to lower crude oil prices during most of the period and large discounts offered by Russia, which has acquired a big share in the import basket. However, the trend may not be sustained in the second half of the year as prices have firmed up of late and may remain at somewhat elevated levels over the next few weeks, analysts say.

"Saudi Arabia and Russia have extended their production cuts till the year end and so the prices have stayed elevated (in the start of H2 FY24)," said Prashant Vasisht, senior vice president, Corporate Ratings, Icra. "Prices have remained in the range of \$85-\$90 per barrel and hence we can expect H2 import bill to be higher."

India's import of Russian oil has been increasing ever since the country started offering discounts starting May last year. Russia has also increased its discount on oil to India from \$16 per barrel in May 2022 to almost \$18/bbl in the beginning of the current financial year, which also accounted for a lower import bill in H1 FY24. In April, India saved around \$1,028 million on its crude oil imports from Russia, according to the data provided by Icra Ratings. Till August, the country has saved \$4,355 million on Russian crude oil imports. According to the latest data by ICRA, India imported \$4,152 million worth crude oil from Russia in the month of

CRUDE OIL IMPORT BILL

(\$ million)



Oil expected to be at \$86/bbl

AMID CONCERNS OVER the recent spurt in global crude prices, the Reserve Bank of India expects a marginal let-up over the medium term.

Crude prices are expected to remain at \$86/barrel in the start of the next financial year 2024-2025 due to sluggish growth in China and the projected decline in the consumption of fuel in the US, two top consumers of crude oil, the central bank stated in its monthly bulletin. "Crude futures

indicate that prices are expected to remain at \$86 per barrel in April 2024 as weaker growth in China and the projected decline in the US retail fuel consumption are likely to subdue demand," the report said.

Prices of Brent crude on the Intercontinental Exchange was at \$93.52/bbl on Friday, while WTI crude oil traded at \$90.60/bbl on the New York Mercantile Exchange.

— ARUNIMA BHARADWAJ

August, followed by Iraq at \$2,335 million, and Saudi Arabia at \$2,072 million. Considering the volatility in the oil market since last month, analysts do not see crude prices coming down in the second half of FY24. Not only is this expected to increase country's import bill but also widen the current account deficit. However, analysts do not see inflation to be a

concern. "CPI (Consumer Price Index) inflation may not be impacted because government has maintained auto fuel prices at some level," Vasisht said. "This year too, the government is unlikely to increase the prices of auto fuels in the backdrop of elections."

Currently, Russia is the biggest supplier of crude to India followed by Iraq and Saudi Arabia.



India against yuan bill for Russian oil

Payments Delayed Due To Push Back From Govt Amid Strained Relations With China

India is rejecting pressure from Russian oil suppliers to pay for crude imports in the Chinese currency as tensions between New Delhi and Beijing continue to simmer.

Russia has accumulated billions of dollars worth of rupee assets given its wide trade surplus with India, but it's struggling to use the funds. At the same time, Russia's demand for yuan has grown sharply in the past year as its economy becomes more reliant on China for imports. Russian businesses have been settling more of their trade in yuan, with the Chinese currency replacing the dollar as the most traded currency in Russia this year.

Indian refiners mostly pay for Russian oil imports in dirhams, dollars, and a small amount of rupees — if oil prices are above the \$60-a-barrel cap imposed by the US and its allies on Russian oil. While the yuan is sometimes used in smaller transactions, Russian oil suppliers are requesting that the Chinese currency be the main unit of transaction for oil trade, a senior government official said.

India's resistance to transacting in yuan underscores its difficulty in balan-

CURRENCY CONUNDRUM

Yuan | RUSSIA'S PREFERRED OPTION

➤ Russia's demand for yuan has surged as the economy becomes more **reliant on China for imports**. Russian cos have been settling more trade in yuan, with the Chinese currency replacing the dollar as the **most traded currency** in Russia this year



Rupee | PROBLEM OF PLENTY

➤ Russia has an excess supply of rupees, which **it is struggling to use**

➤ The RBI last year announced a mechanism to settle foreign trade in rupees, but Russia is less keen to accept rupees as the bilateral **trade balance** is tilted **in Moscow's favour**

Dirham | MIDDLE GROUND?

➤ India refiners began using yuan to pay for some oil from Russian sellers in July, while continuing to use **dollars and dirhams** to settle most Russian oil purchases

➤ **Indian Oil** has used yuan and other currencies to pay for Russian oil. **Bharat Petroleum** and **Hindustan Petroleum** have not paid in yuan

➤ Some suppliers of Russian oil are not in favour of using the **UAE's currency** since it requires them to conduct the transactions out of **Dubai**, which would result in **more scrutiny**

Source: Bloomberg, Reuters

cing relations between Russia — an important economic ally — and China, a geopolitical rival. At the same time, relations between India and China have remained strained on the back of continuing border disputes.

The government won't agree to those requests, according to the two people and two other government officials. Almost 70% of India's re-

finers are government-owned, which means they would need to follow orders on payment instructions from the finance ministry.

Spokespeople at RBI, the finance ministry and the petroleum & natural gas ministry didn't immediately respond to emails. Indian Oil, Bharat Petroleum and Hindustan Petroleum also didn't respond. BLOOMBERG

India rejects pressure from Russia's suppliers to pay for oil in yuan

India is rejecting pressure from Russian oil suppliers to pay for crude imports in the Chinese currency as tensions between New Delhi and Beijing continue to simmer.

Some Russian oil suppliers are demanding payment in yuan, according to a senior Indian official directly involved in the negotiations and another senior person at a state-owned oil refiner. The two people asked not to be identified as the discussions are private. Prime Minister Narendra Modi's government won't agree to those requests, according to the two people and two other Indian government officials. Almost 70 per cent of India's refiners are government-owned, which means they would need to follow orders on payment instructions from the Ministry of Finance.

Indian Oil Corp., the biggest state refiner, had made a yuan payment for Russian crude in the past, although the government has since clamped down on that. Private refiners could also settle payment in yuan, although there



are no official or industry figures to show the magnitude.

Russia has an excess supply of rupees, which it's struggling to use, while at the same time its demand for yuan has grown sharply in the past year as the economy becomes more reliant on China for imports. Russian businesses have been settling more of their trade in yuan, with the Chinese currency this year replacing the dollar as the most traded currency in Russia.

Indian refiners mostly pay for Russian oil imports in dirhams — the currency of the United Arab Emirates — US dollars, and a small amount of rupees, if oil prices are above the \$60 a barrel cap imposed by the US and its allies on Russian oil.

BLOOMBERG

India rejects Russia's demands to pay for oil in yuan

ANUP ROY, SUDHI RANJAN
SEN & RAKESH SHARMA
October 20

SIGN UP FOR the India Edition newsletter by Menaka Doshi – an insider's guide to the emerging economic powerhouse, and the billionaires and businesses behind its rise, delivered weekly.

India is rejecting pressure from Russian oil suppliers to pay for crude imports in the Chinese currency as tensions between New Delhi and Beijing continue to simmer.

Some Russian oil suppliers are demanding payment in yuan, according to a senior Indian official directly involved in the negotiations and another

senior person at a state-owned oil refiner. The two people asked not to be identified as the discussions are private.

Prime Minister Narendra Modi's government won't agree to those requests, according to the two people and two other Indian government officials. Almost 70% of India's refiners are government-owned, which means they would need to follow orders on payment instructions from the Ministry of Finance.

Indian Oil Corp., the biggest state refiner, had made a yuan payment for Russian crude in the past, although the government has since clamped down on that. Private refiners could also settle payment in yuan,



although there are no official or industry figures to show the magnitude.

Russia has an excess supply of rupees, which it's struggling to use, while at the same time its demand for yuan has grown

sharply in the past year as the economy becomes more reliant on China for imports. Russian businesses have been settling more of their trade in yuan, with the Chinese currency this year replacing the

dollar as the most traded currency in Russia.

Indian refiners mostly pay for Russian oil imports in dirhams – the currency of the United Arab Emirates – US dollars, and a small amount of rupees, if oil prices are above the \$60 a barrel cap imposed by the US and its allies on Russian oil.

While the yuan is sometimes used in smaller transactions, Russian oil suppliers are requesting that the Chinese currency be the main unit of transaction for oil trade, according to the senior Indian government official.

Delayed Payments

An executive from an Indian

oil refiner, who asked not to be identified, said payment for about four to five cargoes had recently been delayed because the parties involved failed to agree on the currency of exchange.

Spokespeople at the Reserve Bank of India, Ministry of Finance and the Ministry of Petroleum and Natural Gas didn't immediately respond to email requests for information. State-owned refiners Indian Oil, Bharat Petroleum Corp and Hindustan Petroleum Corp also didn't respond. A spokesperson at Nayara Energy, whose single biggest shareholder is Russia's Rosneft PJSC, declined to comment.

—BLOOMBERG



NCR Buses Will Need Clean Fuel From Nov 1

Must To Enter Delhi To Fight Bad Air: Panel

TIMES NEWS NETWORK

New Delhi: All the bus services between Delhi and other NCR cities in Haryana, Rajasthan and UP must run on cleaner fuel from November 1, the Commission for Air Quality Management (CAQM) ordered on Friday after a meeting with the states.

Aiming at reaching efficient and cleaner public transport services within NCR, the commission has directed the state governments of Haryana, Rajasthan and Uttar Pradesh to ensure that inter-city and inter-state bus services are either electric, CNG or BS-VI compliant.

One of the major sources of pollution in the city, according to a source apportionment study carried out by The Energy and Resources Institute and Automotive Research Association of India in 2018, is transport, which contributes 39% to the PM_{2.5} in Delhi's air and 13% to NCR's air. Transport also accounts for 19% to the city's PM₁₀ and 7% to the region's.

"The commission has held a series of meetings with the NCR States for developing de-

AQI moderate

New Delhi: The air quality of Delhi deteriorated to the higher end of the 'moderate' category on Friday with an AQI of 195. It is likely to turn 'poor' on Saturday and Sunday as winds have slowed down. There is a possibility of drizzling at one or two places on Sunday night.

The outlook for subsequent six days from Monday is that the air quality is likely to remain in 'poor' to 'very poor' category. TNN

tailed action plans for shifting to cleaner bus services in NCR, focusing that bus services in the entire NCR to be targeted for EVs in the long-term (within five years), through EVs/CNG buses in the medium-term (within three years) and in the interim through EVs/CNG/BS-VI diesel buses," said a CAQM statement on Friday.

CAQM said Haryana, Rajasthan and UP had accordingly formulated plans to replace and relocate older BS-III and BS-IV diesel buses and to procure new BS-VI diesel buses in 2023-24. Under this, Haryana will procure 1,313 new BS-VI diesel buses, Rajasthan

590 new buses while outsourcing the services of 440 additional buses and Uttar Pradesh will procure at least 1,650 new BS-VI diesel buses.

"It was also informed that procurement of CNG buses and electric vehicles, as per the respective EV policy of the state, was also under way in NCR. Therefore, with effect from November 1, 2023, the bulk of bus services from any city/town in the states of Haryana, Rajasthan and Uttar Pradesh to Delhi shall be only with EV/CNG/BS-VI diesel buses," CAQM said.

"The operation of only EV/CNG/BS-VI diesel buses in the entire NCR are also expected to come into effect from July 1, 2024," it added.

The commission further directed the transport department and traffic police in Delhi and all the NCR states to ensure regular monitoring of this at the field level.

Meanwhile, Delhi environment minister Gopal Rai, who attended the meeting with CAQM, stated that he had appealed to everyone that all public transport arriving in Delhi from NCR should run on CNG or electricity.

Russia made up 40% of Indian oil imports in H1

REUTERS

New Delhi, 20 October

The share of Russian oil in India's overall imports rose to about two-fifths in the first half of fiscal 2023-24, consolidating Moscow's position as the top supplier as refiners curbed purchase from the Middle East, industry data showed.

India, the world's third largest oil importer and consumer, has emerged as the top buyer of the discounted Russian sea-borne oil after Western nations stopped buying from Moscow following its invasion of Ukraine.

Middle Eastern supplies are also likely to tighten further following Saudi Arabia's decision to extend its voluntary output cuts through the end of this year, prompting India to consider other options. India imported on average 1.76 million barrels per day (bpd) of Russian oil from April to September, or the first half of fiscal 2023/2024, more than double the about 780,000 bpd in the same year-ago period, tanker data from industry sources showed.

Last month, India's imports from Russia, which had slipped in July and August, recovered to 1.54 million bpd, up 11.8% from August and 71.7% from a year ago, the data showed. Russia was the top oil sup-

plier to India in April to September, followed by Iraq and Saudi Arabia.

India's imports from Iraq and Saudi Arabia fell by 12 per cent and about 23 per cent to 928,000 bpd and 607,500 bpd, respectively, during the April-September period, the data showed.

Imports from the Middle East in April-September declined by about 28 per cent to 1.97 million bpd, dragging down the region's share in India's overall oil imports

to 44 per cent from 60 per cent during the same year-ago period. The share of oil from the Commonwealth of Independent States (CIS), which include Azerbaijan, Kazakhstan and Russia, nearly dou-

bled to 43 per cent mainly due to higher purchases from Moscow, the data shows.

Lower purchases from the West Asia dragged down the share of Opec in India's overall imports to the lowest in 22 years.

The share of members of the Organization of the Petroleum Exporting Countries (Opec), mainly from West Asia and Africa, fell to 46 per cent in April to September compared with about 63 per cent a year ago, a *Reuters* analysis of the data that dates back to 2001-02 showed.

Lower purchases from the West Asia dragged the share of Opec in India's overall imports to the lowest in 22 years



Assam: OIL reports fluid leakage after equipment theft

DIBRUGARH: Leakage of fluids, mainly water, was reported from a non-functional oil well in Assam's Dibrugarh district after unidentified people stole key equipment, a spokesperson of Oil India Limited (OIL) said on Friday.

'X-Mas tree', a key piece of equipment that controls the flow of gas or oil in a well, was cut off and stolen by unidentified people on Thursday night, leading to uncontrolled flow of fluids, mainly water, from the wellhead.

An on-site OIL task force, in close coordination with local authorities, is trying to control the water flow, cap and restore the well.

AGENCIES

कम्प्रेस्ड बायोगैस तथा बायो डीजल के उत्पादन संयंत्रों के प्रस्तावों को मिली मंजूरी

वैभव न्यूज ■ लखनऊ

प्रदेश में जैव ऊर्जा को प्रोत्साहित कर रही योगी सरकार की मंशा के अनुरूप गुरुवार को यूपीनेडा की राज्य स्तरीय समिति ने कम्प्रेस्ड बायोगैस तथा बायो डीजल के उत्पादन संयंत्रों की स्थापना के लिए 550 करोड़ रुपये के 12 प्रस्तावों को स्वीकृति प्रदान की गई। इन 12 परियोजनाओं से 93 टन सीबीजी तथा 44 किलो लीटर बायो डीजल का उत्पादन प्रतिदिन प्रदेश में होगा। उल्लेखनीय है कि राज्य सरकार द्वारा पूर्व में 13 परियोजनाओं को स्वीकृति प्रदान की जा चुकी है जिन पर आवश्यक निर्माण कार्य प्रारम्भ हो चुका है। इस प्रकार अभी तक स्वीकृत कुल 25 प्रस्तावों से 1271 करोड़ रुपये का निवेश होगा।

नवीन एवं नवीकरणीय ऊर्जा क्षेत्र में मिले अब तक लगभग सात लाख करोड़ रुपये के निवेश प्रस्ताव

यूपीनेडा के मुख्यालय में अपर मुख्य सचिव ऊर्जा एवं अतिरिक्त ऊर्जा स्रोत महेश कुमार गुप्ता की अध्यक्षता में गठित राज्य स्तरीय समिति की बैठक में जिन परियोजनाओं के लिए भूमि बैंक लोन, फीड स्टॉक की उपलब्धता तथा ऑफटेक आदि से सम्बन्धित समस्त कार्यवाहियां निवेशकों द्वारा पूर्ण कर ली गई हैं, उन्हें स्वीकृति प्रदान की गई। यूपीनेडा के निदेशक अनुपम शुक्ला ने बताया कि नवीन एवं नवीकरणीय ऊर्जा क्षेत्र में अब तक लगभग सात लाख करोड़

रुपए के निवेश प्रस्ताव यूपीनेडा को प्राप्त हुए हैं। इसमें से लगभग 57 हजार करोड़ रुपये के निवेश प्रस्ताव उत्तर प्रदेश राज्य जैव ऊर्जा नीति-2022 के तहत बायो ऊर्जा क्षेत्र के हैं। कम्प्रेस्ड बायोगैस, बायो डीजल तथा बायोकोल के प्लांटों की स्थापना हेतु 354 निवेशकों ने अपनी परियोजनाओं की स्वीकृति के लिए यूपीनेडा के समक्ष अपना प्रस्ताव प्रस्तुत किया है। जिसमें से 80 परियोजनाओं को यूपीनेडा स्तर से सैद्धान्तिक स्वीकृति प्रदान कर दी गई है।

इन परियोजनाओं को मिली मंजूरी

निवेशकों की जिन 12 परियोजनाओं को समिति द्वारा स्वीकृति मिली है उसमें कम्प्रेस्ड बायो गैस के लिए बरेली में कार्बन सर्कल प्रा0लि0 को, मेरठ में आनंद मंगल इन्फ्रा डेवलपर्स प्रा0लि0, सीतापुर में ईकोतारस सस्टेनेबल सोल्यूशन प्रा0लि0, मुजफ्फरनगर में बायोस्पार्क एनर्जी प्रा0लि0, रायबरेली में पंचवटी फूड, मथुरा में अडानी टोटल एनर्जी बायोमास लि0, मुजफ्फरनगर में मेसर्स रिजूलेशन इण्डिया प्रा0लि0, मुरादाबाद में जैविक विकल्प ऊर्जा लि0, सहारनपुर में बी0के0 इन्वेस्टमेंट सर्विस प्रा0लि0, शामली में श्री शताक्षी बायोटेक प्रा0लि0 की स्थापना होगी। बायोडीजल के लिए लखनऊ में सिसोदिया रिसर्च लेबोरेटरीज प्रा0लि0 एवं मैटफ्यूजन वेल्ड प्रा.लि. की स्थापना की जाएगी।