



Refinery throughput continues to rise in July, production up at 19 MT

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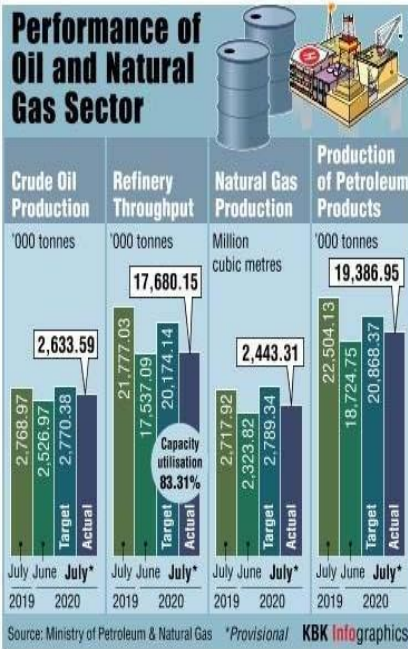
NEW DELHI: In signs of demand inching up post relaxation of lockdown, Indian oil refineries produced 3.5 per cent more fuel in July when compared to the preceding month but the production was still nearly 14 per cent lower than pre-COVID-19 levels.

Nearly two dozen refineries in the country, which had in April cut down operating rate to as low as 30-40 per cent after lockdown pummelled fuel demand, produced 19 million tonnes of fuel in July, up from 18.35 million tonnes in the preceding month, according to latest data released by the petroleum ministry on Tuesday.

This was, however, lower than the 22 million tonnes of petroleum products produced in July 2019.

While public sector refineries reported a 22 per cent drop in output at 9.93 million tonnes, Reliance Industries' twin refineries at Jamnagar in Gujarat produced 3.5 per cent more than July 2019.

Public sector refineries operated at 85.7 per cent of their capacity in July while RIL's domestic tariff area unit operated at 101 per cent capacity and the export-oriented unit at 49 per cent due to a mainte-



nance shutdown.

Indian Oil Corp (IOC), which had been steadily raising operating run-rate at its nine refineries since capacity utilisation fell to as low as 45 per cent in the first week of April, moderated operating capacity to 90.6 per cent in July after lockdowns in some states dented fuel demand recovery.

The run-rate in June was over 97 per cent of the rated capacity.

Hindustan Petroleum Corp Ltd's (HPCL) units at Mumbai and Visakhapatnam operated at 101 per cent of capacity, down from 106 per cent in June, the data showed.

Privatisation-bound Bharat Petroleum Corp Ltd (BPCL) operated refineries in July at 83.07 per cent of capacity, down from 84 per cent in June.

Rosneft-backed Nayara Energy's 20 million tonnes a year Vadinar refinery in

Oil companies struggle to spend capex amid FinMin's expectations

NEW DELHI: State-owned oil companies are struggling to keep up the momentum over their planned capital expenditure for the current fiscal as the Covid-19 pandemic has slowed down project execution and pruned spending.

All public sector oil companies put together have spent just about 20 per cent of their Rs 1 lakh crore capex planned for FY21 in the first four months of current fiscal. As per government data, the capex of oil companies in April-July period stands at Rs 19,569 crore, much slower than previous years.

The spending pattern goes against the wishes of the Finance Ministry that wants state-run companies to become engines of growth dur-

ing the pandemic by stepping up their investment to kick-start overall economic activity in the country. In fact, in her meetings with PSU chiefs, Finance Minister Nirmala Sitharaman has stressed that PSUs should complete 50 per cent of their planned capex for the year by September.

Spending by oil companies are closely monitored as they are the biggest spenders among PSUs. But a host of issues have prevented their spending this year. The general conditions in the oil market has been weak, pushing back project implementation. Moreover, several entities are facing labour shortages as well due to their migration during Covid-19 outbreak.

Of the total spending by

the oil PSUs, ONGC's overseas investment arm ONGC Videsh Ltd has spent the fastest, completing close to 30 per cent of its annual planned spend of about Rs 7,000 crore.

Privatisation-bound Bharat Petroleum Corporation Ltd (BPCL) has been the slowest in spending reaching just 14 per cent of annual capex of Rs 9,000 crore by July.

IOC has spent just about 18 per cent of its over Rs 26,000 crore capex while ONGC has cut its capex target for this year and so far spent just about 22 per cent of over Rs 32,000 crore spending plan.

HPCL and GAIL have just about managed to reach close to spending a fifth of their planned amounts by July this year. IANS

Gujarat ran at flat 92 per cent capacity.

India's crude oil production fell 5 per cent to 2.63 million tonnes in July as Cairn-operated Rajasthan oilfields produced 15 per cent less oil.

Oil and Natural Gas Corp's

(ONGC) output was down 0.4 per cent at 1.74 million tonnes.

Fields operated by private firms produced over 15.64 per cent less crude oil, mostly due to lower output from Cairn-operated Rajasthan block.

Natural gas production in

June dropped 10 per cent to 2.4 billion cubic metres (bcm) as shutting down of user industries forced companies such as ONGC to cut production.

Oil and Natural Gas Corp's (ONGC) output was down 4.83 per cent at 1.9 bcm.