

## Green H<sub>2</sub> Mission: MNRE Issues Incentive Norms

### Our Bureau

**New Delhi:** The Ministry of New and Renewable Energy has issued scheme guidelines for tranche two of incentives for production under the National Green Hydrogen Mission. The capacity to be awarded under the Strategic Interventions for Green Hydrogen Transition's second phase is 450,000 tonnes per year.



Of the total, 40,000 tonnes per year is reserved for biomass-based green hydrogen production and the rest for technology agnostic pathways. The Solar Energy Corporation of India (SECI) is the implementing agency which will issue the request for selection (RfS) soon. The bidding shall be based on the least average incentive quoted by the bidder. The National Green Hydrogen Mission was launched on January 4 2023, with an outlay of ₹19,744 crore up to FY 2029-30. The aim of the mission is to have at least 5 million tonnes per year capacity by 2030.

## PROCEEDS TO HELP REFINANCE HIGH-COST DEBT

# ONGC Videsh to Raise \$800 m from 3 Banks

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**Mumbai:** ONGC Videsh Ltd (OVL), the overseas arm of state-run explorer Oil and Natural Gas Corp. (ONGC), is raising \$800 million through a five-year loan from three domestic banks, people familiar with the matter said.

The loan is likely to be priced at 120 basis points above the three-month international benchmark Secured Overnight Financing Rate (SOFR), the people said.

“Three banks, state-owned Bank of Baroda (BoB), private sector Axis Bank and Singapore-based DBS Bank are the mandated lead arrangers for this loan which is now being syndicated to other banks. Bankers will go on a roadshow to Singapore and Taipei later this month to broaden the scope of lenders in this deal,” said one of the persons cited above.

The pricing of the loan could change depending on the level of interest from other participating banks, a second person said. At 120 basis points above the three-

month SOFR rate, which is currently trading at about 5.30%, the loan could be priced at about 6.50%. One basis point is 0.01 percentage point.

OVL will use the loan proceeds to refinance high-cost debt and for general corporate purposes.

BoB, Axis Bank, DBS Bank and OVL didn't respond to ET's queries.

OVL is a regular participant in the overseas funding market since



it requires access to US dollars, the world's primary reserve currency, to sustain its investments and operations. This January, the company raised \$420 million DBS Bank and BoB, ET had reported.

OVL's main business is prospecting for fossil fuel sources overseas, including exploration, development and production of oil and gas. It has participating interests in 32 oil and gas assets across 15 countries.

In terms of reserves and production, ONGC Videsh is India's second largest petroleum company after parent ONGC.

# Petroleum product exports decline 5% despite 10% rebound in Europe

ARUNIMA BHARADWAJ  
New Delhi, July 5

**INDIA'S EXPORT** of petroleum products declined 5% in June to 1.19 million barrels per day against 1.24 million barrels per day registered in May, data from energy cargo tracking firm Vortexa showed. On an year-on-year basis, exports fell over 8% in June.

While exports to Europe rebounded by almost 10% last month to 194,206 barrels per day, supplies to Asia slumped 16% to 325,479 barrels per day compared to the preceding month. Exports to the Middle East declined 12.6% to 170,038 in June.

"India's refined product exports to Europe rebounded by nearly 10% month-on-month, although Asia remains the top destination region," said Serena Huang, head of Asia Pacific analysis at Vortexa. "Asia's gasoline and diesel supplies have been tightening amidst unplanned refinery maintenance."

India primarily supplies petroleum products to countries in Europe and Asia. The country has emerged as

## 8% FALL YEAR-ON-YEAR

India monthly exports of petroleum products (barrels per day) ■ June 2023 ■ May 2024 ■ June 2024



a major fuels supplier to Europe in the past few months after European countries started boycotting Russian supplies post its invasion of Ukraine.

Even as shipments to Europe rose last month, it is far below the earlier levels of 389,906 barrels per day registered in the same period last year

due to healthy supplies from the Middle East.

"Europe, meanwhile, remains well-supplied with regional refineries restarting post maintenance and continues to receive robust supplies from the Middle East," Huang said.

Asia's share in Indian petroleum

products exports decreased to 27.4% in June against 31.2% in May. Europe's share, however, increased to 16.3% last month from 14.2% in the previous month but still remains substantially lower than the 29.8% share it held during the same period last year.

The slight reduction in exports of refined oil products comes amid the increasing domestic consumption. The country's consumption of petroleum products grew 2.3% to 40.3 million tonne during the first two months of FY25.

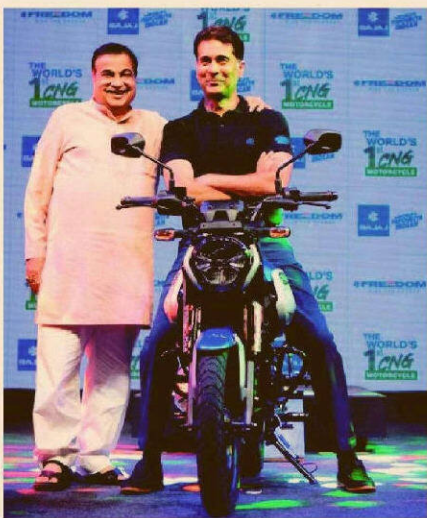
The country produced 47.4 million tonne of petroleum products during April to May, up from 46.4 million tonne in the same period of FY24, as per the latest data from the Petroleum Planning and Analysis Cell.

The country's demand for petroleum products including jet fuel, diesel, LPG among others is likely to grow to 239 million tonne in the financial year 2024-25, as per estimates by the Petroleum Planning and Analysis Cell. The country's consumption of petroleum products stood at 233 million tonne last year.





## Bajaj Auto strikes 'Tiger Zinda Hai' note as first CNG bike hits the road



**SOHINI DAS**  
Pune, 5 July

Twenty-five years ago, when Bajaj Auto launched India's first CNG three-wheeler, Managing Director Rajiv Bajaj received a peculiar call from his Delhi team — a group of autorickshaw drivers had shattered the glass facades of a showroom of the company. "I was taken aback," Bajaj recalled, "I thought the CNG autorickshaw offered a great value proposition."

The drivers, however, were frustrated. "At that time, there was only one CNG fuel pump in Delhi and they had to wait for 10-12 hours in queues to fuel their vehicles, which effectively,

**Union Minister for Road Transport and Highways Nitin Gadkari along with Bajaj Auto MD Rajiv Bajaj at the launch of the world's first CNG bike, the Freedom 125, in Pune on Friday**

### THE 'GAMECHANGER'

- ▶ Bajaj Freedom 125 CNG bike competes against conventional 125 cc petrol bikes
- ▶ Hero Glamour 125 cc starts from ₹83,000; Bajaj Pulsar 125 cc is priced at around ₹82,000
- ▶ Freedom 125 costs ₹95,000-1.1 lakh ex-showroom in Delhi
- ▶ It offers a 330 km range with full petrol and CNG tank

negated the savings they made." Bajaj recollected on Friday — the day when Bajaj Auto unveiled the world's first CNG motorcycle, the Freedom 125, with three variants, seven colours, and ex-showroom prices ranging from ₹95,000 to ₹1.1 lakh.

Now, the CNG landscape has

dramatically changed. India now boasts 6,000 CNG fuel stations across 335 cities, and this number continues to grow.

Bajaj hailed the Freedom 125 as a "gamechanger", offering "freedom from petrol imports, harmful emissions, skyrocketing petrol prices, range anxiety, and the struggle to find charging stations." A visibly emotional Bajaj, launching what could be the company's 100th product in his 34-year career, said: "I miss my father deeply today." Perfecting the technology took Bajaj Auto two and a half years. The Freedom 125 allows commuters to switch seamlessly between CNG and petrol at the click of a button, even while riding.

This bike, the company said, promises 50 per cent cost savings by reducing fuel expenses compared to petrol motorcycles. The CNG tank provides a range of over 200 km on 2kg of CNG, while the 2-litre petrol tank

offers an additional 130 km, culminating in a total range of 330 km for a full tank, said the two-wheeler major.

Consumers save around ₹15,000 annually on fuel bills, effectively recovering the cost difference between the CNG bike and its petrol counterpart, said Bajaj Auto, which is in discussions with oil marketing companies to expand the CNG station network and include dedicated two-wheeler segments for consumer convenience.

The Freedom 125 features the "longest seat" in its category — "26 per cent longer" than conventional 125 cc motorcycles. Environmentally, the company claimed, the new motorcycle reduces CO2 emissions by 26.7 per cent compared to petrol, alongside an 85 per cent reduction in non-methane hydrocarbons and a 43 per cent reduction in nitrogen oxides.

Bajaj advocated for reducing the tax rate on cleaner fuel vehicles from the

current 28 per cent to around 12 per cent, noting that EVs in India are taxed at 5 per cent.

Union Minister of Road Transport and Highways Nitin Gadkari expressed his "mission" to reduce air pollution and fossil fuel imports (India imports ₹20 trillion worth of fossil fuels). He highlighted ongoing projects for making CNG from rice straw (bio-CNG), with 60 projects operational and 400 more in the pipeline. He suggested Bajaj Auto consider a bike running on 100 per cent bioethanol, noting that the company already offers flex-fuel options for ethanol and petrol-powered bikes in its Pulsar and Dominar ranges.

Bajaj Auto is looking to capture a significant share of the entry-level bike segment with the Freedom 125. Approximately 900,000 motorcycles are sold in India each month, with 100 cc and 125 cc bikes accounting for nearly 650,000 units. **Turn to Page 6 ▶**

## Freedom 125 could be a milestone moment for segment: Bajaj

Despite previous attempts, Bajaj Auto has struggled to penetrate this segment. "We sell around 150,000-175,000 bikes in this segment now every month. In the 125 cc segment, we have a 25-26 per cent share," Bajaj said.

In CNG three-wheelers, the company dominates with an 88 per cent market share and expects to replicate this success in motorcycles. Over 60 per cent of all three-wheeler

sales are CNG variants (about 70 per cent of Bajaj Auto's three-wheeler sales are CNG variants). In cities with strong CNG networks, 30 per cent of car sales are now CNG. "If among entry-level motorcycles CNG penetration touches 30 per cent, we are looking at close to 200,000 units a month," Bajaj said.

Reflecting on the 1990s when scooters dominated the market, he recalled how rising

fuel prices led to a shift towards motorcycles. The introduction of the four-stroke Hero Honda motorcycle, offering double the mileage of scooters, transformed the market. "We are offering the same proposition now," Bajaj said, suggesting this could be among "milestone moments" for the two-wheeler industry. Bajaj Auto will initially produce 10,000 units of the Freedom 125 monthly, retailing initially in Gujarat and

Maharashtra, with plans to scale up to 40,000 units by the financial year's end. Executive Director Rakesh Sharma mentioned that the automaker is also considering more models with flexi-CNG-petrol technology if this product succeeds.

The firm has identified six export markets for the bike, but initial focus remains on India. "Then we will look at exporting to Egypt, Tanzania, Bangladesh, Indonesia,

Columbia, and Peru," Sharma said. Recalling the late 1990s when Hero Honda overtook Bajaj Auto as the two-wheeler leader, Bajaj shared a dealer conference anecdote. Dealers congratulated then Hero Honda's Chairman Brijmohan Lall Munjal, who, fond of Bajaj, remarked they must now be careful as "the tiger is wounded." "Thirty years later, my message is 'Tiger Zinda Hai'", a candid Bajaj told reporters.



# Budget: Incentives on green bonds, hydro transmission corridor sought

**Rishi Ranjan Kala**  
New Delhi

As India pursues a robust green energy-backed economy, industry and analysts urged the government to provide tax incentives on green bonds, waive off inter-State transmission charges and a dedicated transmission corridor for hydropower in the upcoming Budget.

Industry expects the government to continue its momentum to expand the clean energy sector with focus on green hydrogen, solar and wind technologies and electric vehicles (EVs), among others. Policies pushing for energy-efficient practices among companies are also expected to remain in focus.

The government's push to the energy sector becomes critical as India's power demand is rising significantly which coupled with an expanding economy is putting

pressure on power infrastructure.

## A FINE LINE

The government has to tread a fine line between meeting demands of an expanding economy and at the same time leverage policies to decarbonise the industrial and transport sectors.

In such an environment, sector watchers emphasise that spending on power related infrastructure, such as setting up more thermal power plants and balancing the grid, becomes critical.

Dhanpal Jhaveri, Vice-Chairman of Everstone Group in India, said: "The current arrangement equates to a GST of 13.8 per cent on a project. By aligning it to 90:10, the effective GST rate will drop to 12.6 per cent, thereby lowering project costs. Alternatively, they can lower GST on modules back to the original 5 per cent, so even at 70:30, the rate will be 8.9 per cent. This



will reduce tariffs thereby accelerating adoption of RE projects."

## CHINA MARKET SHARE

Jhaveri suggested imposing import duty on solar panel cleaning robotic systems as 90 per cent of market share is with foreign manufacturers, mostly from China. Some of these companies also have unfair advantages and state support.

Deloitte India's Partner, Industry Leader (Energy, Resources & Industrials) Ashwin Jacob recommended

## INDUSTRY DEMANDS

- Lower GST on modules
- Import duty on solar panel cleaning systems
- Focus on carbon credit trading

offering tax incentives for green bonds. "Interest income earned by investors in green bonds may be considered tax-exempt in the hands of investors. Additionally, profits earned by investors in green bonds from the sale/ transfer of such bonds may be treated as tax-exempt in the hands of investors, irrespective of whether such profits/gains are offered to tax in India by investors as business profits or capital gains," he added.

"Hydrogen purchase obligation for sectors such as re-

finery and fertilizer to drive domestic demand would provide the necessary fillip to the sector similar to the renewable purchase obligation," Jacob said.

In the compressed biogas (CBG) sector, said EverEnviro Resource Management's MD & CEO Mahesh Girdhar, a crucial step will be to secure guaranteed offtake of CBG by various natural gas-consuming industries to accelerate decarbonisation.

"We believe focusing on carbon credit trading will draw more investments into CBG projects, providing much-needed cash flow. Further, a CBG Fertilizer Synchronisation scheme, requiring fertilizer units to use CBG, would greatly support the industry, akin to the CBG-CGD Synchronisation initiative," he added.

## INFRA SPEND

Schneider Electric MD and CEO, Zone President, Greater

India, Deepak Sharma, said continued emphasis on infrastructure development — including roads, railways, ports, and digital infrastructure — will be crucial to enhancing connectivity while also stimulating economic progress across the country.

"Additionally, we look forward to initiatives that will bolster the new energy landscape including green hydrogen, solar technologies, microgrids, and electric vehicles. We expect the Budget to introduce policies incentivising energy-efficient practices among companies," he added.

Everstone Group's Jhaveri said that an extension on waiver for interstate transmission charges by two years from June 2025 to June 2027 along with an obligation on developers to procure a certain percentage of storage capacity will help boost the market while allowing grid to remain stable from added RE injection.



# Bajaj Auto rolls out world's first CNG-powered bike

**CLEAN TECH.** The Bajaj Freedom CNG motorcycle can cut fuel costs by 50%

**Radheshyam Jadhav**

Pune

Bajaj Auto, the world's leading manufacturer of two-wheelers and three-wheelers, unveiled the groundbreaking Freedom, the world's first CNG motorcycle, in Pune on Friday in the presence of Union Minister Nitin Gadkari.

The Bajaj Freedom CNG motorcycle boasts significant fuel cost savings, with users potentially saving around 50 per cent compared to similar petrol motorcycles.

It features a CNG tank that provides a range of over 200 km on just 2 kg of CNG fuel. Additionally, a 2-litre petrol tank acts as a range extender, offering an additional 130 km if the CNG supply is exhausted, ensuring an uninterrupted journey.

Environmentally, the Bajaj Freedom stands out by producing approximately 26.7 per cent less CO<sub>2</sub> emissions than petrol motorcycles.

Moreover, CNG vehicles emit 85 per cent lower non-



**ON A GREEN JOURNEY.** Nitin Gadkari, Union Minister for Road Transport & Highways, and Rajiv Bajaj, MD, Bajaj Auto

methane hydrocarbons (NMHCs) and 43 per cent less nitrogen oxide (NOx), contributing to a cleaner and greener environment.

## UNIQUE FEATURES

Despite the challenge of fitting a CNG system within the compact structure of a motorcycle, Bajaj Auto

managed to securely house the CNG tank and kit within a trellis frame. Featuring a horizontally inclined engine and a Link-Mono shock system, the motorcycle optimises space and provides a stable ride.

Its design includes an 825mm saddle height and a narrow mid-section for easy ground contact.

The new Bajaj Freedom is available in three variants: the Freedom 125 NG04 Disc LED priced at ₹1,10,000, the Freedom 125 NG04 Drum LED at ₹1,05,000, and the Freedom 125 NG04 Drum at ₹95,000, all ex-showroom Delhi prices.

Rakesh Sharma, Executive Director of Bajaj Auto, said, "Through innovation, Bajaj Auto has addressed the twin challenges of reducing rising fuel costs and reducing the environmental footprint from travel."

"The initiative also aligns strongly with the government of India's infrastructure projects of building a CNG network driven by the need to use cleaner fuels and save foreign tourism exchange."





# Bajaj Auto launches world's first CNG motorcycle

Sumant Banerji  
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NEW DELHI

Seeking to disrupt the stagnant entry-level motorcycle segment in India, Bajaj Auto Ltd on Friday launched the world's first CNG motorcycle, the Freedom, priced between ₹95,000 and ₹110,000, while urging the government to cut the Goods and Services Tax (GST) on two-wheelers from 28% to 12%.

A 125cc petrol engine powers the Freedom and carries a 2kg CNG tank and a 2-litre petrol tank but can run entirely on

CNG alone. The company claims a 102 km per kg mileage on CNG and 65 km per litre in petrol mode.

With CNG priced at ₹76.6 per kg compared to petrol at ₹94.72 per litre in Delhi, the bike's running cost is half that of a comparable 125cc motorcycle.

"High running cost is a major pain point for the commuter segment and we believe this is a game changer product," said Rajiv Bajaj, managing director, Bajaj Auto Ltd. "We did not ask for subsidies for this from the government as it is unsustainable. But the government should

review GST for clean fuels. In Asean markets that have much higher per capita income, GST (on two wheelers) is between 8-14%. What is the rationale for 28% GST in India?"

"We have done our bit and kept the price at less than ₹1 lakh. My plea is for the government to do its bit and reduce GST to 12%," he added.

Commuter segment motorcycles, classified as those with engine sizes between 100-

125cc, are priced between ₹75,000 and ₹90,000. This segment remains crucial, accounting for nearly three of every four motorcycles sold in the country.

**The world's first CNG motorcycle, the Freedom, is priced between ₹95,000 and ₹1,10,000**

However, the segment has yet to return to the peak levels of 2018-19, when over 10 million commuter bikes were sold.

Overall, the two-wheeler market leader Hero MotoCorp dominates the segment with over 55% share, while Bajaj holds 16.2% share.

"Commuter segment sales are around 650,000 units per month and we sell around 150,000-170,000 units out of this. So the headroom for growth is significant," Bajaj said.

"A 30% penetration in this segment would give us volumes of 200,000 units and it would go up to 500,000 units at 80% penetration."

The share of CNG vehicles is growing in both passenger vehicles and three-wheelers, where Bajaj Auto is the market leader. However, a lack of adequate refilling stations and long queues may deter consumers.