

Essar Oil to Invest ₹3K Cr in Raniganj CBM Block to Increase Gas Production

Co to raise its contribution to India's overall gas output to 5% within 5 yrs: CEO

Kalpna Pathak

Mumbai: Ruia brothers-owned Essar Oil and Gas Exploration and Production will invest up to ₹3,000 crore on its flagship coal bed methane (CBM) block in Raniganj, West Bengal to raise gas production, a senior company executive said. "We are determined to raise our contribution to India's overall gas output to 5% in the next five years from 1% currently. We plan to invest around ₹3,000 crore to reach this target," said Pankaj Kalra, CEO of Essar Oil and Gas Exploration and Production.

Kalra added that the company has an acreage of 500 sq km, of which it has only harnessed 70 sq km. "So over 80% is still to be harnessed."

CBM is natural gas stored or ab-

RESERVES IN PLACE



Raniganj field has a total in-place resource of 4 TCF of gas and over the last 10 years since it started to produce, only 0.92 TCF has been extracted

sorbed in coal seams and contains 90-95% methane. According to the Directorate General of Hydrocarbons, India has the fifth-largest proven coal reserves in the world and, therefore, holds significant prospects for exploration and exploitation of CBM.

The Raniganj field has a total in-place resource of 4 trillion cubic feet (TCF) of gas and over the last 10 years since it started to produce, only 92 billion cubic feet (BCF) or 0.92 TCF has been extracted.

"Our recovery has not even been 2-2.5% of the resource," said Kalra, adding that the company will drill new wells and expect that it will increase the production to almost 4 to 5 million standard cubic meters of gas from the current 0.93 million standard cubic meters.

In the last two years, the company has invested more than ₹500 crore towards the drilling of new wells.

There is also a presence of shale in the block, which is yet to be established. The company said if shale is found, it could be a game changer, not only for the company but also for the country.

Govt mulls ethanol price hike for 2024-25 season

PTI

NEW DELHI

The government is considering a proposal to increase ethanol prices for the season starting November 2024, while also pushing for diversification of feedstocks, as it aims to achieve the 20 per cent blending target by 2025-26, sources said.

A committee headed by a joint secretary from the petro-



leum ministry has already held one round of discussions on the proposal. The revision of ethanol prices will be based on the fair and remunerative price of sugarcane, they added.

"The price revision is being considered on priority to incentivize production and meet our blending goals," a source said, requesting anonymity.

Last week, Cooperation Minister Amit Shah called for a multi-dimensional approach to biofuel manufacturing and affirmed that India would achieve its 20 per cent ethanol blending target by 2025-26,

ahead of the original 2030 deadline.

Ethanol prices, fixed by the government, have remained unchanged since the 2022-23 season (November-October). Currently, ethanol produced from cane juice is priced at Rs 65.61 per litre, while rates for ethanol from B-Heavy and C-Heavy molasses stood at Rs 60.73 and Rs 56.28 per litre, respectively.

JSW, Sembcorp, ONGC in race for Ayana stake

Utpal Bhaskar

utpal.b@livemint.com

NEW DELHI: State-run Oil and Natural Gas Corp. (ONGC), JSW Group's JSW Neo Energy, and Singapore's Sembcorp Industries Ltd have been shortlisted to submit binding bids to buy a significant majority stake in Ayana Renewable Power Pvt. Ltd, two people aware of the development said, in what may rank among the biggest transactions in India's green energy sector.

These firms were the ones to submit their non-binding offers (NBOs) for the deal with an equity value of around \$800 million, and are currently conducting due diligence, the people cited above said on the condition of anonymity. The National Investment and Infrastructure Fund (NIIF) backed company, which has a 5-gigawatt (GW) portfolio of operational and under-construction projects, is looking to sell a significant majority stake, that may translate into up to 100% stake sale.

The sale process is being run by Standard Chartered, with the last date for submitting final bids on 19 August.

"The Ayana transaction is a big one for the Indian renewable energy space and is being tracked intently for its outcome," said one of the two people cited



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above.

Interestingly, Sembcorp and JSW Neo Energy are also eyeing a majority stake in the 1 GW operational assets of Shell Plc's Sprng Energy group, in a deal having an equity and enterprise value of \$350 million and \$1.1 billion respectively, as reported by Mint on Tuesday.

Mint earlier reported about ONGC entering the fray, and Standard Chartered being mandated to manage the sale of Ayana Renewable Power, with the shareholders also seeking to raise an additional \$400 million to finance the company's growth. The Economic Times on 4 May reported about JSW Neo Energy, and Sekura Energy among five bidders that have made non-binding offers to acquire a controlling stake in Ayana Renewable Power; with

Masdar, Sembcorp and Macquarie also in the fray.

"Post the submission of the NBOs, ONGC, JSW and Sembcorp were shortlisted. They are conducting due diligence to submit their binding bids for which 19 August is the bid submission deadline," the second person said.

Bengaluru-headquartered Ayana Renewable Power is majority-owned by NIIF. Its other shareholders include the UK government's British International Investment and Ever-source Capital. Ayana plans to build a 10GW portfolio by 2025.

Spokespersons for Standard Chartered, JSW Group and British International Investment plc declined comment. Spokespersons for NIIF, Ayana Renewable Power, Sembcorp, and Ever-source Capital did not respond to queries emailed on late Monday night.

An ONGC spokesperson did not immediately respond to queries emailed on Tuesday.

India's deal-making space has been active across the sectors with a special focus on clean energy. "India Inc. witnessed 195 deals totalling \$8.4 billion, reflecting a modest 16% increase in volumes," Grant Thornton Bharat said in its Dealtracker report for July released on Tuesday.

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The PSU disconnect

Political calculations may have slowed privatisation, but economic policies to improve the public sector's performance brook no delay

ILLUSTRATION: BINAY SINHA



If you need any proof of how the Narendra Modi government's policy on the public sector has undergone a subtle but significant change, last week's introduction of a new amendment Bill in the Lok Sabha should be sufficient. Of course, the government remains committed, in principle, to its earlier decision to facilitate the exit of public sector undertakings (PSUs) from non-strategic areas and limit their presence in strategic areas to a bare minimum. But the rollout of this policy appears to have been at least deferred, if not junked.

In February 2021, the Modi government announced its proposal to privatise two public-sector banks in addition to IDBI Bank. Three years have gone by, and now there is only some hope that IDBI Bank may be sold off to a private party by the end of the current financial year. Early this month, the Union Cabinet met and approved a proposal to amend the Banking Regulation Act, the State Bank of India Act, and the Banking Companies (Acquisition and Transfer of Undertakings) Act, raising hopes of privatisation initiatives making some headway.

But as last week's developments showed, these amendments were primarily aimed at allowing up to four nominees for holders of bank accounts and lockers, extending the tenure of directors of cooperative banks, and at helping the transfer of unclaimed dividends, shares and interest or redemption of bonds to the Investor Education and Protection Fund. If the government were serious about the privatisation of two public-sector banks, it could have also approved the relevant provisions in

the Banking Companies (Acquisition and Transfer of Undertakings) Act. That, however, did not happen, indicating a longer wait for the Modi government's second privatisation — the sale of Air India in January 2022 being its first and the only such decision so far.

Even the pace of disinvestment of government equity in PSUs has considerably slowed. Barring a high of two years, when disinvestment revenues were close to ₹1 trillion each in 2017-18 and 2018-19, the government's performance on this front has been on a steady decline, particularly after the pandemic. Even during the heydays of disinvestment, the receipts were between 0.5 and 0.6 per cent of gross domestic product (GDP), and subsequent years have seen a further fall from 0.25 per cent in 2019-20 to 0.11 per cent of GDP last year. The official commentary on the gradual decline in disinvestment receipts notes that the government is focusing more on value creation, implying that a decision to sell PSU equity will be taken only when needed and at the right moment.

Have PSU dividends gone up to give the government the confidence that there are early signs of value creation and, therefore, their improved performance would at least improve non-tax revenues and bolster its finances? Not really. Dividends from non-financial PSUs have grown at a slow pace, doubling only in the last 10 years to ₹50,000 crore in 2023-24. By another yardstick, dividends as a percentage of GDP fell to only 0.17 per cent last year, compared to 0.23 per cent in 2013-14. So, dividends are not rising rapidly, and disinvestment receipts are falling. Is the government's approach to the pub-

lic sector then more focused with respect to its investment strategy?

A cursory look reveals a mixed picture. The story of the public sector's capital outlay in the five years before Covid is starkly different from what unfolded in the five years after the pandemic. From a capital outlay of ₹3.32 trillion in 2013-14 (the last year of the Manmohan Singh regime), PSUs saw their total investment jump to ₹8.52 trillion in 2019-20. In terms of its share in GDP, PSUs' capital outlay rose from 2.9 per cent to 4.2 per cent in the same period. This rise was driven as much by trebling the government's equity infusion as by the PSUs' ability to generate more internal resources and raise more borrowing. What this also showed was that despite the rhetoric of strategic sale and disinvestment of shares in PSUs, the Modi government was busy providing more resources to the public sector and even enhancing their ability to raise more resources.

In the five years following the pandemic, the PSU story has changed significantly. Indeed, by the end of 2021-22, capital outlay by PSUs fell almost by a fifth. The decline could be largely attributed to the PSUs' inability to raise internal resources or even mobilise higher borrowing. The fall would have been sharper but for the government propping up the public sector with increased equity infusion, a trend that has continued since then. The capital outlay situation in the last two years has got better. At ₹8.4 trillion in 2023-24, the declining trend has been reversed, but as a percentage of GDP (2.84 per cent) this is still lower than what prevailed 10 years ago (2.9 per cent in 2013-14).

The worrying trend is that the public sector's investment story in the last few years has been kept intact mainly by the government pumping in more by way equity infusion. The public sector's ability to generate more internal resources or raise loans has been severely undermined in the post-Covid world. If the government believes in value creation as a strategy for the public sector, it needs to urgently do something more than just infusing additional equity, which in any case is largely restricted to a handful of entities like Bharat Sanchar Nigam Limited, National Highways Authority of India, and Indian Railways, accounting for about 87-90 per cent of the total equity outlay announced in the last couple of years.

The government's ability to endlessly infuse more equity into more PSUs is obviously constrained, and it must introduce other performance metrics to ensure that they deliver better financial results to relieve the pressure on its finances. Politically, the government may like to go slow on its privatisation plan and continue to pump in more resources into the PSUs. But there has to be a credible and effective economic policy response to overcome the current financial performance challenge posed by the public sector. The continuing disconnect between politics and economics is not desirable.



RAISINA HILL

A K BHATTACHARYA

Oil surplus looms if OPEC+ sticks to plan, IEA data show

Global oil markets are poised to swing from a deficit to a surplus next quarter should OPEC+ proceed with plans to boost supplies, data from the International Energy Agency showed. Oil inventories are currently depleting as a result of peak summer driving demand, but should stabilize in the final quarter of the year, the Paris-based agency said. That would likely tip into an overhang if the OPEC+ cartel presses ahead with provisional plans to bring back idled output starting in October.



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BLOOMBERG

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The deal may have equity value of about \$800 mn. AFP

big one for the Indian renewable energy space and is being tracked intently for its outcome," said one of the two people cited above.

Interestingly, Sembcorp and JSW Neo Energy are also eyeing a majority stake in the 1GW operational assets of Shell Plc's Sprng Energy group, in a deal having an equity and enterprise value of \$350 million and \$1.1 billion respectively, as reported by *Mint* on Tuesday.

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Three cos shortlisted for Ayana stake sale

FROM PAGE 1

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For an extended version of this story, go to [livemint.com](https://www.livemint.com).

Budget falls short in pushing domestic EVs

PLI scheme and battery manufacturing get more funds but demand sops have been cut, creating an air of uncertainty

Santosh Janakiram
Lakshmi Prakash
Ann Tomy

One of this year's Budget proposals was to boost the supply and manufacturing ecosystem for electric vehicles. To this end, it exempted customs duty on import of the minerals — lithium and cobalt, as also extended the concessional customs duty on import of lithium-ion cells until March 31, 2026. India relies on lithium imports, which is key component of EV batteries. So the duty cut is a welcome step.

The Budget increased the allocation to ₹3,500 crore, from ₹3,150 crore, towards PLI Scheme for Automobile and Auto Components, to attract 67 eligible applicants and investment of ₹6,441 crore under the 'Component Champion' category of the scheme.

This Budget has also given a boost to indigenous manufacture of battery components for electric vehicles by allocating ₹250 crore under the PLI scheme for Advanced Chemistry Cell.

Simultaneously, regulatory intent appears to be veering towards tapering the subsidy regime for demand

incentives. This Budget has not introduced the anticipated new FAME-III scheme to bolster demand side incentives. The budgetary allocation for the existing FAME-II scheme has also been reduced (likely in proportion to the remainder of eligible disbursements under the scheme which expired on March 31, 2024).

The Ministry of Heavy Industries also launched the Electric Mobility Promotion Scheme (EMPS) in March to give demand incentives to consumers. This scheme, initially valid till July 31, has now been extended till September 30, subject to the ₹778 crore remaining unutilised.

The hike in EMPS funds allocation, from ₹500 crore to ₹778 crore is a welcome step. It remains to be seen if the specific guidelines for implementation of the 'Scheme to Promote Manufacturing of Electric Passenger Cars in India' (SPMEPC), that was notified on March 15, 2024 to promote manufacturing of electric cars in India by foreign manufacturers, will be notified.

BATTERY SWAPPING

The Budget has not cleared the regulatory uncertainty around battery



ELECTRIC VEHICLES. Budget charge

swapping (a proposed alternative to allay charge anxiety).

The government in 2022 had published the draft battery swapping policy after introducing the concept of inter-operability in that Budget (with feedback provided by all key stakeholders).

But the government is yet to put in place a framework for the regulatory regime for battery swapping and there is no mention of this in this year's Budget.

Further, the current GST regime of taxing the EV components higher than the whole electric vehicles (18 per cent on EV battery and EV components and 5

per cent on electric vehicles) continue and the Budget has not addressed the demand for uniform tax slabs.

In summary, the focus of this Budget clearly has been on providing an impetus to indigenous manufacturing and bolstering the supply side eco-system. The reduction of demand incentives may be concerning as manufacturers of electric vehicles continue to face stiff competition from ICE and hybrid models.

Sophisticated non strategic investor may also be cautious in deploying fund and evaluate the impact of reduced subsidies in this sector.

In light of the ambitious target of 30 per cent EV sales share by 2030, it will be interesting to see if the government comes out with post Budget announcements to deal with these concerns. The government seems to be aware of the concerns and hence has extended the EMPS timeline.

It is further encouraging that the Minister for Heavy Industries HD Kumaraswamy indicated on August 5 that MHI is in the process of formulating a framework for FAME-III.

Janakiram is Senior Partner, Prakash, Partner and Tomy, Associate, Cyril Amarchand Mangaldas

IGL के अधिकारियों को बताई समस्याएं, मिला आश्वासन

■ एनबीटी न्यूज, नोएडा

नोएडा एंटरप्रिनिजोर्स असोसिएशन एवं इन्द्रप्रस्थ गैस लिमिटेड के साथ संयुक्त बैठक का आयोजन किया गया। एनईए के महासचिव वीके सेठ ने बताया कि उद्यमियों को गैस कनेक्शन मिलने में दिक्कत हो रही है।

एनईए की शिकायत पर जीएम (प्रोजेक्ट) आईजीएल विक्रम ने अवगत कराया कि विभाग के पास मीटर उपलब्ध नहीं है। 15 सितम्बर 2024 तक विभाग में मीटर उपलब्ध हो जायेंगे। उसके बाद जिन उद्योगों में गैस कनेक्शन कर दिये गये हैं, उनमें मीटर लगाने शुरू हो जायेंगे। उन्होंने कहा कि हम पूरी कोशिश कर रहे हैं कि जहां पर गैस पाइप लाइन नहीं विछाई गई है, वहां पर शीघ्र ही पाइप लाइन विछा दी जाए। बैठक में एनईए महासचिव वीके



सेठ, वरिष्ठ उपाध्यक्ष राकेश कोहली, उपाध्यक्ष आरएम जिंदल, सचिव राजन खुराना, विरेन्द्र नरूला, सह कोषाध्यक्ष संदीप विरमानी के साथ-साथ नीरू शर्मा, इन्द्रपाल खांडपुर, अजय अग्रवाल, संदीप वांदा तथा अन्य उद्यमी उपस्थित रहे।

मीटर न लगने से 223 औद्योगिक इकाइयों में चालू नहीं हुआ पीएनजी कनेक्शन

जागरण संवाददाता, नोएडा : वायु प्रदूषण पर अंकुश लगाने के लिए सरकार बार-बार औद्योगिक सेक्टरों में जनरेट पर प्रतिबंध लगा रही है। दबाव बना रही है कि पाइप नेचुरल गैस (पीएनजी) से ईकाई व जनरेट का संचालन करे। ऐसे में तमाम औद्योगिक इकाइयों ने इंद्रप्रस्थ गैस लिमिटेड (आइजीएल) के पास कनेक्शन के लिए आवेदन कर रखा। तमाम इकाइयों के आवेदन पाइप लाइन में है, लेकिन आइजीएल के पास मीटर नहीं होने की वजह से इकाइयों की समस्या का समाधान नहीं हो पा रहा है। बताया जा रहा है कि 223 कनेक्शन के लिए प्रक्रिया आइजीएल पूरी कर चुका है। औद्योगिक इकाइयों में लाइन बिछा दी गई है, लेकिन मीटर नहीं होने के कारण कनेक्शन नहीं किया जा सका है। इस प्रकरण को लेकर मंगलवार को सेक्टर-6 स्थित एनईए भवन में आइजीएल और नोएडा एंटरप्रिनियोर्स एसोसिएशन (एनईए) पदाधिकारियों की संयुक्त बैठक हुई। इसमें एनईए महासचिव वीके सेठ ने अवगत कराया कि उद्यमियों को गैस कनेक्शन मिलने में काफी दिक्कतों का सामना



समस्याओं पर आइजीएल व एनईए पदाधिकारी संयुक्त बैठक में बातचीत करते हुए ●

करना पड़ रहा है। उद्यमियों द्वारा आइजीएल अधिकारियों को फोन करने पर अवगत कराया जाता है कि विभाग के पास मीटर उपलब्ध नहीं है। आइजीएल महाप्रबंधक (परियोजना) विक्रम जेटली व महाप्रबंधक (मार्केटिंग) अमित नागिया ने अवगत कराया कि विभाग के पास मीटर उपलब्ध नहीं है। 15 सितंबर के बाद मीटर उपलब्ध हो जाएंगे। जिन उद्योगों में गैस कनेक्शन कर दिए गए हैं उनमें मीटर लगाने शुरू हो जाएंगे। हम पूरी कोशिश कर रहे हैं कि जहां पर गैस पाइप लाइन नहीं बिछाई गई है वहां पर शीघ्र ही पाइप लाइन बिछा दी

जाए। कई स्थानों पर गैस लाइन बिछाने के लिए प्राधिकरण द्वारा अनुमति मिलने में कठिनाई हो रही है। इस पर वीके सेठ ने अवगत कराया कि पूर्व में इस संबंध में हमारी प्राधिकरण अधिकारियों के साथ बैठक हुई थी, जिसमें उन्होंने कहा था कि गैस पाइप लाइन बिछाने की अनुमति प्रदान करने की प्रक्रिया को सरल कर दिया गया है। इस मौके पर एनईए वरिष्ठ उपाध्यक्ष राकेश कोहली, उपाध्यक्ष आर एम जिदल, सचिव राजन खुराना, विरेन्द्र नरूला, सहकोषाध्यक्ष संदीप विरमानी, नीरू शर्मा, इंदरपाल आदि मौजूद थे।