

Constitution Sparks Volatile Debate



Defence Minister Rajnath Singh speaks during a discussion on the 75th anniversary of the adoption of the Constitution of India in the Lok Sabha during the Winter Session of Parliament

PTI

PIONEER NEWS SERVICE ■
NEW DELHI

Initiating a two-day debate on Friday in the Lok Sabha on "Discussion on the Glorious Journey of 75 Years of the Constitution of India", Defence Minister Rajnath Singh accused Congress for always choosing "satta" (power) over the Constitution and never tolerated autonomy of institutions and tried to destroy constitutional principles and spirit. Singh was countered by Priyanka Gandhi, leading the Opposition said that it seems Prime Minister Narendra Modi has not understood that it is 'Bharat ka Samvidhan' not 'Sangh ka Vidhan'. She described the Constitution as a 'suraksha kavach'

(protective shield) of justice, unity and freedom of expression and one the BJP-led Government has made every effort to break in the past 10 years. Provoking the Opposition MPs, Rajnath Singh said Congress has sought to project the Constitution as its own contribution, while deliberately ignoring the contribution of several leaders. "The talk of protection of the Constitution does not seem appropriate coming from it (Congress). These days, I see that many Opposition leaders keep the Constitution in their pockets. Actually, this is what they have learnt from childhood, they have seen their families keep the Constitution in their pockets for generations," he

said, adding "the BJP (Bharatiya Janata Party), on the other hand, always bows before the Constitution and has never played with the independence and autonomy of institutions." Singh's assertion drew jibes from the members of the Opposition benches during a speech that was largely heard in attention. "Congress, during its decades in power, often amended the Constitution with a malicious spirit to change it gradually, while the Narendra Modi Government has effected amendments to strengthen its fundamental values and for people's empowerment", alleged Singh, inviting objections from Congress MPs. Whenever there was a choice, the Congress chose power

over the Constitution, he claimed. It always tried to "hijack and appropriate" the framing of the Constitution, Singh said, highlighting the imposition of Emergency, dismissal of many state governments and superseding of Supreme Court judges for "standing up" to the then Indira Gandhi government to charge the party with violating constitutional principles.

The BJP leader said he is surprised that those who subverted the Constitution are now speaking for its protection. "Expressions for protecting the Constitution from the Congress do not look good," he said in a jibe at the Opposition party. The two-day debate, which is likely to end with Prime Minister's Modi's speech, is being seen as a highlight of the ongoing parliamentary session amid a running battle between the ruling party and the Opposition since the Lok Sabha poll campaign, which was marked by the INDIA bloc building its campaign on the Constitution being allegedly under threat from the BJP.

Singh's mention of the country's first Prime Minister, Jawaharlal Nehru, a persistent target of the BJP's attack over the years, as one of those who contributed to the making of the Constitution drew rare cheers from the Opposition benches. The BJP leader, though, later also charged Nehru with amending the Constitution to override a Supreme Court judgment for "stifling" freedom of expression.

Continued on page 2

Impact of PNG: LPG Demand to Fall 7% by 2030

Sanjeev Choudhary

New Delhi: India's LPG demand will fall by 7% by 2030 after having risen 82% in a decade as a massive adoption of PNG will eat into its growth, according to a joint study by the Petroleum and Natural Gas Regulatory Board (PNGRB) and Deloitte.

Household consumption makes up about 90% of the total liquefied petroleum gas (LPG) consumption. About 99% of households have access to clean fuel but many poor families consume an abysmally low amount of fuel. Their consumption is expected to expand in the future and can fuel demand for LPG. However, this growth will likely be more than offset by piped natural gas (PNG) expansion as, according to the study, it could grow tenfold to 125 million by 2032.

"As city gas distribution sector grows, it will be the key factor that will erode LPG demand," the study said. "Demand erosion will be prominent in the domestic segment as PNG—domestic and commercial—is cheaper than LPG."

Nearly all of India now has a city gas distribution licensee responsible for supplying PNG to households, commercial establishments and industries.

The study expects an LPG demand erosion of 5.4 million metric tonnes by 2029-30. This would result in an effective LPG demand of 27.6 MMT in 2029-30, instead of 33 MMT without the PNG-induced erosion. In 2023-24, India consumed 29.6 MMT of LPG. As domestic production grew slower than demand in the past decade, LPG imports have soared. For PNG customers, the supply is sourced from domestic natural gas fields.

While bidding for distribution licenses, city gas companies had committed to connect a certain number of households with piped gas. If they miss those obligations, PNGRB can impose a fine on them.

Dependence on fossil fuel will be cut to 30% by 2047, says Puri

New Delhi: India's dependence on traditional fossil fuel energy will reduce to around 30% by 2047, when the country celebrates its 100th year of Independence, petroleum & natural gas minister **Hardeep Puri** said on Friday.

"The transition (to clean fuels) is not a switch which you can turn on and off. You have to establish expensive infra to make the transition...The test lies in what we are achieving on the green front," Puri said. He added that ethanol blending has gone up from 1.4% in 2014 to 10% in 2022, and 20% would be achieved by 2025. The minister said India is moving forward in compressed biogas segment and around 80 plants are under commissioning.



Puri said the country is moving towards making 15% of its energy mix through natural gas. He also slammed the opposition for protesting outside Parliament, rather than debating issues. "The nature of the protest reflects the maturity level of politics," he added. TNN

TVS Motors, Reliance Jio, Tata AIG among winners of 17th BML Munjal awards



PNS ■ NEW DELHI

TVS Motors, Reliance Jio, Tata AIG, OYO, ONGC Videsh and HPCL have been adjudged winners of the 17th BML Munjal Awards for Business Excellence in Learning & Development.

TVS Motors won in the Private Sector (manufacturing) category, Reliance Jio Infocomm and Tata AIG General Insurance won in the Private Sector (Services) category, Oravel Stays (OYO) won in the Emerging Stars category, ONGC Videsh won in the Public Sector category and Hindustan Petroleum (HPCL) won in the Sustained Excellence category.

Union Minister Piyush Goyal and India's G20 Sherpa Amitabh Kant graced the occasion and gave away the awards.

The BML Munjal Awards annually celebrate excellence in Learning and Development (L&D) and are a tribute to the enduring legacy of the late Dr. Brijmohan Lall Munjal, founder of the Hero Group.

The six winners were eventually picked by an independent jury comprising of Sanjay Nayar, Founder and Chairman, Sorin Investment Fund, Gopal Srinivasan, Chairman & Managing Director, TVS Capital Funds, Rajat Dhawan, India Managing Partner & Senior Partner, McKinsey & Company, Vishesh Chandiok, CEO, Grant Thornton Bharat, Padmaja Ruparel, Co-Founder, Indian Angel Network, Simrit Kaur, Principal, Shri Ram College of Commerce, Rajeev Dubey, Editor In Chief, Fortune India and Sunil Kant Munjal, Chairman, Hero Enterprise.

Announcing this year's awards, Sunil Kant Munjal, Chairman of Hero Enterprise, stated, "People are the only assets that appreciate as time goes on, and they need to be placed at the centre of every model, whether it is for a business enterprise or a social venture."

ONGC likely to list green energy arm in 2025-26

ARUNIMA BHARADWAJ
New Delhi, December 13

STATE-RUN ONGC is likely to come out with an initial public offering (IPO) for its green energy subsidiary, ONGC Green in the next financial year 2025-26, according to the company's Director (Exploration), Sushma Rawat.

"That (IPO for ONGC Green) will not take too long but I think some homework needs to be done," Rawat told FE.

The company has been diversifying into renewable energy, including solar, wind, and green hydrogen, given the country's target of achieving net zero by 2070.

The firm aims to curtail carbon emissions by 1 billion tonne and simultaneously reduce carbon intensity by 45% by 2030.

It had earlier revealed its plans of investing around ₹1 lakh crore by the end of 2030 on its multiple green initiatives and is planning to scale up its renewable portfolio to 10 GW.

Moreover, the company is also focusing on downstream integration and expanding its petchem business.

"Petchem is the next profitable area for any company with our kind of background and expertise to move into as even if we don't produce as much, there is always going to be availability of crude worldwide," Rawat said.

ONGC is also in advanced stages of discussions with various domestic and international leading players in the energy sector for collaboration in renewables, green hydrogen, green ammonia and other derivatives of green hydrogen.

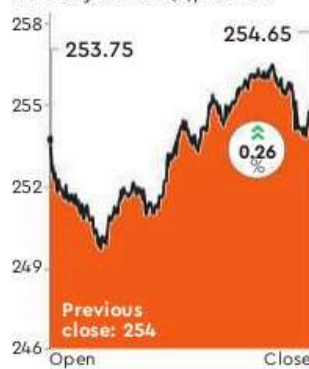
"We are already doing geothermal. Other than that, we have started mapping the sweet spots in geothermal areas. In addition to solar and wind energy, we have also targeted to set up 25 CBG (compressed biogas) plants by FY25, of which 20 have already been set up.

The director said that the company wants to retain its core business in the oil and gas industry as a

GOING PUBLIC



ONGC
Intra-day on BSE (₹), Dec 13



major explorer while undertaking renewable energy projects through its wholly-owned green subsidiary, ONGC Green. The oil major had earlier said that it plans to increase its green energy portfolio by acquiring renewable energy assets.

ONGC Green had recently signed a share purchase agreement with PTC India for acquisition of 100% equity stake in PTC energy Limited (PEL). PEL has an aggregate operational wind generation capacity of 288.80 MW located in Andhra Pradesh, Madhya Pradesh, and Karnataka.

The company has also formed a joint venture with NTPC Green to carry out various green energy projects, including offshore wind, storage, e-mobility, green hydrogen, and its derivatives while keeping an eye for asset acquisition.

2025 में कच्चे तेल की होगी जरूरत से ज्यादा आपूर्ति

शुभायन चक्रवर्ती
नई दिल्ली, 13 दिसंबर

तेल उत्पादक देशों के संगठन ओपेक के कच्चे तेल के उत्पादन में कटौती के बावजूद वर्ष 2025 में अंतरराष्ट्रीय मार्केट में 9,50,000 बैरल रोजाना की अतिरिक्त आपूर्ति होने के संकेत मिल रहे हैं। अंतरराष्ट्रीय ऊर्जा एजेंसी (आईईए) की दिसंबर की ऑयल मार्केट रिपोर्ट में यह जानकारी दी गई है। रिपोर्ट के अनुसार, यदि ओपेक+ संगठन मार्च 2025 के अंत से स्वैच्छिक कटौती को समाप्त करना शुरू कर देता है तो यह अतिरिक्त उत्पादन बढ़कर 14 लाख बैरल प्रतिदिन तक पहुंच सकता है।

आईईए ने कहा, 'ओपेक+ देशों के कच्चे तेल की आपूर्ति के तय रास्ते के लिए एक प्रमुख अनिश्चितता सहमत लक्ष्यों के अनुपालन का स्तर बनी हुई है। हमारे अनुमान के अनुसार, नवंबर में सामूहिक उत्पादन लक्ष्य से 6,80,000 प्रतिदिन अधिक दिखाई देता है।' नवीनतम अनुमान भारत के लिए अनुकूल हैं, क्योंकि यह अपनी कच्चे तेल की आवश्यकताओं का 85 फीसदी आयात करता है।

बढ़ सकती है आपूर्ति

अगले साल अगर लीबिया, दक्षिण सूडान और सूडान अपने तेल उत्पादन पर कायम रहते हैं और कजाकिस्तान में 2,60,000 बैरल प्रतिदिन का तेंगिज़ फील्ड का विस्तार



भारत को फायदा!

- वैश्विक स्तर पर 9,50,000 बैरल प्रतिदिन की अतिरिक्त आपूर्ति संभव
- आपूर्ति बढ़ने के साथ ही वैश्विक स्तर पर मांग में वृद्धि रह सकती है कम

कार्यरूप लेता है तो ऐसी स्थिति में ओपेक+ देशों का कच्चे तेल का उत्पादन बढ़ सकता है। आईईए के अनुसार, 'वैश्विक स्तर पर गैर ओपेक देशों का आपूर्ति वृद्धि पर दबदबा कायम रहेगा। इस क्रम में अमेरिका, ब्राजील, कनाडा, गुआना और अर्जेंटीना तेल और प्राकृतिक गैस तरल उत्पादन में 11 लाख बैरल प्रतिदिन से ज्यादा की बढ़त कर सकते हैं। सऊदी अरब की कंपनी अरामको के स्टार्टअप जाफूरा की गैस परियोजना अगले माह शुरू हो जाएगी और इससे सऊदी अरब की एनजीएल आपूर्ति को भी बढ़ावा मिलेगा।' हालांकि वैश्विक स्तर पर तेल की मांग वर्ष 2025 के लिए सबसे बड़ा सवाल बनी हुई है।

Crude oversupply likely to hit 950,000 bpd next year: IEA

SUBHAYAN CHAKRABORTY
New Delhi, 13 December

Global markets are expected to see an oil surplus of 950,000 barrels per day (bpd) in 2025 despite an extended supply cut by Opec+ nations, the International Energy Agency's (IEA) said, a projection which could be favourable for India as large oil glut may lead to lower oil prices. India imports 85 per cent of its crude requirements.

In case the Opec+ bloc begins unwinding the voluntary cuts from the end of March 2025, this overhang would rise to 1.4 million bpd, the IEA said in its Oil Market Report for December.

"A key uncertainty for the trajectory of Opec+ crude supply remains the level of compliance with agreed targets, with our estimates showing collective output 680,000 bpd above targets in November," IEA said.

On December 5, Opec+ nations agreed to extend two sets of voluntary production cuts including the ongoing production cuts of 2.2 million barrels per day (bpd) to the end of March, 2025. However, officials have allayed fears of sudden change in crude oil prices. They have



indicated that Indian refiners remain assured of uninterrupted crude supplies at discounted rates. The average discount of Russian Urals grade of crude oil to dated Brent have held stable at \$12.1 per barrel in the three-months leading up to October, according to Platts, part of S&P Global Commodity Insights.

Supplies may rise

OPEC+ crude oil production may still rise next year if Libya, South Sudan and Sudan can sustain production and Kazakhstan's 260,000 bpd Tengiz expansion comes online.

OIL GLUT

■ Oil overhang may rise to 1.4 mn bpd if Opec+ begins unwinding voluntary cuts from March 2025–end

■ Subdued pace of global oil demand growth may continue in 2025

■ On December 5, Opec+ nations agreed to extend two sets of voluntary production cuts

■ Opec has implemented total supply cuts of 5.86 mn bpd, which is 5.7% of global oil demand so far

"Globally, the bulk of supply growth will continue to be dominated by non-OPEC countries, with the US, Brazil, Canada, Guyana and Argentina adding more than 1.1 million bpd of crude oil and natural gas liquid (NGL) output between them. The startup of Saudi Aramco's Jafurah gas project next year will also boost Saudi Arabia's NGL supply," IEA said.

The global demand

But the bigger question for 2025 remains global oil demand.

The abrupt halt to Chinese oil demand growth this year, along

with sharply lower increases in other notable emerging and developing economies such as Nigeria, Pakistan, Indonesia, South Africa and Argentina, has tilted consensus towards a softer outlook, IEA said.

"The relatively subdued pace of global oil demand growth is set to continue in 2025, accelerating only modestly from 840,000 b/d in 2024 to 1.1 million b/d, with overall consumption reaching 103.9 million b/d," the report stressed.

An intergovernmental organisation of 13 major oil-producing nations, such as Saudi Arabia, Iran, Iraq, and Venezuela, among others, Opec has been called a 'cartel' by economists. Member countries accounted for an estimated 44 per cent of global oil production and 81.5 per cent of the world's 'proven' oil reserves as of 2018.

Including Russia, ten other nations make up the enlarged Opec+ group.

Opec has implemented total supply cuts of 5.86 million bpd, or 5.7 per cent of global oil demand so far. It had postponed the easing of voluntary production cuts even before the latest announcement.



THE COMPASS

OMC stocks seem attractive after earnings decline and correction

DEVANGSHU DATTA

Results for the first half (H1) of 2024-25 (FY25) of the three oil marketing companies (OMCs) — Indian Oil Corporation (IOC), Bharat Petroleum Corporation (BPCL) and Hindustan Petroleum Corporation (HPCL) — were poor with accumulated LPG losses, weaker gross refining margins (GRMs) and inventory losses dragging earnings sharply even after allowing for H1FY24's high base.

However, crude prices are looking bearish, while product margins may be sustained. Hence, the second half (H2) of FY25 could be better. Relatively lower crude price volatility could mean a lower inventory impact even as raw

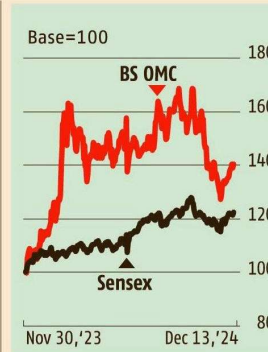
material prices fall. The possibility of partial LPG compensation coming through by end-FY25 is also reasonable.

H1FY25 saw OMCs' aggregate earnings before interest, taxes, depreciation and amortisation (Ebitda) fall sharply with profit after tax (PAT) plummeting 86 per cent year-on-year (Y-o-Y).

Benchmark Singapore GRMs (SGRMs) slumped to a multi-month low in Q2FY25 to \$3.7 per barrel (bbl). There were inventory losses of \$1.8-\$5 per bbl due to the sharp fall in crude and product prices. Marketing earnings also shrank due to inventory losses and accumulated under-recovery on LPG sales where product prices have fallen below the realised

prices. In H2FY25, LPG under-recovery is likely to remain at similar levels though partial compensation could appear in the revised Budget estimates by year end. But there are some reasons for optimism about the H2FY25 prospects for the OMCs. This is despite potential aggregated ₹30,000-33,000 crore of under-recovery losses related to LPG over FY25 (aggregate ₹17,500 crore loss in H1FY25).

There has been a drawdown in crude and product inventories in the US over the past several weeks. Due to a small uptick in demand and disruptions of some refining capacity, this has driven Singapore GRMs to a three-month high of \$6 per bbl in November 2024. These



GRMs may sustain in the near term. Marketing margins remain well above historical averages in Q3 and this could drive EPS

upgrades. Share price of OMCs have been range-bound post-Q2FY25 results, although auto-fuel prices are frozen, and crude prices are stable at \$70-75 per bbl. And, GRMs have inched up from \$3-4 per bbl to the \$5-6 per bbl range. LPG under-recoveries have ballooned to over ₹210 per cylinder in Q3FY25, led by winter seasonality, but better auto-fuel margins (₹7.5-11.5 per litre current gross margin for diesel-petrol) more than made up. OPEC-plus has extended its production cut, leading to hopes of oil prices stabilising. Delhi is the only upcoming election in the recent future. Hence, the current trade off with higher auto-fuel margins versus LPG under-recoveries could

continue without much policy interference. Benchmark GRMs have averaged at over \$5.0 per bbl in Q3FY25-to-date, implying \$1.5 per bbl sequential improvement, while Middle-East crude premium has contracted by \$1.6 per bbl quarter-on-quarter (Q-o-Q).

Media reports indicate range-bound discounts on Russian crude imports. Brent crude has been more or less flat in Q3FY25-to-date, implying negligible refining and inventory losses for BPCL and HPCL. IOC could see refining inventory loss of \$2 per bbl due to an elongated inventory cycle.

Gross marketing margin in petrol and diesel is likely to average at ₹12 per litre and ₹8 per litre, respectively, in Q3FY25, indicating

upticks of 33 per cent and 60 per cent respectively Q-o-Q.

Current LPG under-recoveries are edging up to ₹230 per cylinder. Petroleum products demand is steady at 5-10 per cent Y-o-Y for Q3FY25-to-date. OMCs have been hoping for LPG subsidy by end of FY25 while enjoying the auto-fuel marketing margins cushion.

Given the correction, and the Street assuming a 50 per cent Y-o-Y drop in earnings this financial year, the current prices may be attractive, if one factors in a likely 4 per cent dividend yield.

Resumption of more frequent revision in retail prices could be a driver. Policy risk appears low.

Adverse crude oil price moves based on geopolitical uncertainty and further downward pressure on the rupee could be adverse factors, along with possible policy risks.



Govt seeks to allocate OID cess for ONGC, OIL to boost exploration

Rishi Ranjan Kala

New Delhi

The Ministry of Petroleum & Natural Gas (MoPNG) is in favour of allocating a portion of the Oil Industries Development Cess (OID cess) to ONGC and Oil India (OIL), which will help provide more capital to these companies for enhancing exploration & production (E&P) activities.

The Ministry, in its submission before the Parliamentary Standing Committee on Petroleum and Natural Gas, said, "Government may, therefore, also consider allocating a portion of the OID cess collection to national oil companies (NoCs) and thereby supplement the internal accruals of NoCs for the exploration activities."

The Ministry representatives appeared before the panel on October 17, 2024, to discuss the grants-in-aid for FY25.

ONGC and OIL, which account for most of the country's domestic crude oil production, collectively paid ₹16,371 crore as OID cess in FY24, ₹18,464 crore in FY23, and ₹16,138 crore in FY22.

The government has been levying OID cess on domestic



GROWING CONCERN. ONGC and OIL, which paid ₹16,371 cr in OID cess in FY24, facing financial strain due to high levies

production of crude oil since 1974. The cess is now being levied at an ad-valorem rate of 20 per cent from March 2016.

The OID cess is levied on production from nomination and pre-NELP crude oil and gas blocks, while blocks allotted under NELP and OALP do not attract this cess.

IMPACT OF CESS

On impact of the cess on finances of these two PSUs, MoPNG explained that even as the introduction of ad-valorem OID cess rate was envisaged by the government as a relief for the industry, its unduly high rate at 20 per cent has "impacted industry adversely".

Besides, most of the fields of the pre-NELP and nomination regime are already in the production decline stage and need more initiatives and expenditure to maintain/enhance the existing production level, it added.

Besides OID cess, other statutory levies, such as royalty at 10 per cent and 20 per cent on offshore and onshore production, respectively, and VAT at 5 per cent, are also paid. Earlier, the windfall tax was also paid, but the government has now scrapped it.

"Thus, it places domestic crude oil producers at a significant disadvantage *vis-à-vis* imported crude oil," the Ministry pointed out.

OID cess, windfall tax and

royalty are production levies that are not passed on to buyers and form part of the production cost. MoPNG explained that this makes many new development projects economically unviable.

During a low crude oil price regime, it also results in a significant impairment loss of upstream assets. Moreover, OID cess reduces the resources available with the NoCs (ONGC and OIL) for exploratory efforts, bringing a larger area of the country under exploratory coverage.

"Given the 85 per cent import dependence in case of crude oil, it is essential that more resources are made available to NoCs to enhance exploration coverage in the country for energy security reasons," the Ministry emphasised. On raising the issue with the Finance Ministry, the MoPNG said, "As per provisions of the OID Act, a cess is collected as duty of excise on specified items and credited to the consolidated fund of India.

"The same has not been paid by crediting into the fund. The Ministry has taken up the matter of creating an OID Fund and crediting cess to the fund with the FinMin."