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# India-Russia term deal talks for crude oil on hold amid sanctions

## Refiners looking to strike arrangements with suppliers in next two months

SUBHAYAN CHAKRABORTY
New Delhi, 14 January

Discussions on a term deal for crude oil purchases from Russia have ground to a halt in the wake of the latest sanctions on Russia, sources in the Ministry of Petroleum said.

A joint front of state-owned refiners had been discussing the purchase of crude oil from Russia under a term deal. Crude oil from Russia is usually purchased at spot prices, while long-term contracts are reserved for crude from India's traditional import sources in West Asia. Spot purchases allow refineries to secure different grades of oil that may otherwise be unavailable.

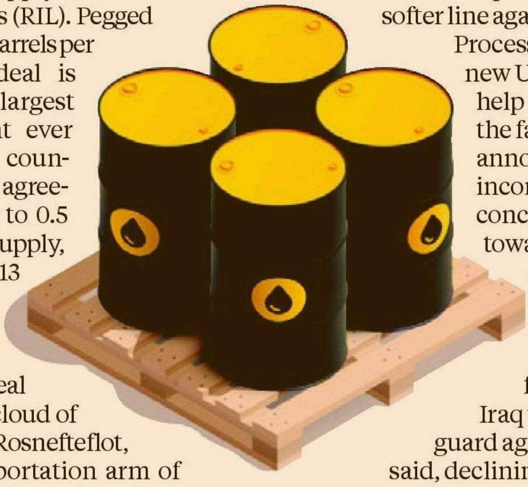
However, last week's sanctions on Russian oil and gas entities by the United States have put the talks on hold. Official sources have said the government is preoccupied with analysing the sanctions, which may cut off India's access to discounted Russian crude and force it to buy at market prices. "Any deal in the current geopolitical climate requires careful planning and lengthy discussions so that shipments do not suddenly stop due to sanctions. But the escalating sanctions have complicated the matter," an official source said.

The government does not expect an immediate disruption in supplies, as volumes already in transit would take six-eight weeks to reach India. That would allow sufficient time for the geopolitical situation to evolve, as US President-elect Donald Trump is set to assume office on January 20, another source said. "This will give our refiners enough time to strike alternative arrangements, with Russia or otherwise. That may change the need for a term deal," he said.

A term deal would reduce volatility in Russian crude prices and could allow India consistent access to Russian oil at lower prices. India remains prepared to continue purchasing oil from Russian companies permitted to make such sales, as prices are favourable. Petroleum and Natural Gas Minister Hardeep Singh Puri has repeatedly emphasised this point.

### Rosneft deal also in limbo?

Talks on the term deal had gained momentum after Russian state oil firm Rosneft signed a record deal last month to supply crude oil to Reliance Industries (RIL). Pegged at nearly 500,000 barrels per day (bpd), the deal is reportedly the largest energy agreement ever between the two countries. The 10-year agreement, amounting to 0.5 per cent of global supply, is worth roughly $13 billion annually at current prices.



However, sources said the deal was now under a cloud of uncertainty after Rosnefteflot, the marine transportation arm of Rosneft, was hit with sanctions in the latest round of economic measures by Washington, DC. Up to 13 marine vessels owned by the company, including eight Russian-flagged crude oil tankers, have been sanctioned.

As the second-largest Russian firm by market capitalisation and one of the country's highest earners, Rosneft has in recent years sought to increase its presence in the Indian market, officials said.

## Indian refiners see Moscow finding way around curbs

**State-owned oil refiners in India believe the impact from the latest US sanctions may be temporary** as Moscow finds workarounds, and the new Trump administration takes a softer line against the Opec+ member.

Processors are hopeful that the new US government may help to blunt the impact of the far-reaching curbs announced last week, if incoming officials take a conciliatory approach toward Russia, according to sources. At the same time, companies are seeking more optional volumes from Saudi Arabia and Iraq under term contracts to guard against shortfalls, they said, declining to be identified as matters are confidential.

Indian refiners are confident that losing access to cheap Russian crude would be only temporary given that Moscow would be under tremendous pressure to find a way to restore flows if China and Türkiye remained its only other major buyers, said the people. BLOOMBERG

# MCA may widen internship scheme

## Central govt likely to reach out to states to engage with applicants in a bid to increase participation

RUCHIKA CHITRAVANSHI
New Delhi, 14 January

Readying for the roll out of the second tranche of internships under the PM internship programme, the Ministry of Corporate Affairs (MCA) is likely to reach out to state governments to engage with applicants to increase participation.

According to a source, around 280 companies are in the process of being inducted into the scheme. They will identify internship opportunities available across districts.

The Prime Minister Internship Scheme, currently in its pilot stage, has seen less than 100,000 internship offers given out of 127,000 opportunities posted by companies in the first phase.

Data for the number of offers availed by applicants was not available, but sources said the government is likely to take steps to widen the reach of the programme and make it more attractive.

The scheme had set a target of providing 125,000 opportunities by the end of March 2025.

In order to attract more applicants, the government is considering tweaks such as increasing the age limit and relaxing the educational qualifications, according to people in the know.

The changes will be made based on the learning from the pilot programme, after which the MCA will get Cabinet approval for full-fledged roll out of the scheme.

Top 500 companies based on their average corporate social responsibility (CSR) spend for the last three years would be taking part in the scheme.

"Most of these companies are now becoming part of the internship programme. We are working with them to make a plan for internships that can be offered," the source said.

Roll out of the second tranche — when the next set of interns would join companies — is expected to start in February.

Candidates would be able to browse internships based on their preferred sectors, roles, locations and apply for up to five opportunities.

The government aims to skill 10 million youths in India's top companies in five years through the internship scheme.

The youth will gain exposure for 12 months to real-life business environments, varied professions and employment opportunities.

The MCA would provide direct benefit transfer of ₹6,000 to the intern on joining and a cover under the PM Jeevan Jyoti Bima and PM Surakha Yojana.

A financial assistance of ₹5,000 per month would also be provided to the intern of which ₹4,500 would be disbursed by the government and ₹500 be paid by the company from its CSR funds.

Companies can provide assistance over and above ₹500 if they wish to do so from its own funds.

The internship scheme was announced by Finance Minister Nirmala Sitharaman as part of the government job-push agenda in her Budget speech on July 23, 2024.

### EXPANDING BLUEPRINT

- Second tranche may roll out in Feb
- 280 companies will identify internship opportunities across districts
- Candidates can browse internships based on their preferred sectors, roles, locations and apply for up to five offers
- Govt may increase age limit, relax educational qualifications to attract more applicants

## SK Jain appointed Chairman, Indraprastha Gas Ltd

Sukhmal Kumar Jain has been appointed as Additional Director and Chairman of Indraprastha Gas Limited.

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# US sanctions push up oil shipping rates

Supertanker freight rates jumped after the US expanded sanctions on Russia's oil industry, sending traders rushing to book vessels to ship supply from other countries to China and India, shipbrokers and traders said.

Chinese and Indian refiners are seeking alternative fuel supplies as they adapt to severe new US sanctions on Russian producers and tankers designed to curb the world No. 2 oil exporter's revenue due to its war in Ukraine.

Many of the newly targeted vessels, part of a so-called shadow fleet that seeks to avoid Western restrictions, have been used to ship oil to India and China, which snapped up cheap Russian supply that was banned in Europe following Moscow's invasion of Ukraine.

The latest U.S. action means an estimated 35% of some 669 shadow fleet tankers involved in shipping Russian, Venezuelan and Iranian oil have been hit with sanctions by either the US, Britain or the European Union, according to analysis by Lloyd's List Intelligence. **REUTERS**

Nearly 15% of Indian imports of Russian crude expected to be hit

# US sanctions: No threat to oil supply, but costs may rise

ARUNIMA BHARADWAJ
New Delhi, January 14

**THE LATEST US** sanctions on Russia do not only pose a threat to India's crude oil supply but may result in higher cost of the landed crude oil for Indian refiners as they diversify their crude sourcing, likely at a premium to the landed price of Russian crude, analysts and industry experts say. As much as 14% of India's import of Russian crude is likely to be affected owing to the new sanctions. Additionally, analysts believe that tightening fleet capacity is also likely to increase freight costs.

"A reduction of crude volume from Russia would mean the need for replacement barrels from other regions, including West Asia, Africa and the US. The replacement is not going to be cheap though for Indian refiners," Pulkit Agarwal, head of India content (cross commodities) at S&P Global Commodity Insights said. He noted that a replacement of crude supplies from any other region would come at a premium to the landed price of Russian crude, thus making it expensive for the country's refiners.

"Platts-assessed price of Urals crude DAP (delivered at place) west coast India is at a discount of more than $3 per barrel to Dated Brent, but a replacement crude from any of the region, depending on its grade and origin, would come at quite a premium to the landed price of Russian crude arriving into India," he said.

The US on Friday imposed sanctions on Russian oil producers Gazprom Neft and Surgutneftegaz, along with 183 vessels that have shipped Russian oil, in order to curb Russia's revenue used to fund its war with Ukraine. Post the move, India is expected to seek alternative supplies of crude oil, diverting its focus towards West Asia, the US, and Africa.

Xavier Tang, market analyst at Vortexa, highlighted that the latest shipping sanctions mark the largest round of individual vessel-designations related to Russian trade. "Individual vessel sanctions by the US have been very effective in limiting further employment in Russian trade. Because of this track-record of effectiveness and the huge amount of tonnage named, we think these may have a big impact," he said.

"What is most likely is that Russian crude exports will face serious logistical difficulty due to the lack of available tonnage, which will force the price of Russian crude below the price cap. At this point, Western operators would be able to get involved to lift Russian crude. We have previously observed a very low-entry barrier for this to happen. In recent instances, Western operators immediately returned to lifting when Urals briefly dipped under the price cap," Tang said. Given that global VLCC (very large crude carrier) freight rates spiked over the past few days, oil sourcing from other countries would further increase freight costs for Indian refiners, analysts say.

In December, India imported around 620,000 barrels per day of crude carried on tankers listed on the latest US sanctions, representing between 13-14% of imports, as per Vortexa. While Indian refiners may be forced to seek alternative sources for crude oil supplies, the industry is optimistic of Russia working its way around the latest US sanctions and finding a way to get its oil into the market. A senior government official on Monday said India did not expect any disruption to Russian oil supply in the next two months given that US-sanctioned tankers are allowed to discharge crude until March.

Global crude prices that reached their highest level since August at $81 per barrel on Monday have come down and were hovering at $80 per barrel on Tuesday.

## COUNT THE COST

- In December, India imported around 620,000 barrels per day of crude oil carried on tankers listed on the latest US sanctions
- Since the start of the Ukraine war, Russia has emerged as the top supplier of crude oil to India on the back of healthy discounts