FIPI

Federation of Indian Petroleum Industry

Policy&
Economic Report
Oil & Gas Market

MAY 2024

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Executive Summary

According to OECD "Economic Outlook," the global economy is growing at a modest pace with a growth of 3.1% in 2024, the same as 3.1% in 2023, followed by a slight pick-up to 3.2% in 2025. The global activity is proving relatively resilient as the decline in inflation continues, and private sector confidence is improving which is reflected in surge in domestic demand.

Against this backdrop, GDP growth in United States is projected to be 2.6% in 2024, before slowing to 1.8% in 2025 as the economy adapts to high borrowing costs and moderating domestic demand. In the Euro area, which stagnated in the fourth quarter of 2023, a recovery in real household incomes and reductions in policy interest rates will help generate a gradual rebound. Euro area GDP growth is projected at 0.7% in 2024 and 1.5% in 2025.

China is expected to slow moderately, with GDP growth of 4.9% in 2024 and 4.5% in 2025, as the economy is supported by fiscal stimulus and exports. Strong investment and improving business confidence in India are projected to sustain real GDP growth of 6.6 per cent in both FY 2024-25 and FY 2025-26, despite relatively sluggish private consumption growth.

As far as India is concerned, according to OECD, GDP growth is projected at 7.8% in FY 2023-24 and around 6.5% in FY 2024-25 & FY 2025-26. Domestic demand will be driven by gross capital formation, particularly in the public sector, with private consumption growth remaining sluggish. Exports will continue to grow, especially of services such as information technology and consulting where India will continue to increase its global market share, supported by foreign investment.

According to OECD, growth was stronger than expected in the second half of FY 2023-24, driven by strong public investment in transport and energy infrastructure, as well as exports of services.

According to data released by Ministry of Statistics & Programme Implementation, India's retail inflation i.e. Consumer Price Index (CPI) eased to 4.83% (Provisional) for the month of April, 2024 (over April, 2023). Corresponding inflation rate for rural and urban is 5.43% and 4.11%, respectively. The highest inflation was witnessed in Odisha at 7.11% and lower in Delhi at 2.17%. The inflation in the food basket was at 8.70% in April 2024, marginally up from 8.52% in March 2024. The number has remained within the Reserve Bank of India's (RBI) tolerance band of 2-6 per cent. The MPC has decided to keep the policy repo rate unchanged at 6.50 %.

According to the latest data available from the Centre for Monitoring Indian Economy (CMIE), unemployment rate in India rose to 8.1 per cent in April 2024 from 7.4 per cent in March 2024. The unemployment rate increased in urban India as well as in rural India. Rural unemployment rate climbed to 7.8 per cent in April 2024 from 7.1 per cent in March 2024. Urban unemployment rate rose from 8.1 per cent to 8.7 per cent.

As far as oil and gas industry is concerned, benchmark oil prices corrected sharply lower over the course of April and early May, as concerns over the health of the global economy and oil demand fuelled a sell-off. Reports of progress towards a truce in Gaza also weighed on oil prices, although geopolitical tensions remain high. Brent crude futures traded at around \$83/bbl, down nearly \$8/bbl from a month earlier despite signs of tightness in the crude oil market.

In April, the crude spot prices increased, with major benchmarks climbing over 5%, m-o-m, expanding the momentum from the previous month. This upward trajectory in crude spot prices was primarily underpinned by the rally of oil futures prices, mirroring a sustained positive sentiment in the market. The spot market was also buoyed by a firm demand for May loading barrels, specifically for sour crude, as in some regions the refinery maintenance season reached its peak, prompting a steady increase in crude intake, signaling a recovery in refining activity ahead of the summer holiday season. Demand from Asia-Pacific refiners remained sustained, helping absorb available supply in the Atlantic basin amid refinery maintenance in Europe.

Hedge funds and other money managers remained largely bullish about oil in the first half of April, sharply raising their net long positions in ICE Brent to their highest since March 2021 along with substantial financial flows into the two key futures contracts, ICE Brent and NYMEX WTI.

Natural gas spot prices at the US Henry Hub benchmark averaged \$1.60 per million British thermal units (MMBtu) in April 2024. Henry Hub natural gas prices rebounded in April after sharp decline from the previous month. Prices rose significantly, amid lower production and ongoing maintenance activities at key facilities.

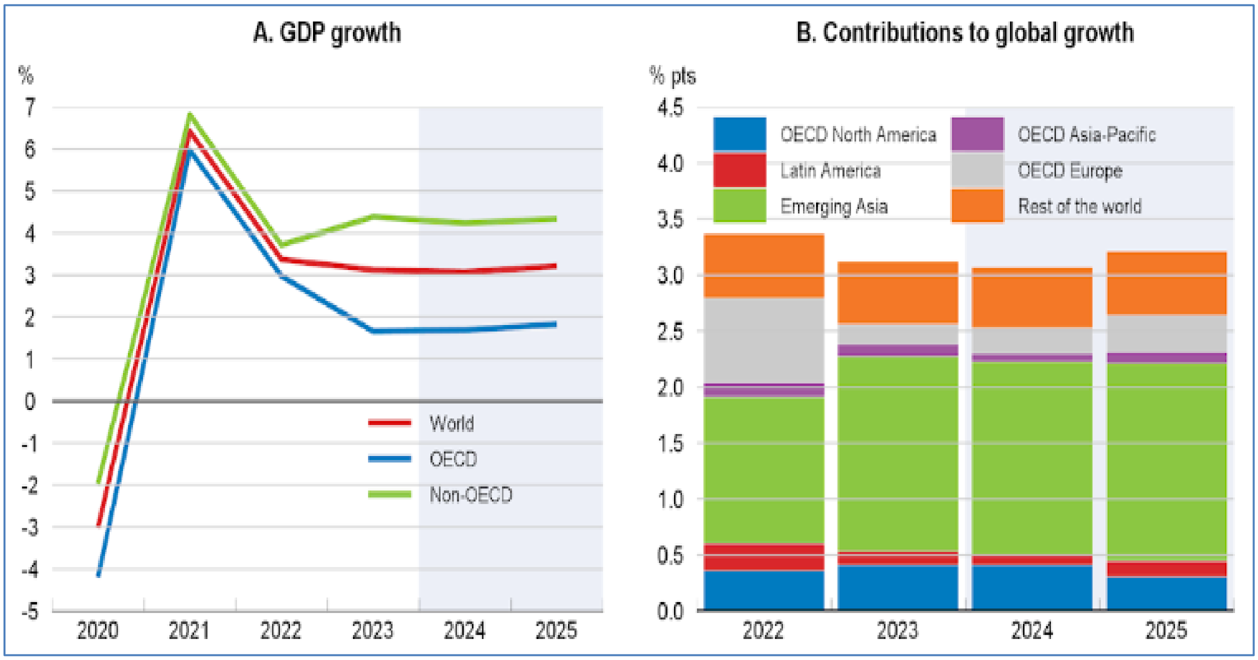
Economy in Focus

1. A snapshot of the global economy

Global economic growth

- According to OECD "Economic Outlook," the global economy is growing at a modest pace with a growth of 3.1% in 2024, the same as 3.1% in 2023, followed by a slight pick-up to 3.2% in 2025.
- The global activity is proving relatively resilient as the decline in inflation continues, and private sector confidence is improving which is reflected in surge in domestic demand.

Figure 1: Global GDP Growth projections

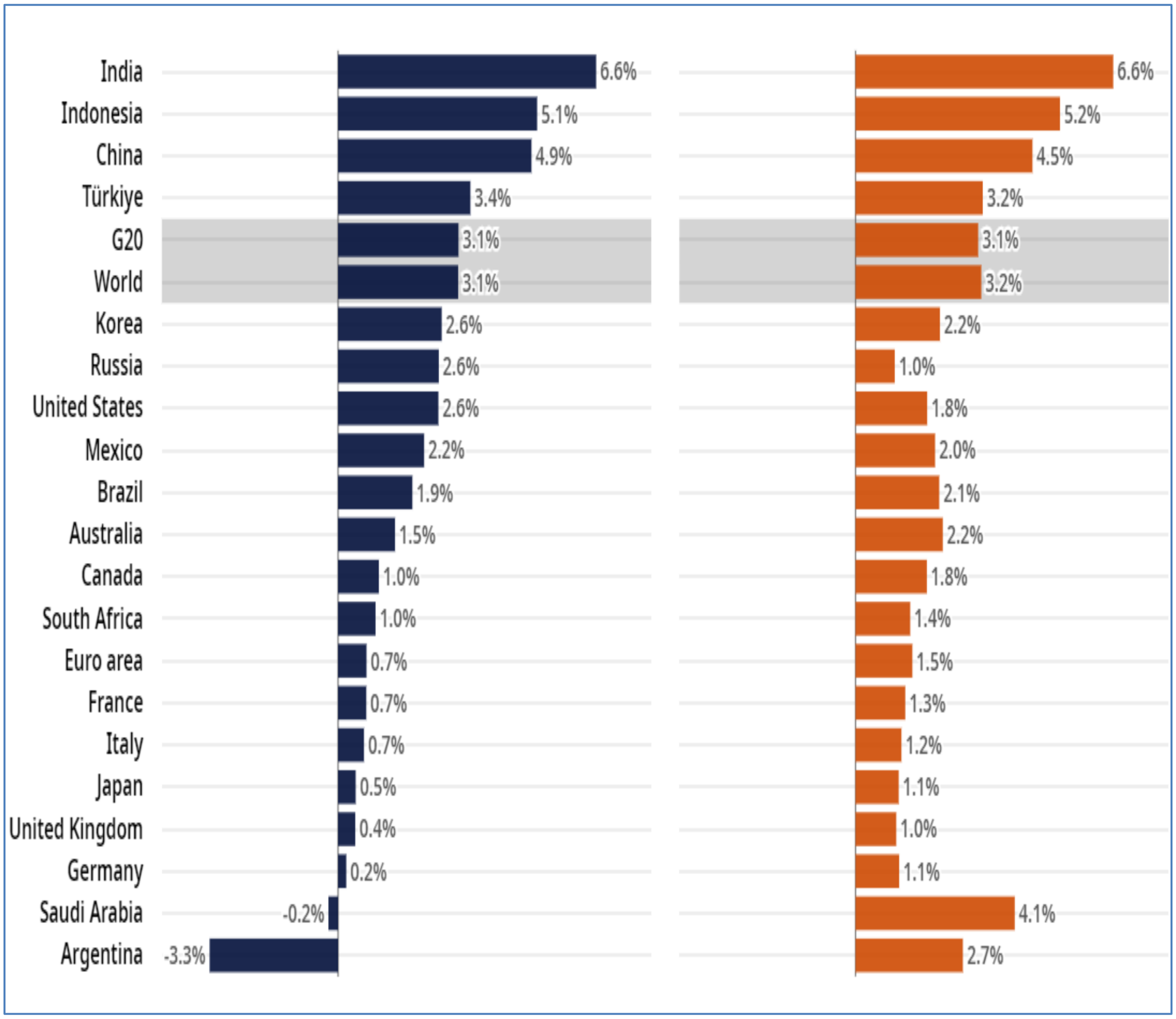


Source- OECD

- Against this backdrop, GDP growth in United States is projected to be 2.6% in 2024, before slowing to 1.8% in 2025 as the economy adapts to high borrowing costs and moderating domestic demand.
- In the Euro area, which stagnated in the fourth quarter of 2023, a recovery in real household incomes and reductions in policy interest rates will help generate a gradual rebound. Euro area GDP growth is projected at 0.7% in 2024 and 1.5% in 2025.
- Growth in Japan should recover steadily, with domestic demand underpinned by stronger real wage growth, continued accommodative monetary policy and temporary tax cuts. GDP is projected to expand by 0.5% in 2024 and 1.5% in 2025.
- China is expected to slow moderately, with GDP growth of 4.9% in 2024 and 4.5% in 2025, as the economy is supported by fiscal stimulus and exports.

- Strong investment and improving business confidence in India are projected to sustain real GDP growth of 6.6 per cent in both FY 2024-25 and FY 2025-26, despite relatively sluggish private consumption growth.

Figure 2: Global GDP Growth projections for 2024 (blue) and 2025 (red) (%, y-o-y)

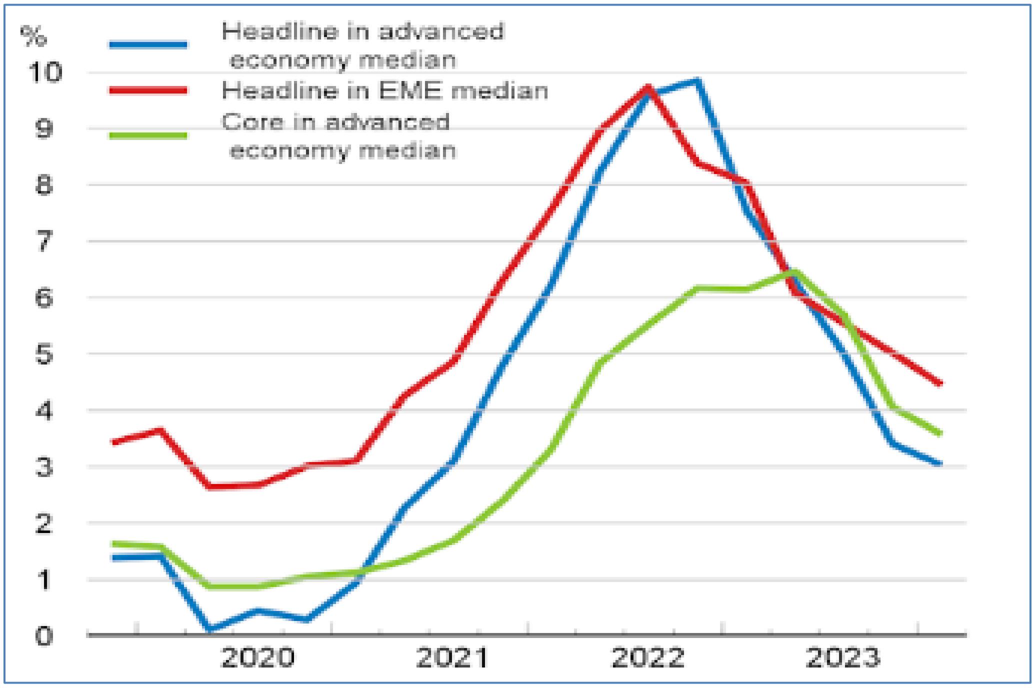


Source- OECD Economic Outlook, May 2024

Global inflation

- According to OECD, headline inflation in the OECD is projected to gradually ease from 6.9% in 2023 to 5.0% in 2024 and 3.4% in 2025, helped by tight monetary policy and fading goods and energy price pressures.
- Further, annual consumer price inflation in the G20 economies is projected to ease gradually, helped by fading cost pressures, declining to 3.6% in 2025 from 5.9% in 2024. By the end of 2025, inflation is expected to be back on central bank targets in most major economies.
- Food price inflation came down sharply, as good harvests for key crops such as wheat and corn resulted in prices falling rapidly. Average inflation in advanced economies fell from 9.9% in the last quarter of 2022 to 3% in the first quarter of 2024.

Figure 3: Global Inflation



Source- OECD Economic Outlook, May 2024

Global Trade

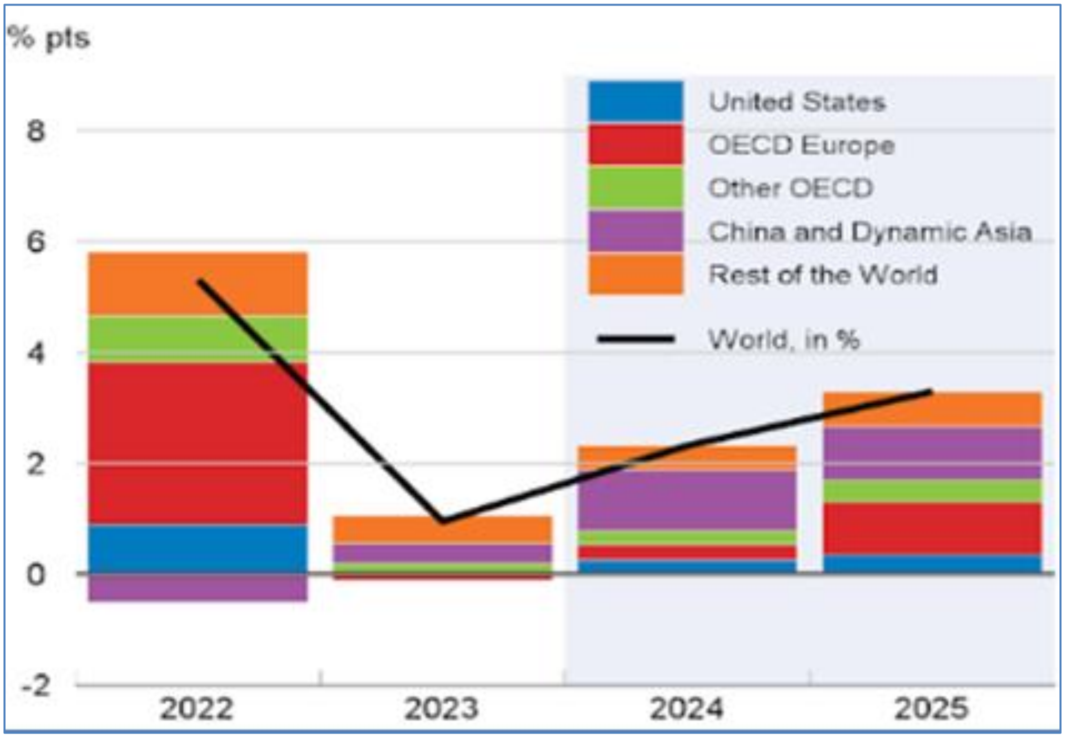
- According to OECD, global trade growth is expected to recover over the next two years, with trade volumes (goods plus services) projected to increase by 2.3% in 2024 and 3.3% in 2025.

- Continued steady growth in the United States, the stimulus measures being undertaken in China and a trade rebound in the Asian economies are key cyclical factors behind the projected trade upturn, particularly in 2024.

- Services trade will continue to recover steadily, including in China. Softer import demand in India is responsible for the slowdown in contribution from other non-OECD economies to global trade growth in 2024.

- By the end of 2025, global trade openness (the ratio of trade to GDP) is expected to be 0.3 percentage points higher than in the final quarter of 2023, with the ratio of global trade growth to global GDP growth approaching pre-2019 levels.

Figure 4: Contributions to global trade growth



Source- OECD Economic Outlook, May 2024

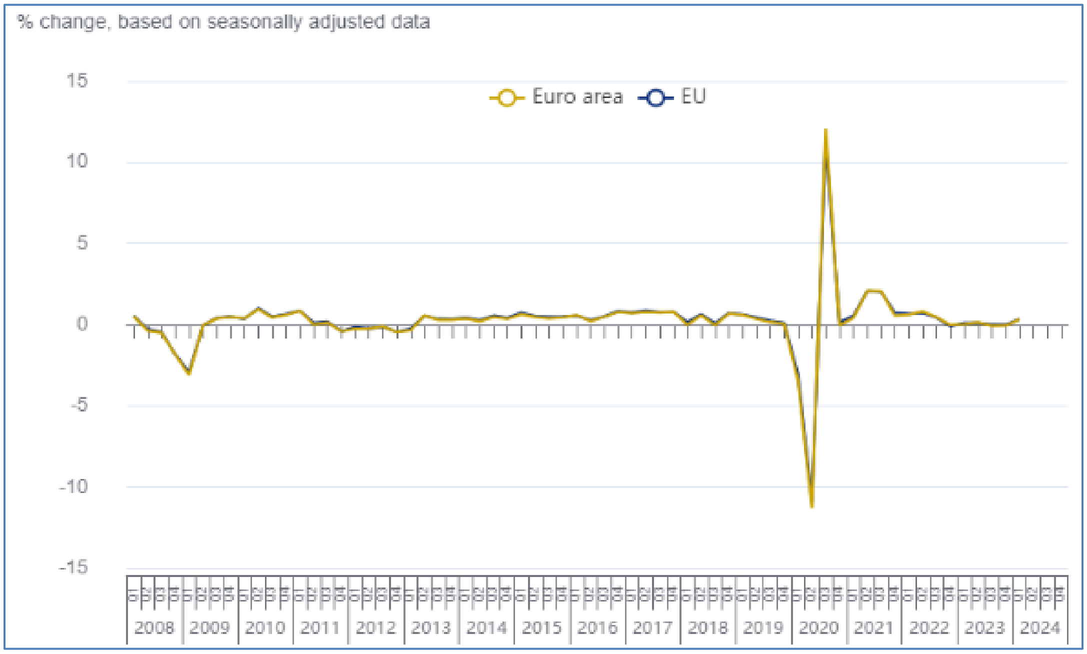
2. Eurozone rebounds from recession as inflation steadies

The Eurozone economy bounced back in the first quarter of FY 2024-25 from a mild recession, with Germany returning to growth and expansion accelerating in other economies.

Inflation also continued to ease steadily. Euro zone inflation steadied at 2.4% in April 2024. The bloc's gross domestic product (GDP) rose by 0.3% quarter-on-quarter from January 2024 to March 2024, for a 0.5% increase year-on-year.

The IMF forecast stated that the bloc's GDP would rise by 0.8% in 2024, double the rate of 2023, and by a higher rate of 1.5% in 2025. Germany, the euro zone's largest economy, returned to growth in the first quarter of FY 2024-25 with a bigger than expected 0.2% expansion from the previous quarter due to exports and construction investment, which were boosted by mild winter weather. Spain's economy grew by 0.7% quarter on quarter, due to a boost in investment and private consumption.

Figure 5: GDP Growth rates over the previous quarter -Euro area



Source- Eurostat

3. Asia's Growth and Inflation Outlook Improves- IMF

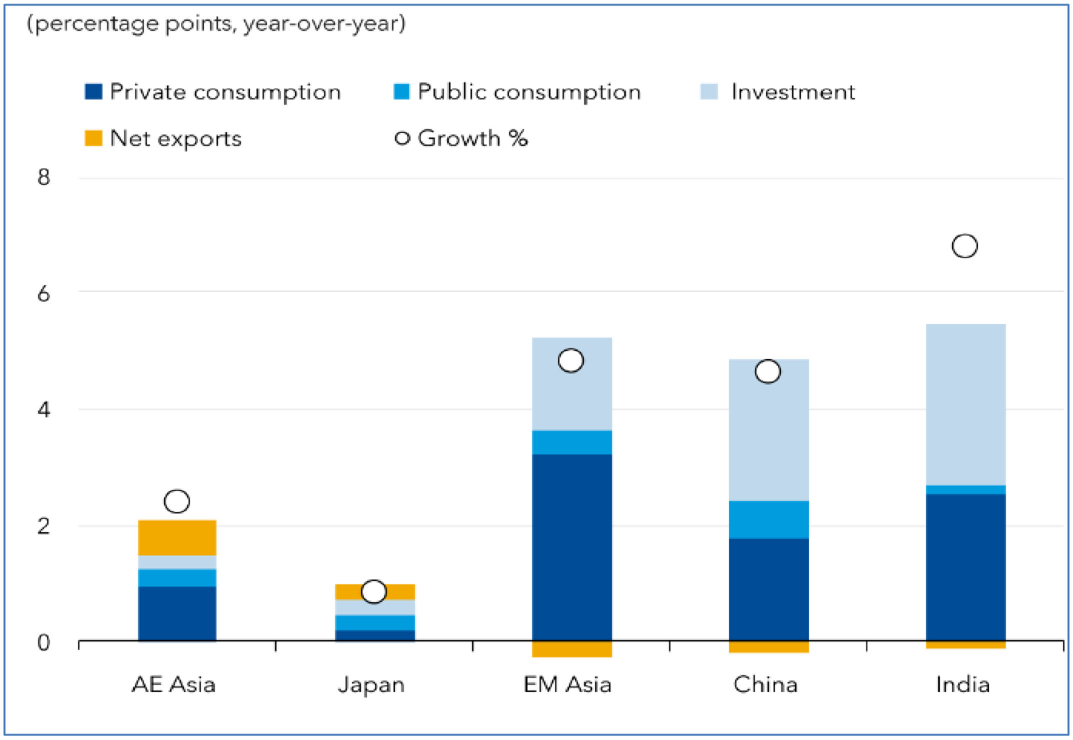
IMF has raised the regional growth forecast for Asia for FY 2024-25 to 4.5 percent, up 0.3 percentage point from six months earlier, after a 5 percent expansion in 2023. The revision reflects upgrades for China, and India, where public investment remains an important driver, making it the world's fastest-growing major economies.

In a still subdued external environment, robust private consumption will remain the main growth driver in Asia's other emerging market economies. The Asia growth forecast for 2025 is unchanged at 4.3 percent.

Despite robust demand growth, inflation in Asia has continued to retreat. The impact of earlier monetary tightening, a global decline in commodity and goods prices, and the abating of supply-chain disruptions after the pandemic all contributed to this outcome.

In some advanced economies—notably New Zealand, Australia, and Korea—persistent services inflation has kept inflation above target. By contrast, in Thailand and China, consumer prices have fallen. Inflation excluding food and energy is low, which, in China, reflects legacy issues from the pandemic and the property sector correction.

Figure 6: GDP Growth drivers in Asia



Source- IMF

In terms of risks, global conflict poses additional risks to trade, as evidenced by the re-routing of ships around Africa to avoid the Red Sea, which raises shipment costs. Pacific island countries are especially affected, as they are highly dependent on imports and poorly integrated into global shipping networks. Therefore, for Asia's economies, as many of them are deeply integrated into global supply chains and benefit greatly from trade, the policymakers should be cautious to not aggravate trade frictions themselves.

Beyond the short term, population aging, slowing productivity growth, and new technologies such as artificial intelligence confront policymakers in Asia with important challenges. While policy responses need to be tailored to country circumstances, there is a common need to invest in capital, digital infrastructure, and workforce skills, to preserve Asia's role as growth engine of the world economy.

Figure 7: Economic forecasts-Asia & the Pacific

(real GDP growth; year-over-year percent change)

		PROJECTIONS		CHANGE FROM OCT 2023 WEO	
	2023	**2024**	**2025**	**2024**	**2025**
Asia	**5.0**	**4.5**	**4.3**	**0.3**	**0.0**
Advanced economies	**1.7**	**1.6**	**1.8**	**-0.1**	**0.2**
Australia	2.1	1.5	2.0	0.3	0.0
Hong Kong SAR	3.2	2.9	2.7	0.0	-0.2
Japan	1.9	0.9	1.0	-0.1	0.4
Korea	1.4	2.3	2.3	0.1	0.0
New Zealand	0.6	1.0	2.0	0.0	-0.1
Singapore	1.1	2.1	2.3	0.0	-0.2
EMDEs	**5.6**	**5.2**	**4.9**	**0.4**	**0.0**
Bangladesh	6.0	5.7	6.6	-0.3	0.0
Brunei Darussalam	1.4	2.4	2.5	-1.1	-0.3
Cambodia	5.0	6.0	6.1	-0.1	-0.3
China	5.2	4.6	4.1	0.4	0.0
India	7.8	6.8	6.5	0.5	0.2
Indonesia	5.0	5.0	5.1	0.0	0.1
Lao P.D.R.	3.7	4.0	4.0	0.0	-0.1
Malaysia	3.7	4.4	4.4	0.1	0.0
Mongolia	7.0	6.5	6.0	2.0	2.5
Myanmar	2.5	1.5	2.0	-1.1	-0.5
Nepal	0.8	3.1	5.2	-1.9	0.0
Philippines	5.6	6.2	6.2	0.3	0.1
Thailand	1.9	2.7	2.9	-0.5	-0.2
Vietnam	5.0	5.8	6.5	0.0	-0.4

Source- IMF

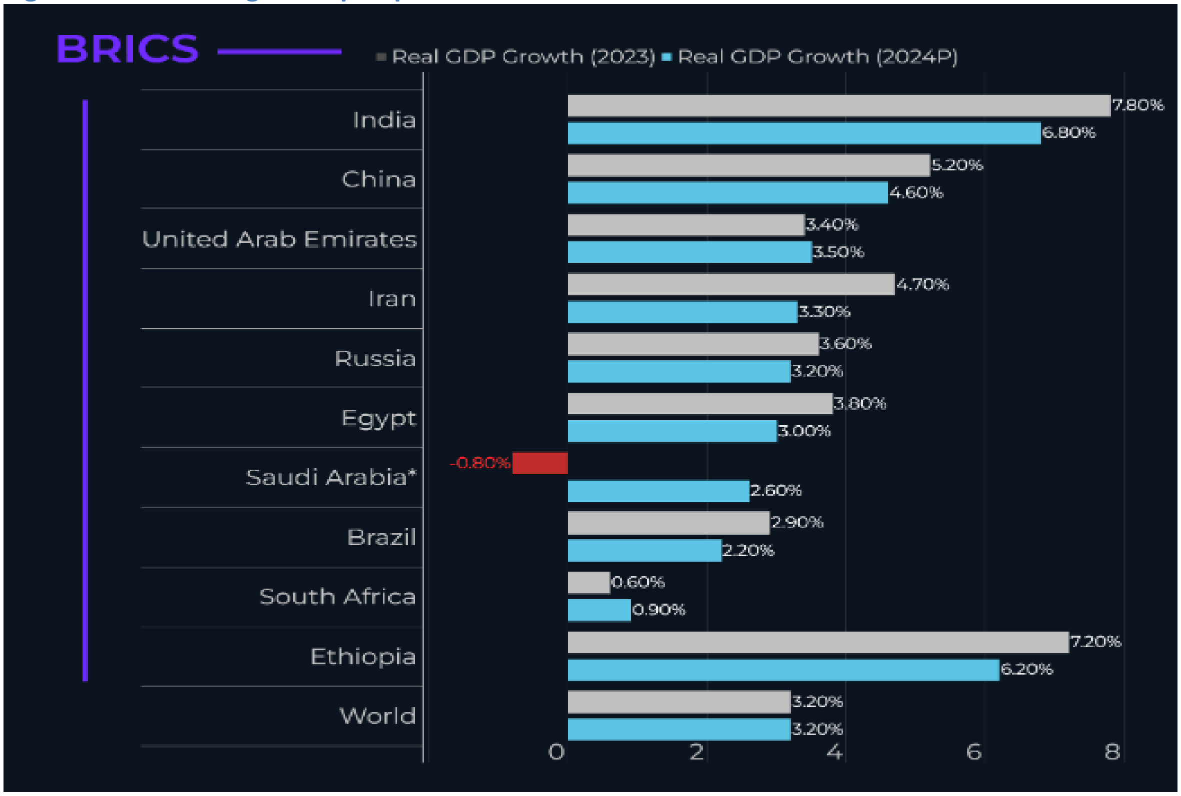
4. Global GDP expected to remain at 3.2%, BRICS poised to exceed G7 with 3.6% GDP Boost-IMF

The International Monetary Fund has released its forecast for Gross Domestic Product (GDP) for 2024. According to this forecast, global growth is going to stay the same with 3.2% but many major countries are going to see a decline. Many of the countries from the G7 and BRICS are expected to have a slower growth in 2024 as compared to their growth in 2023. The only BRICS countries that will have a higher growth in 2024 as compared to 2023 are Saudi Arabia, UAE, and South Africa.

India is still at the top of BRICS countries in terms of real GDP growth. India had 7.8% GDP growth in FY 2023-24 and it is projected at 6.8% in 2024. China's GDP growth will go from 5.2% in 2023 to 4.6% in 2024. UAE will see a slight increase in GDP in 2024. In 2023, it had 3.4% real GDP growth and now it will increase to 3.5%. Iran is declining in its GDP growth which was 4.7% in 2023 and now it is predicted to fall to 3.3% in 2024. Egypt will see a 0.8% decrease in its GDP in 2024. Saudi Arabia, who has not confirmed its BRICS invitation, is set to make a comeback with its GDP. It was -0.8% in 2023 and it will be 2.6% in 2024.

Brazil will go from 2.9% in 2023 to 2.2% in 2024. South Africa's GDP will increase from 0.6% in 2023 to 0.9% in 2024. Overall, the world's GDP is going to remain the same at 3.2%. BRICS will have a higher increase in their GDP by 3.6% as compared to G7 with 1% average increase.

Figure 8: Economic growth prospects for BRICS countries



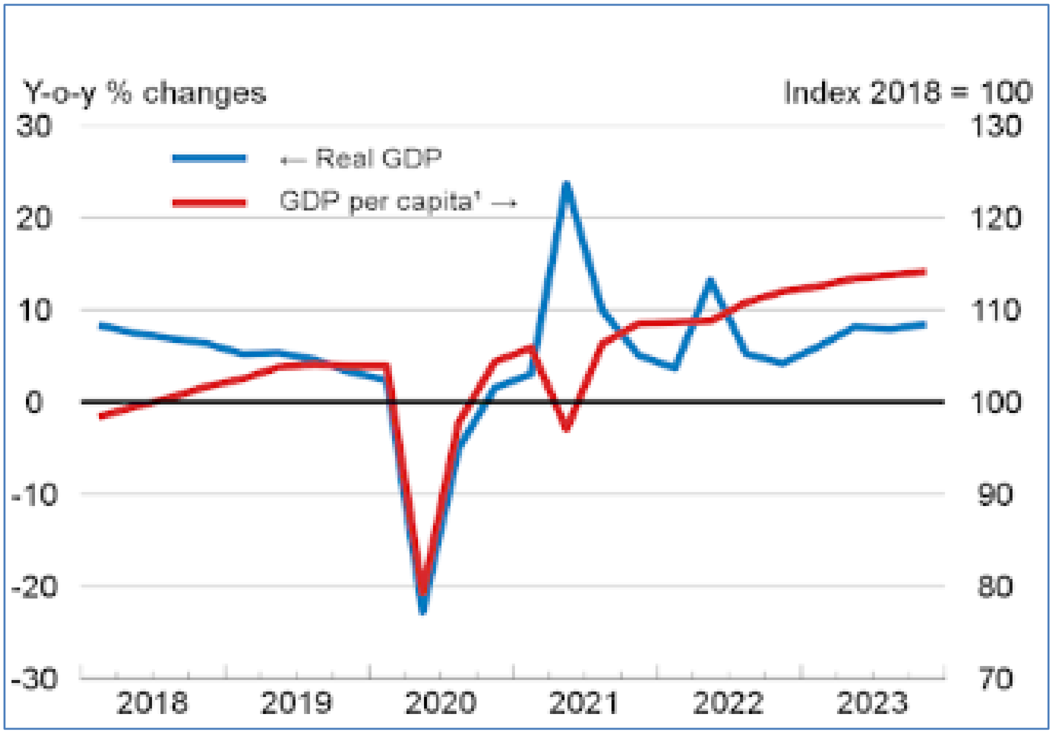
Source- IMF

5. Indian Economy

India's economic growth

According to OECD, GDP growth is projected at 7.8% in FY 2023-24 and around 6.5% in FY 2024-25 & FY 2025-26. Domestic demand will be driven by gross capital formation, particularly in the public sector, with private consumption growth remaining sluggish. Exports will continue to grow, especially of services such as information technology and consulting where India will continue to increase its global market share, supported by foreign investment.

Figure 9: India real GDP growth



Source- OECD

According to OECD, growth was stronger than expected in the second half of FY 2023-24, driven by strong public investment in transport and energy infrastructure, as well as exports of services.

Inflation in India

- According to data released by Ministry of Statistics & Programme Implementation, India's retail inflation i.e. Consumer Price Index (CPI) eased to 4.83% (Provisional) for the month of April, 2024 (over April, 2023).
- Corresponding inflation rate for rural and urban is 5.43% and 4.11%, respectively. The highest inflation was witnessed in Odisha at 7.11% and lower in Delhi at 2.17%.
- The inflation in the food basket was at 8.70% in April 2024, marginally up from 8.52% in March 2024.
- The index for 'fuel and light' in the CPI declined to 4.24% in April on a yearly basis.
- The number has remained within the Reserve Bank of India's (RBI) tolerance band of 2-6 per cent.
- Assuming a normal monsoon next year, CPI inflation for 2024-25 is projected at 4.5 % with Q1 at 5.0 %; Q2 at 4.0 %; Q3 at 4.6 %; and Q4 at 4.7 %.
- The MPC has decided to keep the policy repo rate unchanged at 6.50 %.

Unemployment in India

- According to the latest data available from the Centre for Monitoring Indian Economy (CMIE), unemployment rate in India rose to 8.1 per cent in April 2024 from 7.4 per cent in March 2024.

- The unemployment rate increased in urban India as well as in rural India. Rural unemployment rate climbed to 7.8 per cent in April 2024 from 7.1 per cent in March 2024. Urban unemployment rate rose from 8.1 per cent to 8.7 per cent.

- Unemployment rate recorded an uptick in April 2024 alongside a fall in labor participation rate (LPR) as well as employment rate. LPR in India inched down to 40.9 per cent in April 2024, from 41.1 per cent in the previous month. Employment rate, which is the proportion of employed persons in the working age population (aged 15 years and above), fell from 38.1 per cent to 37.6 per cent in April 2024.

India's external position

India's forex reserves

- According to latest data released by Reserve Bank of India, India's forex reserves rose by $3.66 billion to $641.59 billion as of May 03, 2024.

- According to the Weekly Statistical Supplement released by the RBI, foreign currency assets (FCAs) surged by $4.45 billion to $564.16 billion. Expressed in dollar terms, the FCAs include the effect of appreciation or depreciation of non-US units like the euro, pound and yen held in the foreign exchange reserves.

- Gold reserves dropped by $653 million to $54.88 billion, whereas SDRs were up by $2 million to $18.05 billion.

- Reserve position in the IMF decreased by $140 million to $4.499 billion.

India's foreign trade position

- India's total exports (Merchandise and Services combined) in April 2024 is estimated to be USD 64.56 Billion, exhibiting a growth of 6.88 per cent over April 2023.

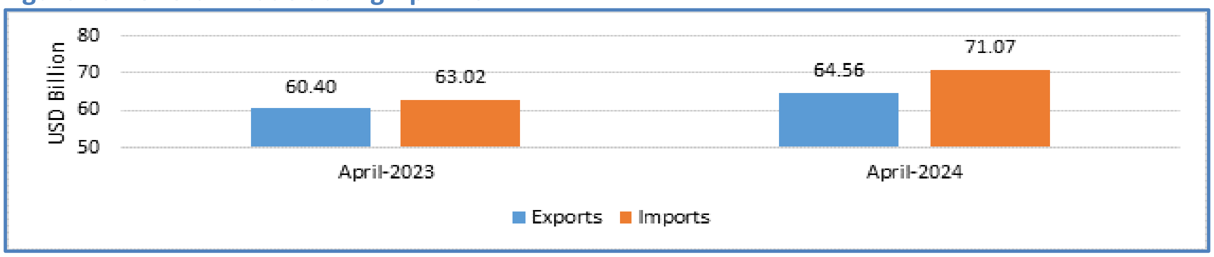
- Total imports (Merchandise and Services combined) in April 2024 is estimated to be USD 71.07Billion, exhibiting a growth of 12.78per cent over April 2023.

Table 1: Trade during April 2024

		April 2024 (USD Billion)	April 2023 (USD Billion)
Merchandise	Exports	34.99	34.62
	Imports	54.09	49.06
Services	Exports	29.57	25.78
	Imports	16.97	13.96
Overall Trade (Merchandise +Services)	Exports	64.56	60.40
	Imports	71.07	63.02
	Trade Balance	**-6.51**	**-2.62**

Source- Ministry of Commerce & Industry

Figure 10: Overall Trade during April 2024



Source- RBI

- In merchandise exports, 13 of the 30 key sectors exhibited growth in April 2024 as compared to same period last year (April 2023). These include Electronic Goods (25.8%), Tea (25.74%), Organic & Inorganic Chemicals (16.75%), Coffee (15.87%), Tobacco (13.22%), Spices (12.27%), Drugs & Pharmaceuticals (7.36%), Cotton Yarn/Fabs./Made-Ups, Handloom Products Etc. (6.65%), Carpet (5.64%), Cereal Preparations & Miscellaneous Processed Items (5.33%), Petroleum Products (3.1%), Plastic & Linoleum (2.99%) and Handicrafts Excl. Hand Made Carpet (2.36%).

- In merchandise imports, 14 out of 30 key sectors exhibited negative growth in April 2024. These include Sulphur & Unroasted Iron Pyrites (-71.75%), Pearls, Precious & Semi-Precious Stones (-21.12%), Cotton Raw & Waste (-16.31%), Wood & Wood Products (-14.11%), Coal, Coke & Briquettes, Etc. (-11.71%), Artificial Resins, Plastic Materials, Etc. (-10.26%), Fertilisers, Crude & Manufactured (-8.3%), Iron & Steel (-8.28%), Chemical Material & Products (-7.69%), Organic & Inorganic Chemicals (-5.19%), Machinery, Electrical & Non-Electrical (-3.54%), Dyeing/Tanning/Colouring Materials (-2.63%), Pulp and Waste Paper (-2.2%) and Transport Equipment (-0.22%).

- Services exports is projected to grow by 14.68 percent during April 2024 over April 2023.

6. IMF raises India's FY24 GDP growth forecast to 7.8%

The International Monetary Fund (IMF) has projected that India's economy will grow by 6.8% in the current fiscal year, driven primarily by public investment. The IMF has revised its growth forecast for India upward from its January projection of 6.5% to 6.8%.

The IMF has raised its outlook for India's FY24 growth to 7.8%, surpassing the government's estimate of 7.6%. The IMF report highlighted that "India and the Philippines have been the source of repeated positive growth surprises, supported by resilient domestic demand."

The IMF has maintained its FY25 forecast for inflation in India at 4.6%, with a further decrease to 4.2% in FY26. The Reserve Bank of India anticipates inflation to drop to 4.5% in the current fiscal year.

In addition to India's positive outlook, the IMF has raised its forecast for the Asia and Pacific region to 4.5% from the previously projected 4.2% in October. The fund noted that the region's economic slowdown in 2024 is expected to be less severe than initially anticipated, as inflationary pressures continue to ease.

7. GST collections breach landmark milestone of ₹2 lakh crore, Gross Revenue Records 12.4% y-o-y growth

The Gross Goods and Services Tax (GST) collections hit a record high in April 2024 at ₹2.10 lakh crore. This represents a significant 12.4% year-on-year growth, driven by a strong increase in domestic transactions (up 13.4%) and imports (up 8.3%). After accounting for refunds, the net GST revenue for April 2024 stands at ₹1.92 lakh crore, reflecting an impressive 15.5% growth compared to the same period last year.

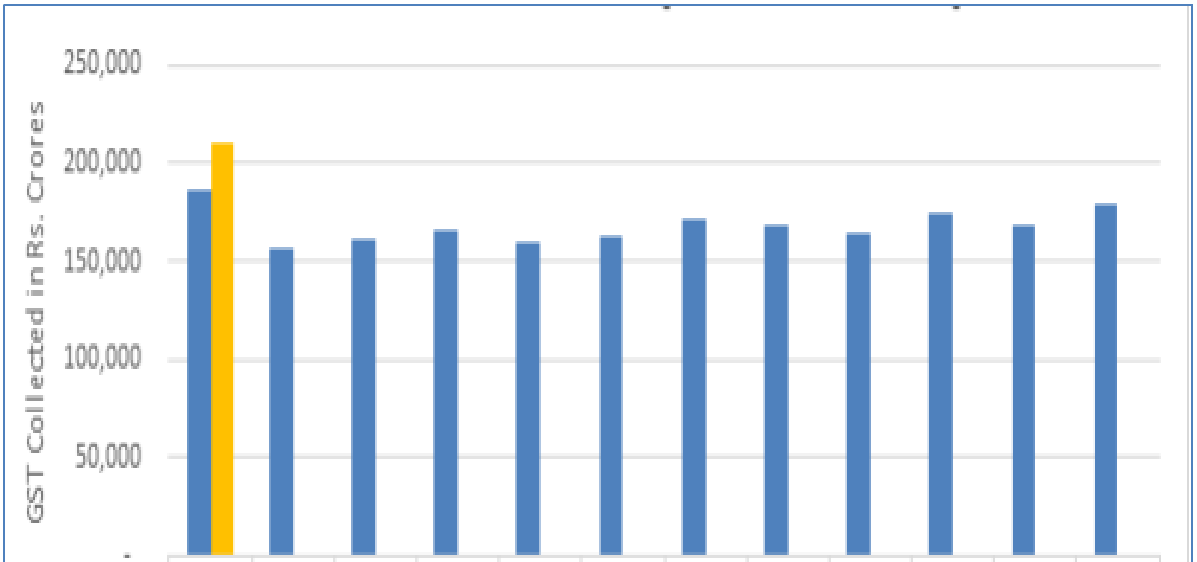
Positive Performance Across Components: Breakdown of April 2024 Collections:

- Central Goods and Services Tax (CGST): ₹43,846 crore;
- State Goods and Services Tax (SGST): ₹53,538 crore;
- Integrated Goods and Services Tax (IGST): ₹99,623 crore, including ₹37,826 crore collected on imported goods;
- Cess: ₹13,260 crore, including ₹1,008 crore collected on imported goods.

Inter-Governmental Settlement: In the month of April, 2024, the central government settled ₹50,307 crore to CGST and ₹41,600 crore to SGST from the IGST collected. This translates to a total revenue of ₹94,153 crore for CGST and ₹95,138 crore for SGST for April, 2024 after regular settlement.

The chart below shows trends in monthly gross GST revenues during FY 2023-24 and April 2024.

Figure 11: Total GST collection (in Rs. Crores)



	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
2023-24	187,035	157,090	161,497	165,105	159,069	162,712	172,003	167,929	164,882	174,106	168,337	178,484
2024-25	210,267											

Source- Ministry of Finance

8. India overtook Japan to become world's 3rd largest solar power generator in 2023

Rapid solar energy deployment in India pushed the country past Japan to become the world's third-largest solar power generator in 2023, according to a new report published by global energy think tank Ember.

Solar produced a record 5.5 per cent of global electricity in 2023. In line with the global trend, India generated 5.8 per cent of its electricity from solar last year, as reported in Ember's "Global Electricity Review". Solar maintained its status as the world's fastest-growing electricity source for the 19th consecutive year, adding more than twice as much new electricity worldwide as coal in 2023.

India saw the world's fourth-largest increase in solar generation in 2023 (+18-terawatt hour or TWh), behind China (+156 TWh), the United States (+33 TWh) and Brazil (+22 TWh). Together, the top four solar growth countries accounted for 75 per cent of growth in 2023.

Solar's contribution to electricity generation in India increased from 0.5 per cent in 2015 to 5.8 per cent in 2023. According to the International Energy Agency's (IEA) "Net Zero Emissions" scenario, solar would increase to 22 per cent of global electricity generation by 2030. The IEA says tripling the global RE capacity and doubling energy efficiency are crucial to limiting the average temperature rise to 1.5 degrees Celsius, a political target set in 2015 to prevent further worsening of climate impacts.

India is one of the few countries planning to triple renewable capacity by 2030. According to Ember's analysis, annual capacity additions need to significantly increase for India to meet this capacity target.

9. Indian exports up in 115 nations out of 238 destinations in 2023-24

According to the Union Ministry of Commerce, India's exports have increased to as many as 115 countries out of the total 238 destinations during 2023-24 despite the global economic uncertainties.

These 115 export destinations, which account for 46.5 per cent of India's export basket, include the US, UAE, Netherland, China, UK, Saudi Arabia, Singapore, Bangladesh, Germany, and Italy.

The share of India's merchandise exports has also increased marginally from 1.70 per cent in 2014 to 1.82 per cent in 2023. India's rank in world merchandise exporters too has improved from 19^{th} to 17^{th} during the same period.

Further, India’s export to its top 10 destinations witnessed a 13% y-o-y increase in 2023-24. The UAE has emerged as the primary destination, with a substantial 12.71% growth in export value at USD 35.6 bn.

Similarly, exports to Singapore that surged by 20.19 % to USD 14.4 billion, to the UK (up 13.30 per cent to USD 13 billion), and to China (up 8.70 per cent to USD 16.7 billion) also recorded healthy growth indicating a sustained demand for Indian products.

On the commodities front, as many as 17 items have registered an increase in exports in 2023-24 over the last financial year. These sectors constitute 48.4 per cent of India's export basket. These sectors include engineering, electronic goods, pharmaceuticals, and cotton yarn/ fabrics/ handloom products.

Lessons from Economics

Economic Rent

Economic rent is an amount of money earned that exceeds which is economically or socially necessary. It refers to the income earned by the owner of a factor of production more than what he expected to achieve or what he should reasonably make as per the market forces. It represents a surplus over and above the market price of the factor. This can occur, for example, when a buyer working to attain a good or service that is considered exclusive makes an offer prior to hearing what a seller considers an acceptable price. Market imperfections thus lead to the rise of economic rent; it would not exist if markets were perfect, since competitive pressures would drive down prices.

The concept of economic rent originated with David Ricardo in the early 1800s. For Ricardo, economic rent was the extra profit earned on the most productive land as prices rose to bring less productive land into cultivation.

Economic rent can also occur when certain producers in a competitive market have asymmetric information or technologically advanced production systems give them a competitive advantage as a low-cost producer that other firms lack or are not capable of acquiring. Competitive advantages built up over time due to economic rent can often lead to a lack of competition and entrenched ways of doing business.

Economic rent can also arise from conditions of scarcity and can be used to demonstrate numerous pricing discrepancies. These include higher pay for unionized workers compared with nonunionized workers, or huge salaries made by a star athlete vs. an average working individual. Economic rent also explains the high value of exclusive intangible assets, such as patents and permits.

Types of Economic rent: -

1. Contract (Quasi) Rent- Contract rent refers to a situation wherein there is a mutually agreed-upon deal between two parties but external conditions change over time, granting one party unequal benefit, usually at the expense of the other party.

2. Monopoly Rent- Monopoly rent refers to the situation in which a monopoly producer lacks competition and thus can sell its goods and services at a price far above what the otherwise competitive market price would be, at the expense of consumers.

3. Differential Rent- Differential rent refers to the excess profit that may arise owing to differences in the fertility of the land. The surplus that arises due to the difference between marginal land and intramarginal land is the differential rent. It is generally accrued under conditions of extensive land cultivation. Differential ground rent was first proposed by the classical political economist David Ricardo.

Oil Market

Crude oil price – Monthly Review

Benchmark oil prices corrected sharply lower over the course of April and early May, as concerns over the health of the global economy and oil demand fuelled a sell-off. Reports of progress towards a truce in Gaza also weighed on oil prices, although geopolitical tensions remain high. Brent crude futures traded at around $83/bbl, down nearly $8/bbl from a month earlier despite signs of tightness in the crude oil market.

In April, the crude spot prices increased, with major benchmarks climbing over 5%, m-o-m, expanding the momentum from the previous month. This upward trajectory in crude spot prices was primarily underpinned by the rally of oil futures prices, mirroring a sustained positive sentiment in the market. The spot market was also buoyed by a firm demand for May loading barrels, specifically for sour crude, as in some regions the refinery maintenance season reached its peak, prompting a steady increase in crude intake, signaling a recovery in refining activity ahead of the summer holiday season. Demand from Asia-Pacific refiners remained sustained, helping absorb available supply in the Atlantic basin amid refinery maintenance in Europe.

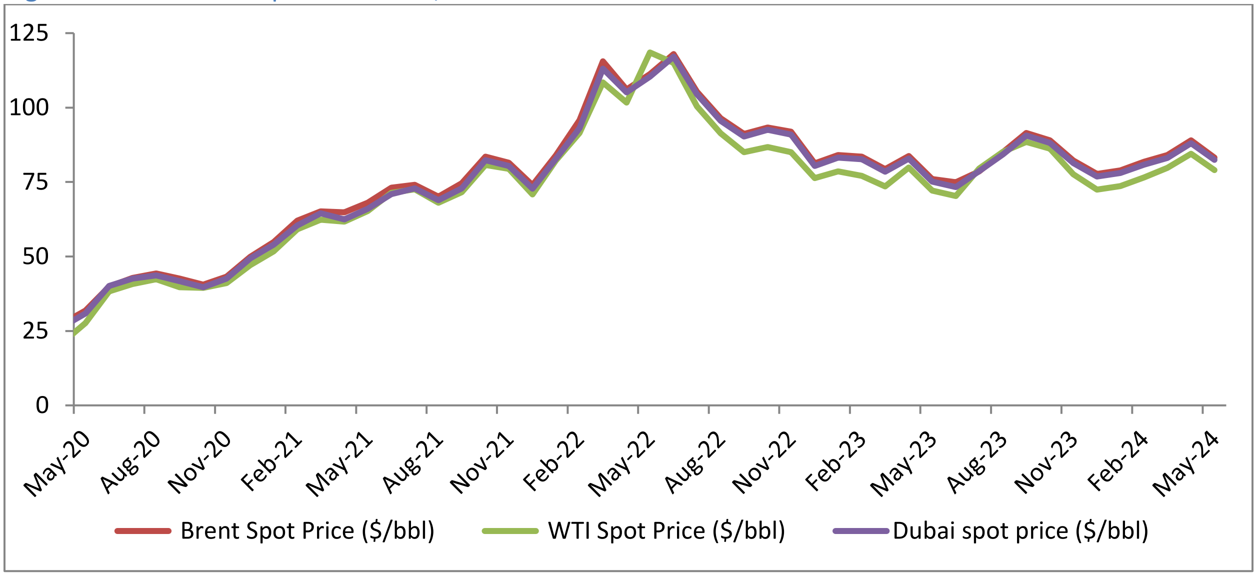
Hedge funds and other money managers remained largely bullish about oil in the first half of April, sharply raising their net long positions in ICE Brent to their highest since March 2021 along with substantial financial flows into the two key futures contracts, ICE Brent and NYMEX WTI. Geopolitical developments in early April prompted speculators to raise bullish wagers which fuelled oil price momentum. However, in the second half of April, speculators heavily sold long positions following signs of a potential easing of geopolitical risks, which also contributed to rising volatility.

The OPEC Reference Basket (ORB) value averaged $4.90/b, or 5.8%, higher, m-o-m, to stand at $89.12/b, with all ORB component values rising alongside their respective crude oil benchmarks.

The light sweet premium to medium sour crude narrowed in April across all main regions to the lowest since at least last January. This was due to weaker light sweet crude market fundamentals against a backdrop of refinery outages in Europe and the US which lowered demand, along with high supply availability of light sweet crude due to US crude exports. Sweet-sour crude differentials also contracted because of a drop of light and medium distillate margins in all major trading hubs, including a drop in naphtha, diesel/gasoil and gasoline margins that weighed on the value of light sweet crude.

Brent crude ranged an average to $83.25 a barrel and WTI ranged to $78.97 per barrel in the month of May 2024.

Figure 12: Benchmark price of Brent, WTI and Dubai crude



Source- World Bank

- Brent crude price averaged $83.25 per bbl in May 2024, down by 6.4% on a month on month (MoM) and up by 9.5% on year on year (YoY) basis, respectively.
- WTI crude price averaged $78.97 per bbl in May 2024, down by 6.6% on a month on month (MoM) and up by 9.5% on year on year (YoY) basis, respectively.
- Dubai crude price averaged $82.44 per bbl in May 2024, down by 6.4% on a month on month (MoM) and up by 9.7% on year on year (YoY) basis, respectively.

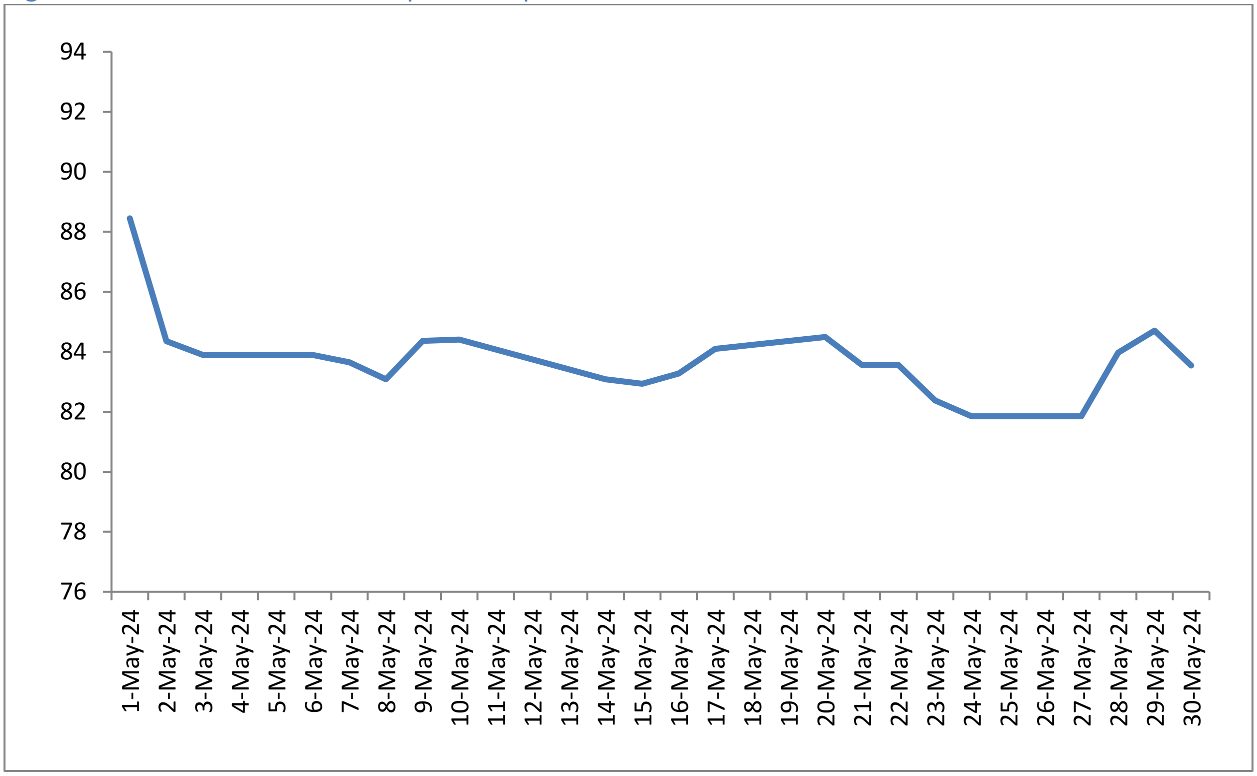
Table 2: Crude oil price in May, 2024

Crude oil	Price ($/bbl)	MoM (%) change	YoY (%) change
Brent	83.25	-6.4%	9.5%
WTI	78.97	-6.6%	9.5%
Dubai	82.44	-6.4%	9.7%

Source- World Bank

Indian Basket Crude oil price

Figure 13: Indian crude oil basket price in $ per bbl



Source- PPAC

- Indian crude basket price averaged $83.76 per barrel in May 2024, down by 6.4% on Month on Month (M-o-M) and up by 11.4% on a year on year (Y-o-Y) basis, respectively.

Oil production situation

- The non-DoC liquids supply (i.e. liquids supply from countries not participating in the Declaration of Cooperation) is expected to grow by 1.2 mb/d in 2024, unchanged from the previous month's assessment. The main drivers for growth are expected to be the US, Canada, Brazil and Norway. In 2025, non-DoC liquids supply growth is expected at 1.1 mb/d, broadly unchanged from the previous month's assessment. The growth is mainly driven by the US, Brazil, Canada and Norway.
- Separately, DoC natural gas liquids (NGLs) and non-conventional liquids are forecast to grow by about 0.1 mb/d to average 8.3 mb/d in 2024, followed by a minor decline of about 10 tb/d to average 8.3 mb/d in 2025. The DoC crude oil production in April decreased by 246 tb/d, m-o-m, averaging 41.02 mb/d, as reported by available secondary sources.

Table 3: Non-DoC liquids production in 2024, mb/d

Non-OPEC liquids production	2023	1Q24	2Q24	3Q24	4Q24	2024
Americas	26.60	26.87	27.00	27.37	27.88	27.28
of which US	*20.90*	*20.93*	*21.20*	*21.42*	*21.81*	*21.34*
Europe	3.65	3.67	3.75	3.73	3.91	3.76
Asia Pacific	0.44	0.44	0.42	0.43	0.43	0.43
Total OECD	**30.69**	**30.99**	**31.17**	**31.53**	**32.22**	**31.48**
China	4.52	4.62	4.59	4.46	4.46	4.53
India	0.77	0.78	0.79	0.79	0.78	0.78
Other Asia	1.61	1.62	1.58	1.57	1.57	1.58
Latin America	6.96	7.27	7.33	7.36	7.41	7.35
Middle East	2.02	2.00	2.02	2.01	2.02	2.01
Africa	2.22	2.26	2.22	2.24	2.26	2.24
Other Eurasia	0.36	0.36	0.36	0.36	0.36	0.36
Other Europe	0.10	0.10	0.10	0.10	0.10	0.10
Total Non-OECD	**18.57**	**19.00**	**19.00**	**18.89**	**18.96**	**18.96**
Total Non-DoC production	49.26	49.99	50.17	50.42	51.18	50.44
Processing gains	2.47	2.52	2.52	2.52	2.52	2.52
Total Non-DoC liquids production	**51.73**	**52.51**	**52.69**	**52.94**	**53.70**	**52.96**

*Note. *2024 = Forecast. Totals may not add up due to independent rounding*
Source- OPEC monthly report, May 2024

- From the above table, it can be inferred, that the total non-DoC liquids production is expected to reach 52.96 mb/d by 2024.
- The non-DoC liquids supply (i.e. liquids supply from countries not participating in the Declaration of Cooperation) is expected to grow by 1.2 mb/d in 2024, unchanged from the previous month's assessment, to average 53.0 mb/d.

Oil demand situation

- The global oil demand growth forecast for 2024 remains broadly unchanged from last month's assessment at 2.2 mb/d. There were some minor upward adjustments to 1Q24 data, including a slight upward adjustment in OECD Americas and Chinese data due to better-than-expected performance in oil demand in 1Q24. However, this increase was offset by a downward revision to the Middle East in 2Q24 and 3Q24 due to an anticipated slight decline in these two quarters. Accordingly, the OECD is projected to expand by nearly 0.3 mb/d, while the non-OECD is forecast to grow by about 2.0 mb/d.
- Global oil demand growth in 2025 is expected to remain robust at 1.8 mb/d, y-o-y, unchanged from the previous month's assessment. The OECD is expected to grow by 0.1 mb/d, y-o-y, while demand in the non-OECD is forecast to increase by 1.7 mb/d.

Table 4: World Oil demand, mb/d

	2023	1Q24	2Q24	3Q24	4Q24	2024	Growth	%
Total OECD	**45.75**	**45.53**	**45.92**	**46.36**	**46.28**	**46.02**	**0.27**	**0.59**
~ of which US	*20.36*	*19.98*	*20.67*	*20.67*	*20.85*	*20.54*	*0.18*	*0.90*
Total Non-OECD	**56.46**	**58.03**	**57.83**	**58.54**	**59.34**	**58.44**	**1.98**	**3.50**
~ of which India#	*5.34*	*5.66*	*5.64*	*5.40*	*5.59*	*5.57*	*0.23*	*4.26*
~ of which China	16.26	16.50	16.81	17.23	17.33	16.97	0.71	4.38
Total world	**102.21**	**103.56**	**103.75**	**104.90**	**105.61**	**104.46**	**2.25**	**2.20**

Source- OPEC monthly report, May 2024

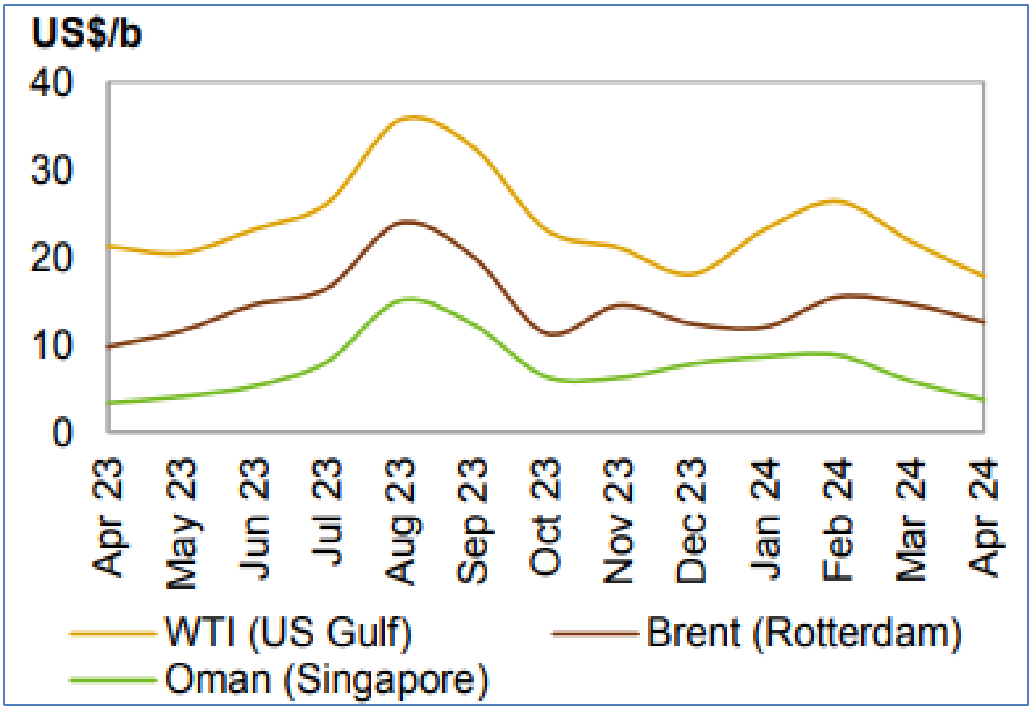
Note: 2024 = Forecast. Totals may not add up due to independent rounding*

Global petroleum product prices

US Gulf Coast (USGC) refining margins against WTI declined further for the second consecutive month, albeit limited compared to the previous month. Product output recovered as the heavy refinery maintenance season came to an end, contributing to abundant supplies. Refinery processing rates rose by the largest amount m-o-m in the US and was 190 tb/d higher, m-o-m. In addition, lower diesel exports to Europe and Latin America further contributed to a sizeable fall in diesel crack spreads, which broke into negative territory in April and reached the lowest level registered since June 2023. Middle distillates and naphtha were the main drivers behind the downturn, as ample availability weighed their prices. Although gasoline and residual fuel posted gains on sustained prices and a more optimistic outlook for the coming month, this gain was rather limited and insufficient to lift US refining economics, particularly for complex configurations. The new 340 tb/d Olmeca refinery in Dos Bocas, Mexico is set to start producing ultra-low sulphur diesel in the immediate near term, even though full-scale commercial production is expected to materialise around 2025. In addition, March diesel production in Brazil was reported to have increased y-o-y in anticipation of increased economic activity, particularly in the agricultural sector for 2Q24. The additional diesel output into the South American market could place pressure on US diesel exports. US refiners are set to cautiously manage refinery intakes to prevent further oversupply and keep margins sustained until the summer season-related boost in demand starts to materialise. In terms of operations, the US refinery intake increased 190 tb/d, m-o-m, to average 16.32 mb/d in April. USGC margins against WTI averaged $17.80/b, down by $3.97, m-o-m, and by $17.80, y-o-y.

Refinery margins in Rotterdam against Brent decreased to reach a three-month low, with solid loss well distributed across the barrel and led by naphtha and diesel. Refinery product output rose m-o-m significantly by a magnitude comparable to the rise recorded in the US. This led to inventory stock builds and pressure in the regional product market amid subdued domestic demand. Rising refinery runs following heavy turnarounds and the subsequent rise in product output are set to weigh further on regional product crack spreads in the near term. Most recent data towards the end of April show improvement in jet fuel demand as air travel activities start to pick up, although remaining well below its historic seasonal highs. Going forward, jet fuel crack spreads are expected to benefit from growing support in the coming months and partially offset the regional diesel and naphtha supply-related weakness. Strong naphtha supplies from within the region, particularly from Russia, coupled with subdued demand from the petrochemical sector, have posed challenges to the product margin performance. Despite an optimistic outlook for naphtha requirements for gasoline blending, no substantial support is visible in the near term from the petrochemical sector. Moreover, y-o-y growth in the products supply is set to keep the products' margins under pressure for the time being. Refinery throughput in Europe rose in April, according to preliminary data, and was 180 tb/d higher, m-o-m, averaging 9.59 mb/d. Refinery margins against Brent in Europe averaged $12.58/b in April, which is $2.04 lower, m-o-m, and 12.58 lower, y-o-y.

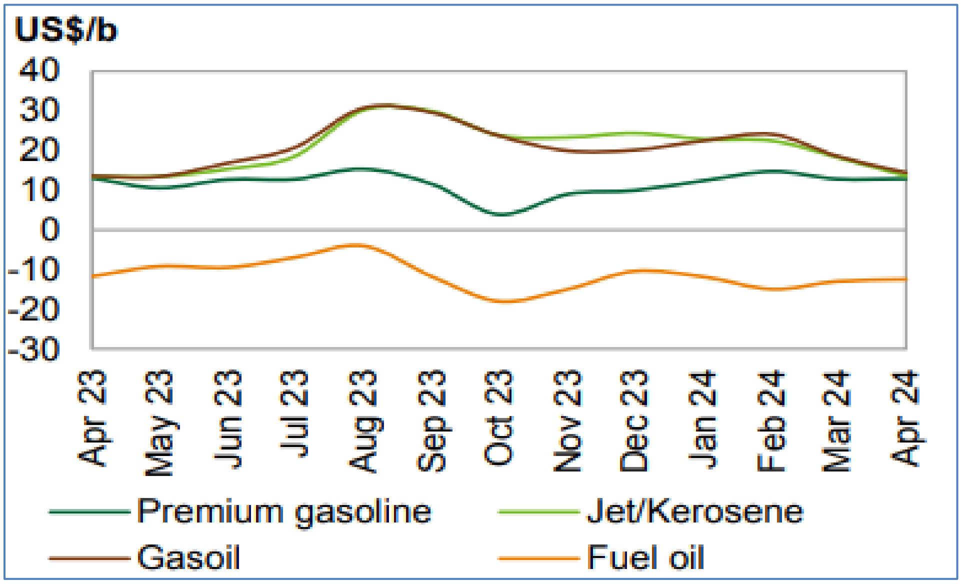
Figure 14: Refining Margins ($/bbl)



Source- Argus and OPEC

The Southeast Asian gasoline 92 crack spreads exhibited modest gains as healthy gasoline availability in the region exerted pressure on the product markets. Strong requirements from Vietnam, Malaysia and Australia contributed to the upside. Going forward, gasoline markets, even in Asia, are expected to experience temporary pressure before gaining solid strength, particularly in 3Q24. This should boost gasoline exports from Asia and thus support the products market performance in the region. The Singapore gasoline crack spread against Dubai in April averaged $12.95/b. This was up by 7¢, m-o-m, but was down by 17¢, y-o-y.

Figure 15: Singapore crack Spreads vs. Dubai ($/bbl)



Source- Argus and OPEC

The Singapore gasoil crack spread extended its downward trend as regional balances expanded due to high output, with stock builds exacerbated by limited export requirements to the East and a surge in imports from the Middle East. In the near term, gasoil balances could remain under pressure, even though rising demand for road transportation over the summer months could limit the downside. The Singapore gasoil crack spread against Oman averaged $14.38/b, down by $4.17/b, m-o-m, but up by 87¢, y-o-y.

Table 5: Singapore FOB, refined product prices ($/bbl) in April 2024

Singapore product prices	Price ($/b)	MoM (%) change	YoY (%) change
Naphtha	75.58	-1.1%	5.6%
Premium gasoline (unleaded 95)	106.33	4.7%	6.2%
Regular gasoline (unleaded 92)	102.07	5.1%	5.8%
Jet/Kerosene	102.76	0.2%	6.2%
Gasoil/Diesel (50 ppm)	104.29	0.8%	6.2%
Fuel oil (180 cst 2.0% S)	101.36	-0.1%	9.1%
Fuel oil (380 cst 3.5% S)	76.70	7.6%	6.9%

Source- OPEC

Petroleum products consumption in India

Monthly Review:

- Overall consumption of all petroleum products in April 2024 with a volume of 19.86 MMT registered a growth of 7.08% on volume of 18.54 MMT in April 2023.
- MS (Petrol) consumption during the month of April 2024 with a volume of 3.28 MMT recorded a growth of 14.15% on volume of 2.88 MMT in April 2023.
- HSD (Diesel) consumption during the month of April 2024 with a volume of 7.92 MMT recorded a growth of 1.31% on volume of 7.82 MMT in the month of April 2023.
- LPG consumption during the month of April 2024 with a volume of 2.36 MMT registered growth of 9.46% over the volume of 2.15 MMT in the month of April 2023.
- ATF consumption during April 2024 with a volume of 0.742 MMT registered a growth of 13.12% over the volume of 0.656 MMT in April 2023.
- Bitumen consumption during April 2024 with a volume of 0.831 MMT registered growth of 10.67% over volume of 0.751 MMT in the month of April 2023.
- Kerosene consumption registered de-growth of 10.89% during the month of April 2024 as compared to April 2023.

Table 6: Petroleum products consumption in India, April 2024

Consumption of Petroleum Products (P)	Consumption in '000 MT	MoM (%) change	YoY (%) change
LPG	2,358	-9.7%	9.5%
Naphtha	1,156	-2.9%	7.1%
MS	3,284	-1.2%	14.2%
ATF	742	-2.1%	13.1%
SKO	27	-15.5%	-10.9%
HSD	7,925	-1.4%	1.3%
LDO	51	-23.7%	-16.3%
Lubricants & Greases	297	-28.6%	6.0%
FO & LSHS	487	-8.7%	-17.3%
Bitumen	831	-16.0%	10.7%
Petroleum coke	1,671	2.4%	15.7%
Others	1,029	-31.3%	28.6%
TOTAL	19,858	-5.8%	7.1%

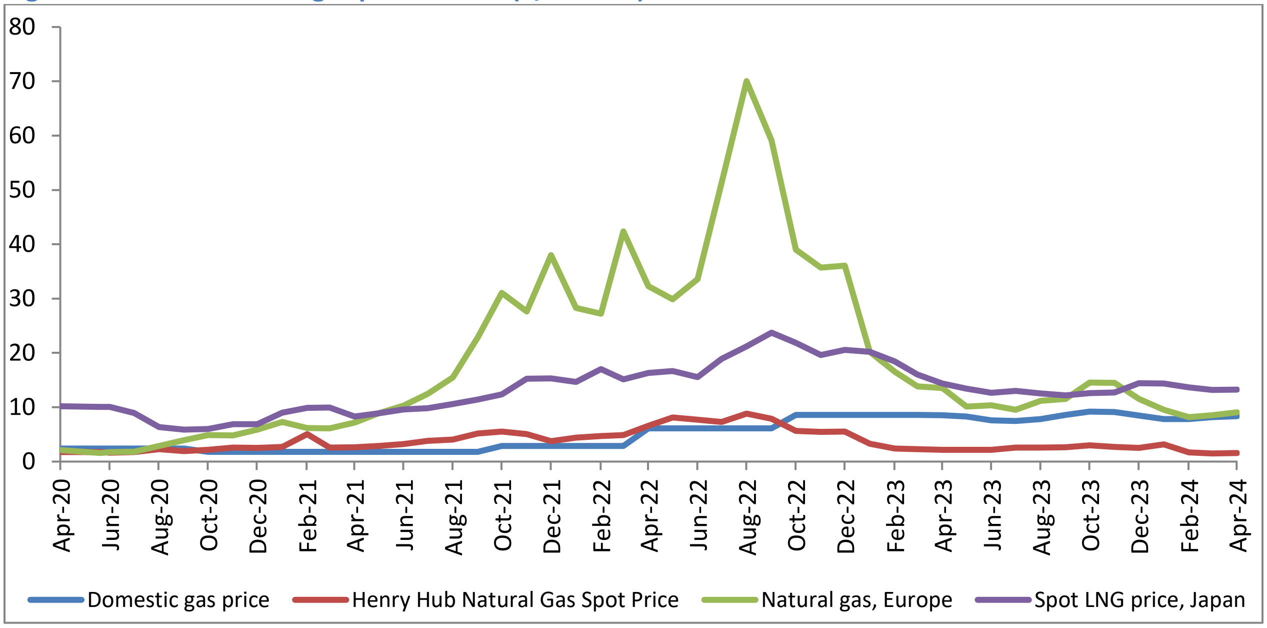
Source- PPAC

Natural Gas Market

Natural Gas Price – Monthly Review

- Natural gas spot prices at the US Henry Hub benchmark averaged $1.60 per million British thermal units (MMBtu) in April 2024. Henry Hub natural gas prices rebounded in April after sharp decline from the previous month. Prices rose significantly, amid lower production and ongoing maintenance activities at key facilities. Nonetheless, prices remain at historical lows (at an average of $1.6/mmbtu in April), exacerbated by seasonal demand weakness. Prices were down by 26.1%, y-o-y.
- The natural gas spot price at the Title Transfer Facility (TTF) in the Netherlands in Europe traded at an average of $9.09 per MMBtu. Natural gas prices in Europe experienced a consecutive monthly increase. The average Title Transfer Facility (TTF) price went from $8.6/mmbtu in March to $9.1/mmbtu in April, a 6.2% increase, m-o-m. Geopolitical developments continued to underpin prices, despite reports of healthy inventory levels. Maintenance outages at key US production facilities added support to TTF prices amid concerns of lower US LNG inflows. Prices were down by 32.8%, y-o-y.
- Japan Liquefied Natural Gas Import Price averaged at $13.26 per MMBtu for April 2024. There is a change of 0.5% from last month and -7.7% from one year ago.
- The Union Cabinet has approved a new formula for pricing of natural gas and imposed cap or ceiling price on the same. Natural gas produced from legacy or old fields, known as APM gas, will now be indexed to crude oil prices. From April 1 2023, APM gas will be priced at 10% of the price of basket of crude oil that India imports. The rate such arrived at however will be capped at US$ 6.5 per MMBTU. The price such arrived at will also have a floor of US$ 4 per MMBTU.
- Further, in accordance with MoP&NG, Govt. of India, pricing freedom for gas being produced from discoveries in Deepwater, Ultra Deepwater and High Pressure-High Temperature areas, the gas price ceiling for the period 1st April, 2023 - 30th September, 2023 was notified as US$ 12.12/MMBTU on Gross Calorific Value (GCV) basis as per notification dated 31st March, 2023. Gas price ceiling was further revised for the period 1st October, 2023 – 31st March, 2024 was notified as US$ 9.96/MMBTU on Gross Calorific Value (GCV) basis as per notification dated 30th September 2023. Gas price ceiling was further revised for the period 1st April, 2024 – 31st September, 2024 was notified as US$ 9.87/MMBTU on Gross Calorific Value (GCV) basis as per notification dated 31st March 2024.

Figure 16: Global natural gas price trends ($/mmbtu)



Source- EIA, World Bank

Table 7: Gas price, April 2024

Natural Gas	Price ($/MMBTU)	MoM (%) change	YoY (%) change
India, Domestic gas price (May'24)	8.90	6.21%	7.62%
India, Gas price ceiling – difficult areas (Apr-Sep'24)	9.87	-0.90%	-18.56%
GIXI (Gas index of India) price*	9	-6%	-30%
Henry Hub	1.60	7.4%	-25.9%
Natural Gas, Europe	9.09	6.3%	-32.8%
Liquefied Natural Gas, Japan	13.26	0.5%	-7.7%

Source- EIA, PPAC, World Bank, IGX
**Prices are weighted average prices (excluding ceiling price gas)*

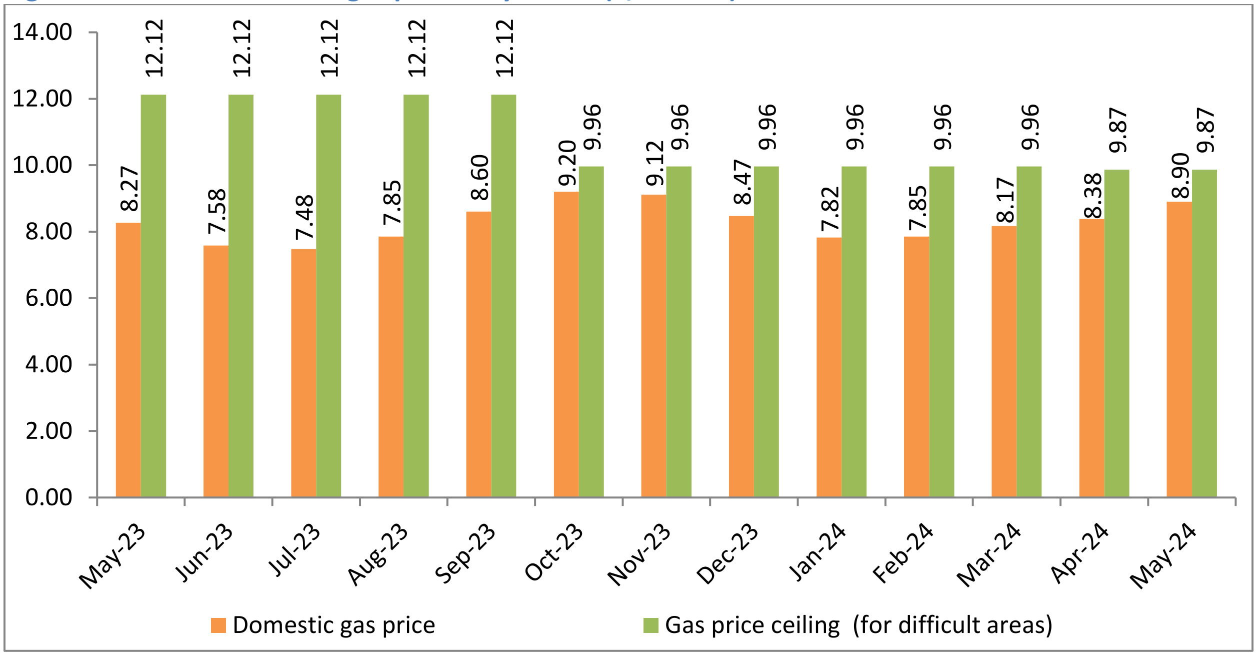
Table 8: Gas price, GCV Basis

Period	Domestic Gas calculated price in US$/MMBTU	Gas price ceiling – difficult areas price in US$/MMBTU
1-31 May 2023	8.27	12.12
1-30 June 2023	7.58	12.12
1-31 July 2023	7.48	12.12
1-31 August 2023	7.85	12.12
1-30 September 2023	8.60	12.12
1-31 October 2023	9.20	9.96
1-30 November 2023	9.12	9.96
1-31 December 2023	8.47	9.96

Period	Domestic Gas calculated price in US$/MMBTU	Gas price ceiling – difficult areas price in US$/MMBTU
1-31 January 2024	7.82	9.96
1-29 February 2024	7.85	9.96
1-31 March 2024	8.17	9.96
1-30 April 2024	8.38	9.87
1-31 May 2024	8.90	9.87

Source- PPAC

Figure 17: Domestic natural gas price May'23–24 ($/mmbtu)



Source- PPAC

Indian Gas Market

- Gross production of natural gas for the month of April 2024 (P) was 2958 MMSCM which was higher by 7.8% compared with the corresponding month of the previous year.

- Total imports of LNG (provisional) during the month of April 2024 were 2650 MMSCM (P) (increase of 5.4 % over the corresponding month of the previous year).

- Natural gas available for sale during April 2024 was 5087 MMSCM (increase of 7.1% over the corresponding month of the previous year).

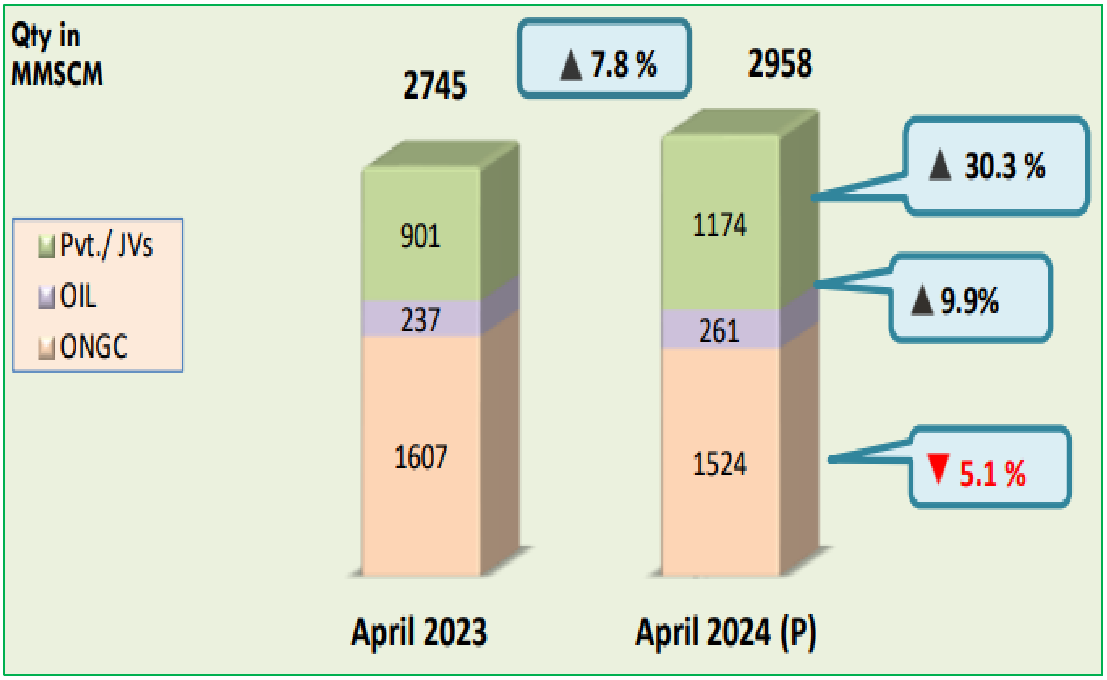
- Total consumption during April 2024 was 5920 MMSCM (provisional). Major consumers were fertilizer (28%), City Gas Distribution (CGD) (20%), Power (16%), Refinery (11%) and Petrochemicals (2%).

Monthly Report on Natural gas production, imports, and consumption – April 2024

1. Domestic Natural Gas Gross Production:

Domestic natural gas gross production for the month of April 2024 was 2958 MMSCM (increase of 7.8% over the corresponding month of the previous year).

Figure 18: Domestic natural gas Gross production (Qty in MMSCM)

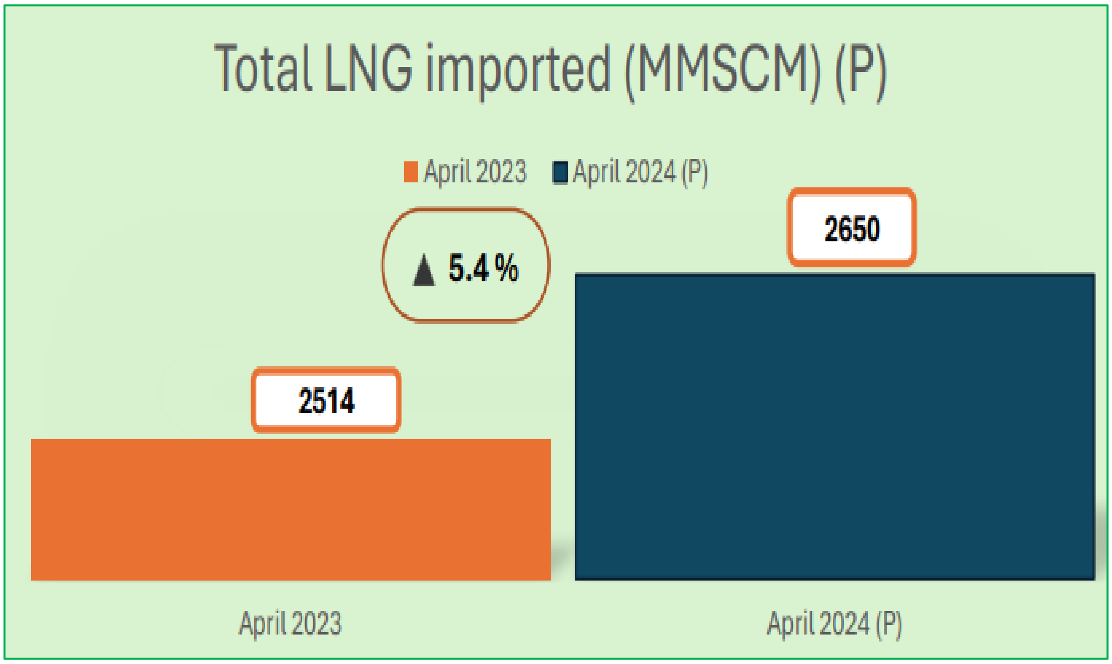


Source- PPAC

2. LNG imports:

Total imports of LNG (provisional) during the month of April 2024 were 2650 MMSCM (increase of 5.4% over the corresponding month of the previous year).

Figure 19: LNG imports (Qty in MMSCM)

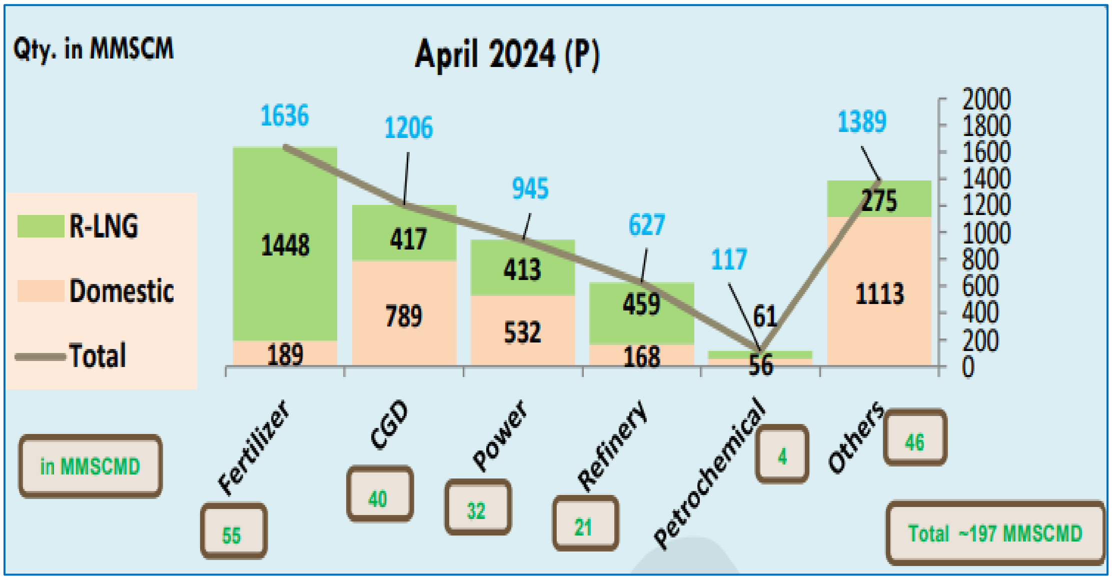


Source- PPAC

3. Sectoral Consumption of Natural Gas:

Major consumers were fertilizer, CGD, power, refinery, petrochemicals among others.

Figure 20: Sectoral Consumption of Natural Gas (Qty in MMSCM) in April 2024



Source- PPAC

Key developments in Oil & Gas sector

- **Monthly Production Report for April, 2024**

1. Production of Crude Oil

Indigenous crude oil and condensate production during April 2024 was 2.4 MMT. OIL registered a production of 0.3 MMT, ONGC registered a production of 1.6 MMT whereas PSC/RSC registered production of 0.5 MMT during April 2024. There is a growth of 1.6% in crude oil and condensate production during April 2024 as compared to April 2023.

2. Production of Natural Gas

Gross production of natural gas for the month of April 2024 (P) was 2958 MMSCM which was higher by 7.8 % compared with the corresponding month of the previous year.

3. Crude Oil Processed (Crude Throughput)

Total Crude oil processed during April 2024 was 21.6 MMT which is 0.8% higher than April 2023, where PSU/JV refiners processed 14.5 MMT and private refiners processed 7.1 MMT of crude oil. Total indigenous crude oil processed was 2.2 MMT and total Imported crude oil processed was 19.4 by all Indian refineries (PSU+JV+PVT)

4. Production of Petroleum Products

Production of petroleum products was 23.4 MMT during April 2024 which is 3.9% higher than April 2023. Out of 23.4 MMT, 23.1 MMT was from refinery production & 0.3 MMT was from fractionator. Out of total POL production, in April 2024, share of HSD is 42.0 %, MS 15.7 %, Naphtha 6.7 %, ATF 6.6 %, Pet Coke 5.2 %, LPG 4.4% which are of major products and rest are shared by Bitumen, FO/LSHS, LDO, Lubes & others.

Key Policy developments/significant news in Energy sector

Govt. reduces windfall tax on crude petroleum to Rs. 5,700/tonne

The government announced a decrease in the windfall tax on domestically crude oil to Rs. 5,700 per tonne from Rs. 8,400 per tonne effective May 16, 2024.

However, the Special Additional Excise Duty (SAED) on export of diesel, petrol and jet fuel or ATF has been retained at nil.

India initially introduced the windfall tax in July 2022 in response to the escalating price of crude oil. This tax is imposed by governments when an industry unexpectedly generates substantial profits, typically attributed to an unprecedented event. A windfall tax is imposed on domestically produced crude oil when the rates of the global benchmark exceed $75 per barrel. For the export of diesel, aviation turbine fuel (ATF), and petrol, the levy is applicable when the product cracks, or margins, surpass $20 per barrel.

Government of India offered two discovered oil and gas fields in special bidding round

The government has offered two discovered oil and gas fields in Mumbai offshore and a coal bed methane field in West Bengal for bidding in the latest Discovered Small Fields (DSF) bid round.

"With the objective to augment domestic production of Petroleum and Natural Gas, the Ministry of Petroleum & Natural Gas, Government of India announced the Special DSF Bid Round offering two (02) Discovered Small Field located in Mumbai Offshore (MB/OSDSF/C37/2024 & MB/OSDSF/B15/2024) and one (01) Discovered Coal Bed Methane field located in West Bengal (SR-ONCBM (Raniganj)-2024) through International Competitive Bidding (ICB)," it said.

DSF was launched in 2016 and since then three rounds have been held. In the first round, 67 discovered oil and gas fields that were clubbed into 46 contract areas were awarded. These fields had an inplace resource potential of 45 million tonnes of oil and oil equivalent gas.

Update on Power Situation in the Country: Summer Power Demand expected to be adequately met during both day and night

To meet the summer electricity demand during the months of April, May and June 2024, the Government of India had already put in place the following measures, as part of its advance planning.

- Section 11 Directions for Imported-Coal-Based Power Plants, to make full capacity available for generation
- Planned Maintenance of Power Plants shifted to Monsoon Season
- Minimizing partial and forced outages of thermal generating units
- Revival of thermal plants under long outage
- Advisory to generation companies (central and state generation companies and Independent Power Producers) to keep their generating plants under healthy condition to have full capacity available
- Optimization of hydro power generation
- Generating stations have been directed to offer surplus power for sale in Energy Exchange

With these measures, we have been able to successfully meet the peak evening power demand of 224 GW during April 2024.

In addition to this, the government has taken following further measures to meet the power demand during May and June, which is projected to peak at 235 GW during day-time and 225 GW during evening hours for May, and to peak at 240 GW during day-time and 235 GW during evening hours for June 2024.

- Similar to that done for Imported-Coal-based power plants, Section 11 directions have been issued to gas-based power plants too. This has made available additional 6 GW for the months of May and June, in addition to the 10 GW which was already available earlier.
- Optimization of hydro power generation has made available an additional 4 GW for meeting the demand during the months of May and June.
- Further, the shifting of planned maintenance and minimization of partial and forced outages of thermal power plants have made available another 5 GW for the summer season.
- Further compared to April, power generated from wind is expected to increase by 4 GW to 5 GW during May and June.

Thus, with the above measures in place and given the current generation trend and the anticipated above-normal monsoon in the following months as predicted by the IMD, it is expected that the power demand would be adequately met both during the day and during night hours in the summer months of May and June 2024.

India's Power Sector Achieved Record 250 GW Demand met on 30th May 2024

In a significant achievement for India's power sector, the country has met a record maximum power demand of 250 GW on 30.05.24. Moreover, all India non-solar demand met has also touched an all-time high of 234.3 GW on 29th May 2024, reflecting the combined impact of weather-related loads and growing industrial and residential power consumption in these areas.

On 30th May 2024, Northern region also achieved a record demand met, reaching an all-time high of 86.7 GW, while the Western region also touched its maximum demand met of 74.8 GW.

Additionally, all-India thermal generation hit an all-time high, achieving a peak of 176 GW (ex-bus), especially during non-solar hours. A key contributor in this has been strategic implementation of Section-11, which facilitated the maximization of generation from imported coal-based plants as well as gas-based plants. This surge further underscores the significant capacity and operational efficiency of India's thermal power plants, which continue to be a backbone of the nation's energy mix.

Support from Renewable energy sources especially solar during solar hours and wind during non-solar hours is also very significant in meeting the demand.

These achievements are a testament to the coordinated efforts of various stakeholders in the power sector, including government agencies, power generation companies, and grid operators. Their commitment to enhancing generation capacity, optimizing resource allocation, and implementing policies has been instrumental in meeting the country's energy needs.

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