FIPI

Federation of Indian Petroleum Industry

POLICY & ECONOMIC REPORT

OIL & GAS MARKET

February 2023

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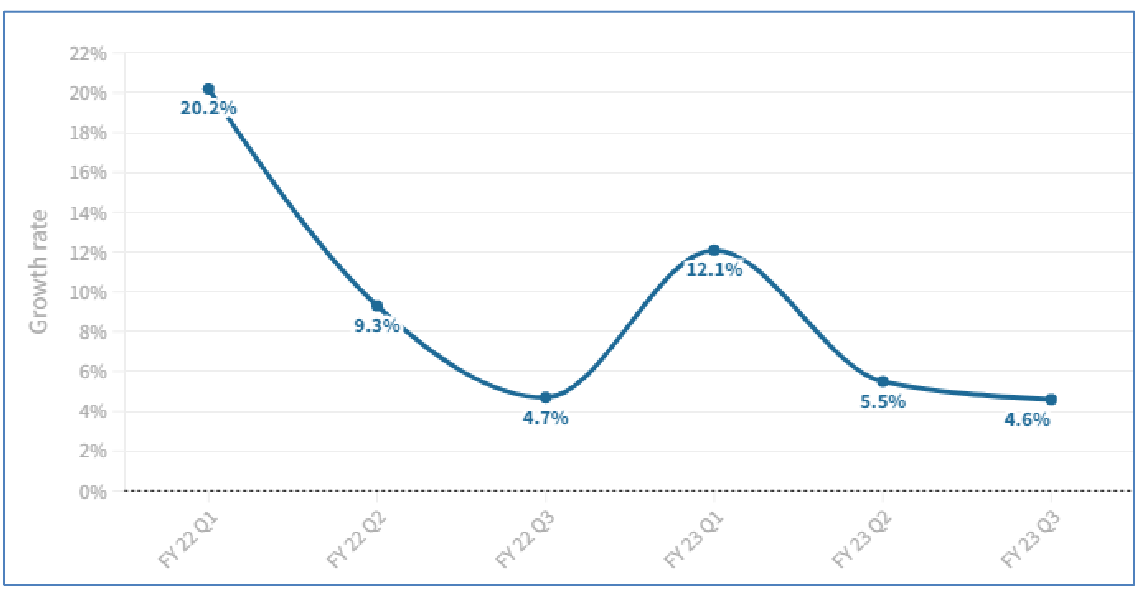
Executive Summary

According to United Nations, global economy is projected to grow by 1.9% in 2023, lower than the 3% growth in 2022 and projected to pick up to 2.7% in 2024. Although the lifting of COVID-19-related restrictions in most countries in 2022 supported domestic demand recovery, the world has seen rising inflation, weakened household and business spending, and slow trade growth as the key factors affecting global financial conditions. Soaring food and energy prices and renewed supply shocks, caused by the Russia-Ukraine war, have not only fueled a surge in inflation but also pushed up short- and medium-term inflation expectations. In 2022, global inflation reached an estimated 9%, the highest level in the past two decades. Upward price pressures will likely ease due to aggressive monetary tightening, but the global inflation is projected to remain elevated at 6.5 % in 2023.

In case of India, the National Statistical Office (NSO) estimated India's GDP growth slowed to 4.4% between October to December 2022 quarter from 6.3% in the second quarter (Q2) of 2022-23. Low private consumption coupled with lower government spending and a contraction in manufacturing are key reasons for the slowdown in economic growth. Private consumption expenditure slowed sharply to 2.1 % in October-December from 10.8 % in the corresponding period last year and 8.8 % a quarter ago.

The Gross Value Added (GVA) in the economy grew 4.6% in the third quarter (Q3) of 2022-23, down from 5.5% in Q2, with manufacturing continuing to shrink for the second quarter, at a slower pace of 1.1% compared to 3.6% in Q2.

Figure- Gross Value Added (GVA) for Indian economy

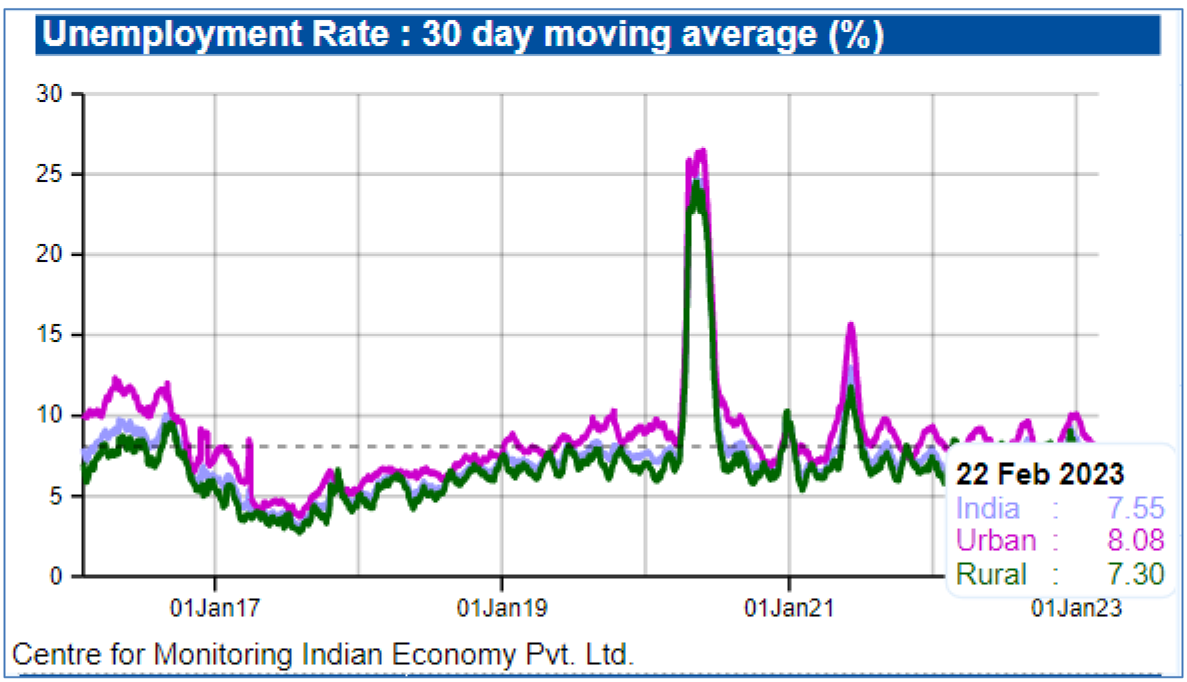


Source- NSO

Retail inflation in January 2023 stood at 6.52 %, exceeding the 6 % upper tolerance limit set by the Reserve Bank of India. Inflation, recorded by the Consumer Price Index (CPI), rose by 0.8 % points in January,2023, after hitting a one year low of 5.72 % in December 2022. The rise in inflation is attributed to sticky core inflation and an unexpected rise in food prices. Core inflation, which excludes volatile groups such as food and fuel and light, has been around the 6 to 7 % mark since the beginning of the pandemic. Food inflation saw a sharp rise in inflation from 4.19 % in December 2022 to 5.94 % in January 2023. Inflation in the price of cereals and products was at a five year high of 16.12 % in January 2023. Sharp rises in the prices of cereals and products can broadly be attributed to the reduced supply of wheat and rice in the current fiscal year.

The Monetary Policy Committee has decided to increase the policy repo rate under the liquidity adjustment facility (LAF) by 25 basis points to 6.50 %. The rate has been hiked by 250 bps since May 2022. Consequently, the standing deposit facility (SDF) rate stands adjusted to 6.25 % and the marginal standing facility (MSF) rate and the Bank Rate to 6.75 %.

The CMIE data for February, 2023 suggest that the unemployment rate has been at 7.55% in the month of February, 2023 with urban unemployment rate at 8.08 % and the rural unemployment rate is at 7.30 % in February, 2023.



On the external front, according to provisional data released by the Ministry of Commerce, India's merchandise trade deficit eased to one-year low of USD 17.7 billion in January 2023. Trade deficit had ballooned to an all-time high of USD 29.3 billion in September 2022. It started shrinking in the following months. This is the first time in nine months that the deficit dropped below USD 20 billion.

Nearly a year on from Russia's Ukraine war, global oil markets have started trading in relative calm manner. Oil prices are coming back to pre-war levels with exception from some petroleum products, though even these have drifted much lower from last summer's historical highs. World oil supply looks set to exceed demand in the first half of 2023, however the balance could quickly shift to deficit as demand recovers and some Russian output is shut in.

Russian oil production and exports have held up relatively well despite sanctions and has managed to reroute shipments of crude oil to Asia and the G7 price cap on crude appears to be helping to keep the barrels flowing.

Natural gas spot prices at the U.S. Henry Hub benchmark averaged $3.27 per million British thermal units (MMBtu) in January 2023 as compared to $5.53 per million British thermal units (MMBtu) in December 2022. Natural gas prices started to decrease as temperature was moderate in the U.S., which greatly reduced the demand for natural gas.

Economy in Focus

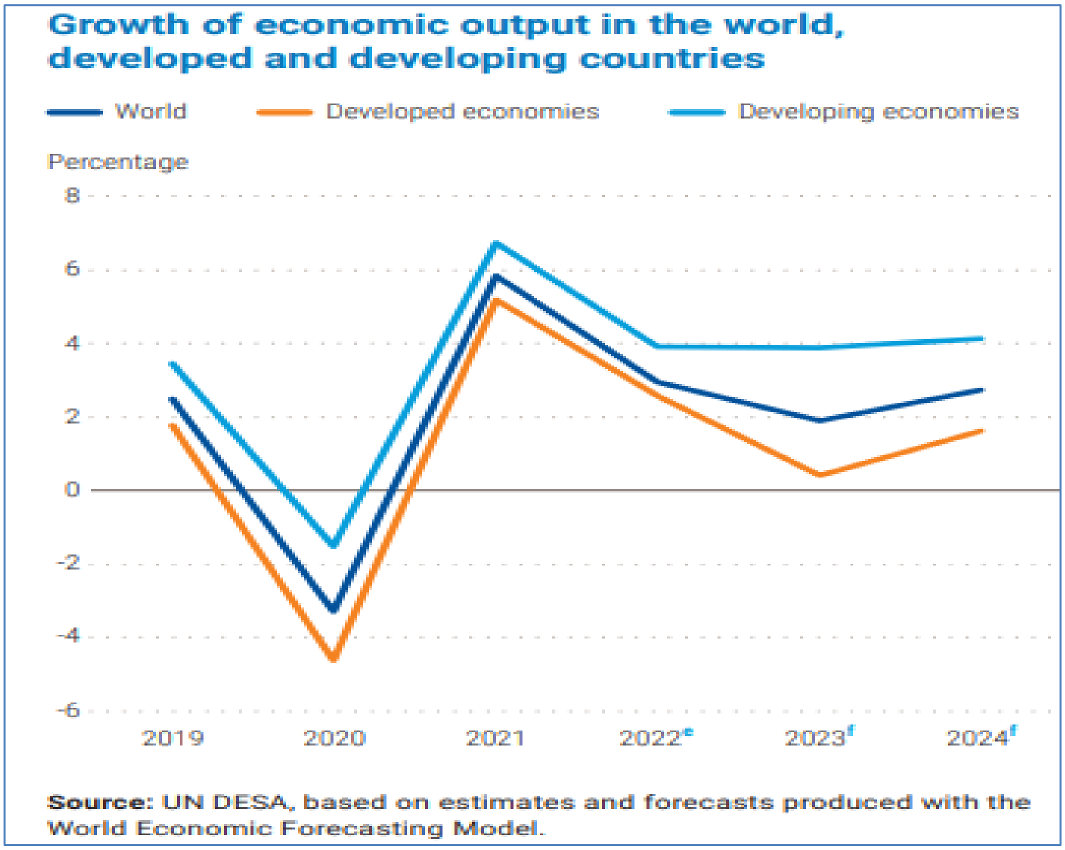
1. A snapshot of the global economy

Global economic growth

- According to United Nations, global economy is projected to grow by 1.9 % in 2023, lower than the 3 % growth in 2022 and projected to pick up to 2.7 % in 2024.

- Although the lifting of COVID-19-related restrictions in most countries in 2022 supported domestic demand recovery, the world has seen rising inflation, weakened household and business spending, and slow trade growth as the key factors affecting global financial conditions.

Figure- Global growth



- Amid high inflation and tighter monetary policy, the United States of America face sharp growth slowdown in 2023. After expanding by 5.7 % in 2021, growth of gross domestic product (GDP) in the United States fell to 1.8 % in 2022 and is forecast at only 0.4 % in 2023.

- Growth in the GDP of the European Union is forecast at only 0.2 % in 2023, after a surprisingly strong expansion of 3.3 % in 2022, when further relaxation of COVID-19 restrictions and the release of pent-up demand boosted household spending. Despite massive policy efforts, the region is still vulnerable to disruptions in energy supplies and gas shortages, owing to the Russia-Ukraine war crisis.

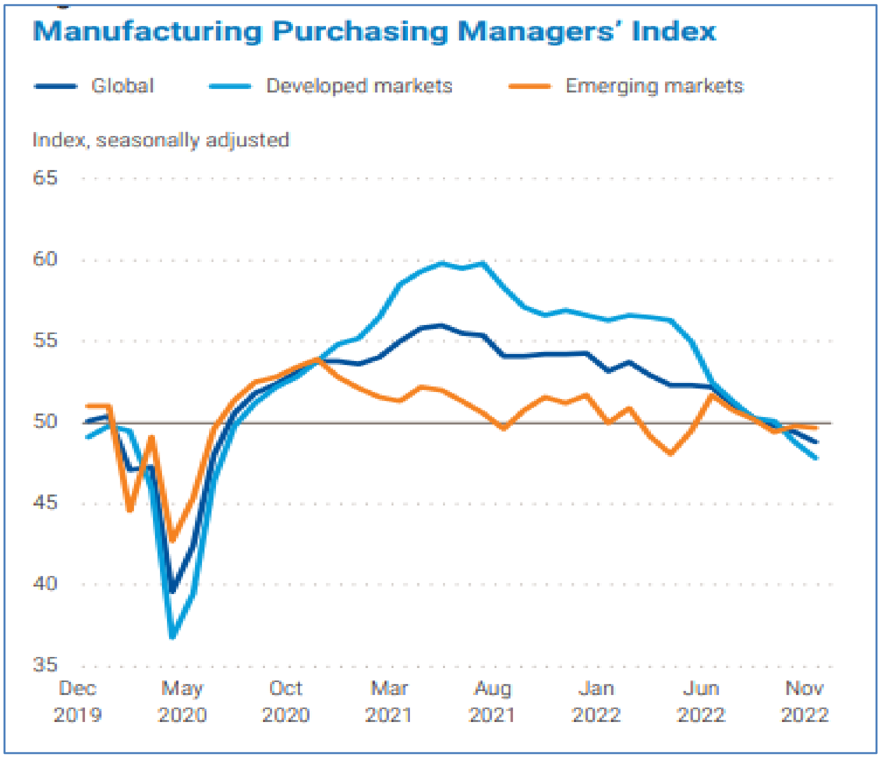
- In China, growth is projected to pick up in 2023 due to the easing of COVID-19-related restrictions but will likely remain below the pre-crisis trend. With the Government abandoning its zero-COVID-19 policy in late 2022, and easing monetary and fiscal policies, the economy is projected to expand by 4.8 % in 2023.

- Growth prospects in many transition and developing economies have deteriorated due to protracted geopolitical tensions, high inflation, waning monetary and fiscal support, rising borrowing costs and projected slowdowns in major trading partners.

Global Manufacturers Purchasing Managers' Index

- The economic outlook for 2023 and 2024 remains uncertain. It is highly susceptible to the pace and sequence of further monetary tightening, the course and consequences of the war in Ukraine and other geopolitical tensions, and the possibility of further supply chain disruptions.

Figure- Manufacturing Purchasing Index



Source- United Nations

- The global manufacturing Purchasing Managers' Index, a leading indicator of economic activities, declined steadily in 2022, remaining in contraction territory from September to November 2022.

- Slow global growth in 2023 would mean that output losses compared with the pre-COVID-19 growth trajectory will further increase, especially in developing countries.

Global inflation

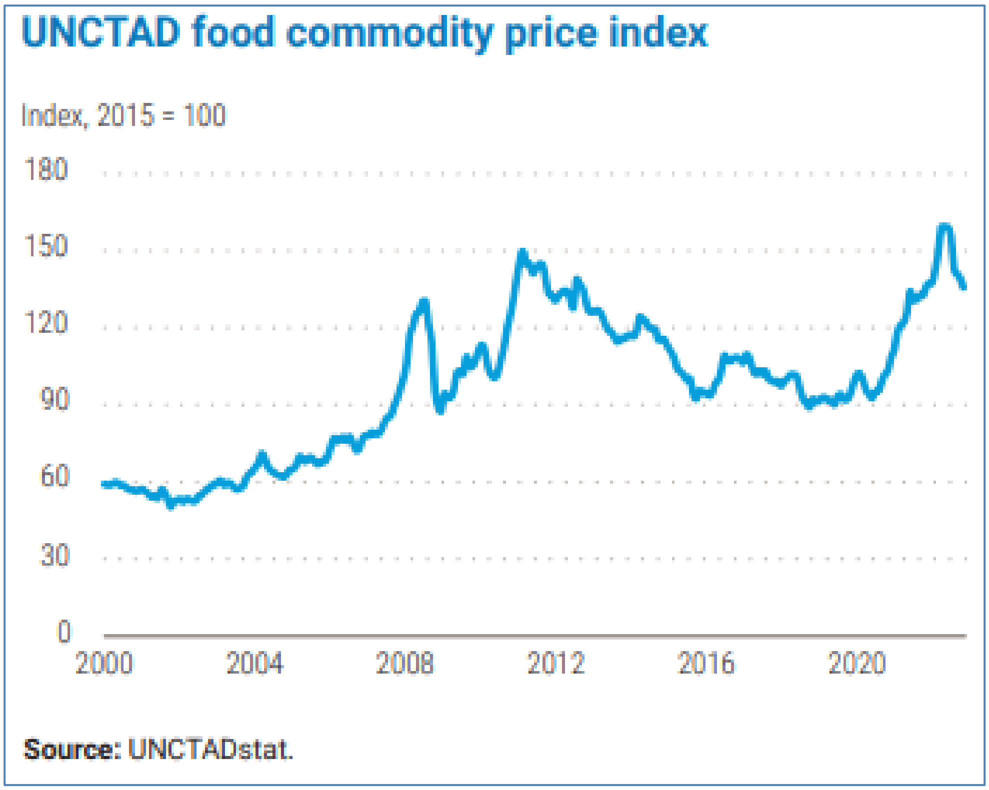
- Soaring food and energy prices and renewed supply shocks, caused by the Russia-Ukraine war, have not only fueled a surge in inflation but also pushed up short- and medium-term inflation expectations. In 2022, global inflation reached an estimated 9 %, the highest level in the past two decades.

- Upward price pressures will likely ease due to aggressive monetary tightening, but the global inflation is projected to remain elevated at 6.5 % in 2023.

- The energy and food prices receded amid a deteriorating global outlook for economic growth. In particular, Brent crude oil prices increased from about $78 per barrel at the beginning of 2022 to a peak of $130 per barrel in June, before declining to around $85 per barrel in late November. In Europe, natural gas prices surged from about $5 per million British thermal units (Btu) before the pandemic to $99 per million Btu on 26 August 2022, before dropping to $35 per million Btu in November.

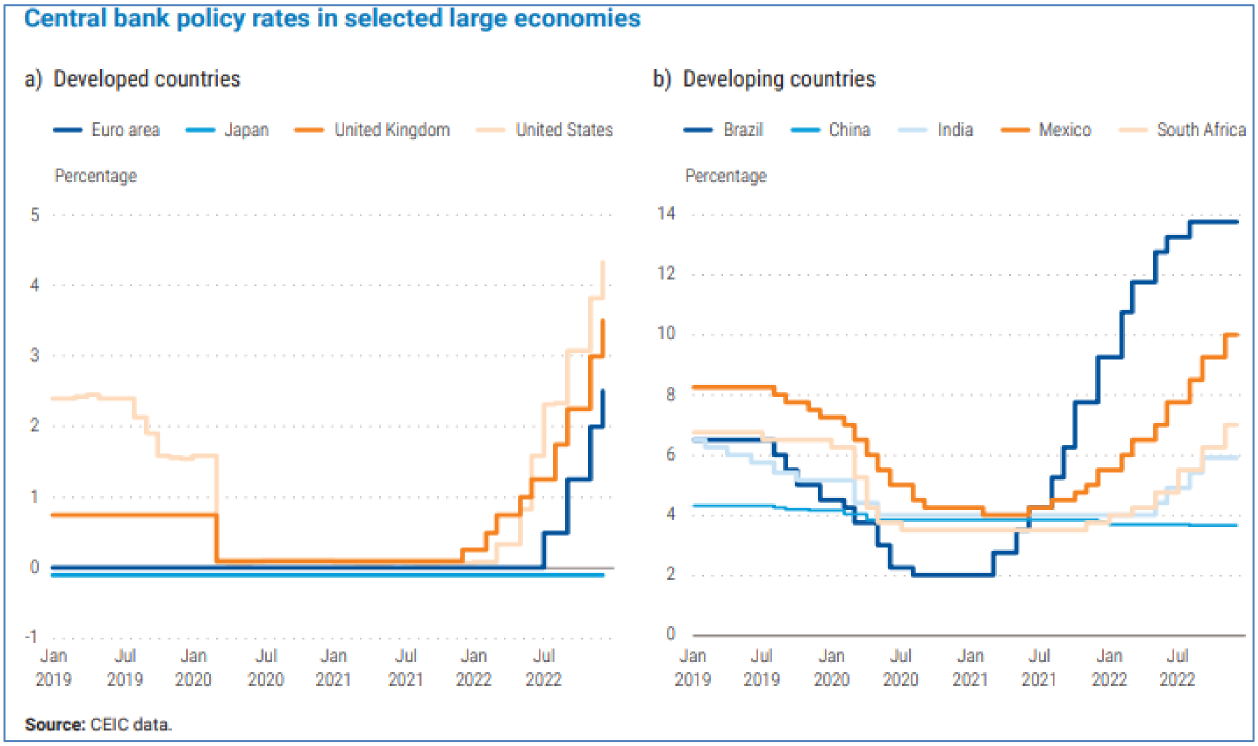
- The food commodity price index of the United Nations Conference on Trade and Development (UNCTAD) rose steeply during March and May 2022. Despite some easing afterwards, food prices have remained close to the record highs experienced during the 2008–2011 global food crisis.

Figure- Food Commodity price index



- Since late 2021, many central banks have been raising interest rates in quick succession to bring inflation under control and anchor inflation expectations. This shift towards tighter monetary policy is exceptionally broad-based; over 85 % of central banks worldwide increased interest rates in 2022.9 The main exceptions to this trend are the People's Bank of China and the Bank of Japan

Figure- Central Banks stance on policy rates to curb inflation



Global trade

- International trade flows are projected to further weaken in 2023. United Nations projects that the volume of global trade in goods and services will contract slightly by 0.4 %, down from 6 % in 2022.

- Trade patterns varied across regions and countries in 2022. The war severely hit world trade in goods, as many global industries rely on supplies of key commodities produced in the Russian Federation and Ukraine, such as energy, food and fertilizers. The adverse impact was particularly evident in Eastern Europe and the Commonwealth of Independent States. In contrast, the consequent energy crunch drove higher fuel exports from Africa and the Middle East, where exports in volume terms recovered to the pre-pandemic level in mid-2022.

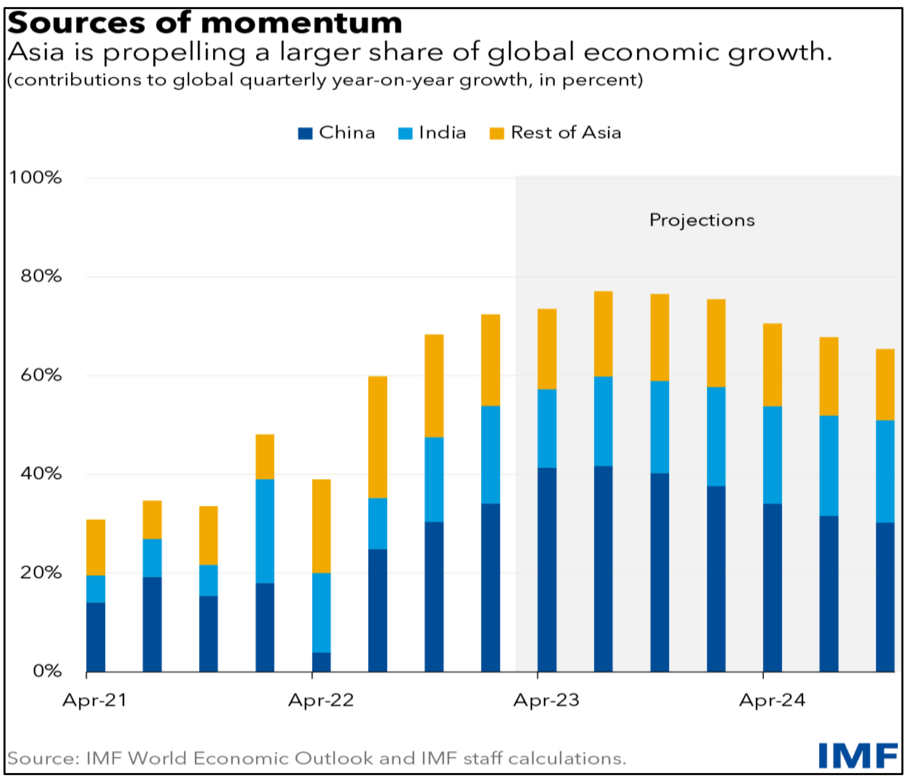
- International merchandise trade grew at a slower pace in 2022 compared to 2021 (figure I.15a). Despite unexpected shocks, this growth moderation was partially anticipated, due to waning base effects and the shift in demand from more durable goods during the pandemic to the consumption of services as economies began to emerge from lockdowns.

- World services trade has regained its pre-pandemic level. In the second quarter of 2022, services trade grew by 17 % over the same quarter in 2021 and totaled about $1.7 trillion. Among different services, the growth of international tourism has been particularly strong due to improved economic conditions

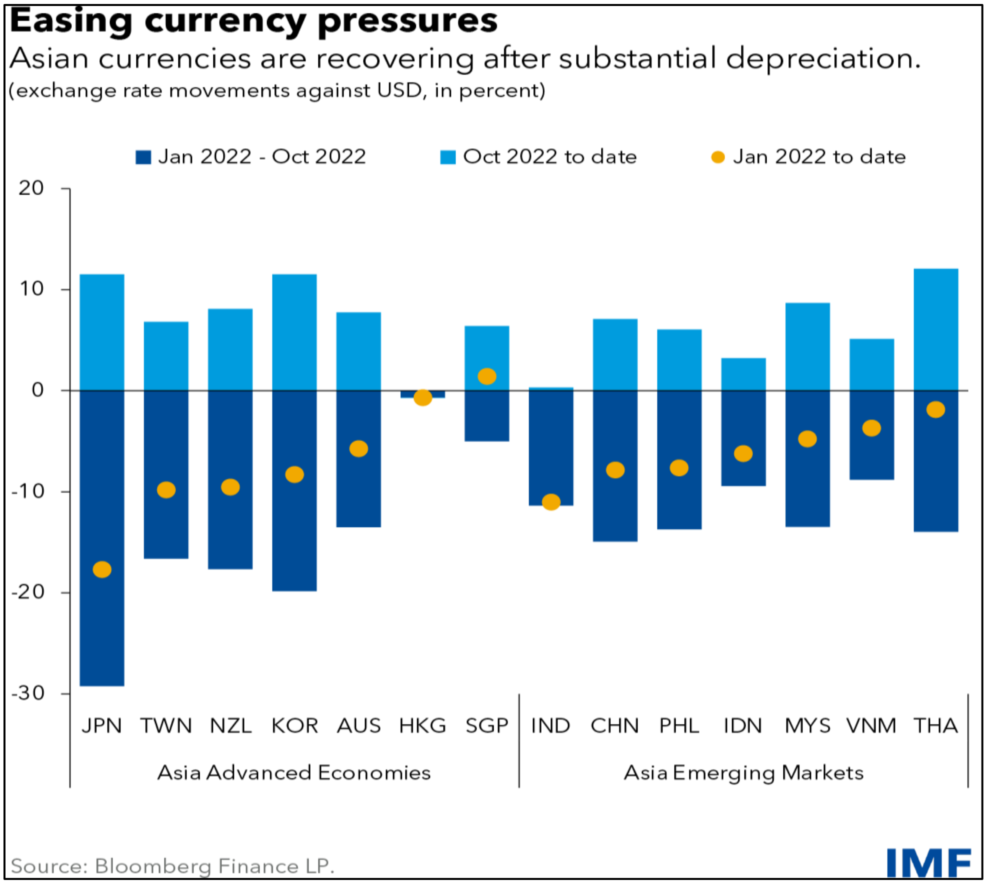
2. Asia's Easing Economic Headwinds Make Way for Stronger Recovery- IMF Report

- The economic headwinds that faced Asia and the Pacific last year have started to fade. Global financial conditions have eased, food and oil prices are down, and China's economy is rebounding. These developments are helping improve prospects across the region, with growth set to accelerate to 4.7 % this year from 3.8 % in 2022.

- The region's emerging and developing economies, are poised to expand by 5.3 % this year. These economies are hitting their stride as pandemic supply-chain disruptions fade and the service sector booms. China and India alone are expected to contribute more than half of global growth this year. Cambodia, Indonesia, Malaysia, the Philippines, Thailand, and Vietnam are all back to their robust pre-pandemic growth.



- Asia's inflation—which rose worryingly above central bank targets last year—is poised to moderate. There are now encouraging signs that headline inflation peaked during the second half of last year. IMF expects inflation to return to central bank targets next year amid an easing of financial and commodity headwinds. Central banks in Asia have been hiking interest rates as they tackle above-target inflation. These factors have helped Asian currencies rebound, with most erasing about half of last year's losses, which has eased pressure on domestic prices.



- While the short-term outlook has brightened, important longer-term challenges remain. Many Asian countries face elevated financial vulnerabilities, with high leverage across household and corporate sectors, and significant bank exposure to real estate downturns. This suggests subtle policy trade-offs between controlling inflation and ensuring financial stability, and a need to strengthen resolution frameworks.

3. China Reopening Positive, Not Transformative for Global Growth Prospects- Fitch ratings

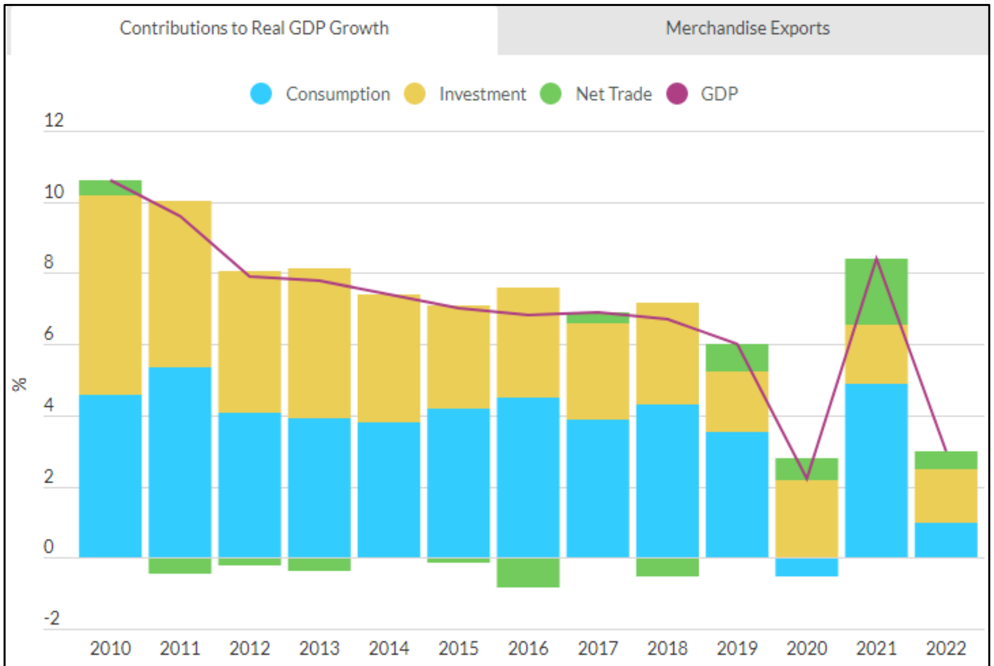
- According to Fitch Ratings, China's reopening is positive for economic growth in the rest of the world, but will not be a transformative event. China's zero Covid policy had not significantly restricted the global supply of manufactured goods, and stronger Chinese growth will be consumption-led, limiting the transmission to other major economies.

- Fitch raised its China 2023 growth forecast to 5% from the 4.1% forecast in its December Global Economic Outlook (GEO) to reflect evidence of the impact of the authorities' shift from their "dynamic zero Covid-19" policy stance.

- The stronger-than-anticipated Chinese recovery will benefit global growth. China accounts for about a fifth of global GDP and, pre-pandemic, was contributing over a third of annual global economic expansion. A 1pp increase in our forecast for China's GDP growth would automatically increase our 1.4% 2023 global growth forecast in the December GEO by about 0.2pp, all else equal.

- China's 2023 recovery will primarily be driven by increased private consumption as households re-engage in activities that were hampered by health controls.

Figure- China's growth

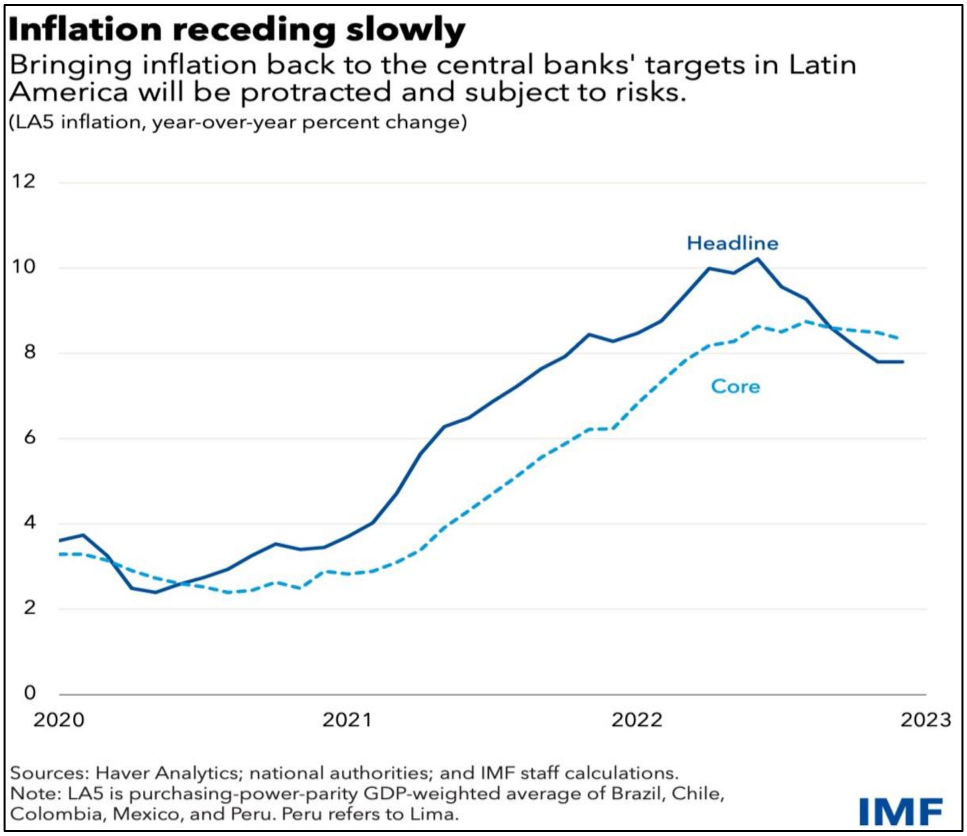


Source: Fitch Ratings, NBS, Haver

4. Latin America Faces Slowing Growth and High Inflation Amid Social Tensions- IMF

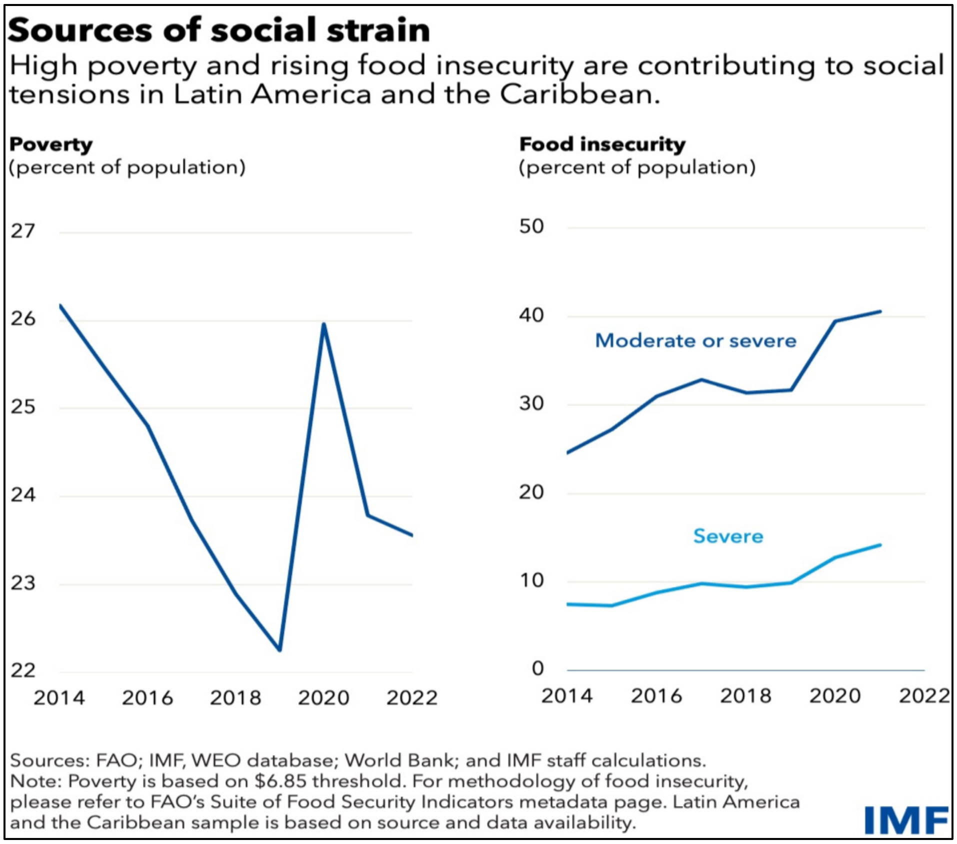
- Latin America's economies held up well last year despite the shocks from Russia- Ukraine war and global interest rate hikes. In 2022, the region's economy expanded by nearly 4 %, employment recovered strongly, and the service sector rebounded from the damage caused by the pandemic.

- Inflationary pressures are receding in many countries due to the early and determined efforts of central banks as well as lower global prices of food and energy. However, core inflation (that is, excluding food and energy), remains high at around 8 % in Brazil, Mexico, and Chile.



- Despite this encouraging news on growth and inflation, 2023 is likely to be a challenging year for the region. Growth is poised to slow to just 2 %, amid higher interest rates and falling commodity prices. Job creation and consumer spending on goods and services are both slowing, and consumer and business confidence are weakening.

- Growing social discontent and diminished trust in public institutions has been an important trend in the region for some time. Social tensions were exacerbated during the pandemic. Poorer people bore the brunt of the economic fallout. Increased food insecurity is also a key symptom of the lasting socioeconomic effects of the pandemic.



Certain actions require determination, persistence, and building social consensus across a range of issues:

- Central banks must not weaken their resolve to bring down inflation. While rate hikes in many of the region's economies are close to ending, interest rates will likely need to stay high for some time to ensure that inflation returns back down to target.

- Fiscal policy will need to emphasize social spending to support the poor at the same time as bringing down the public debt. Achieving these goals will require mobilizing revenues in a progressive, growth-friendly, and equitable manner. Thus, emphasizing good governance and transparency will be the key.

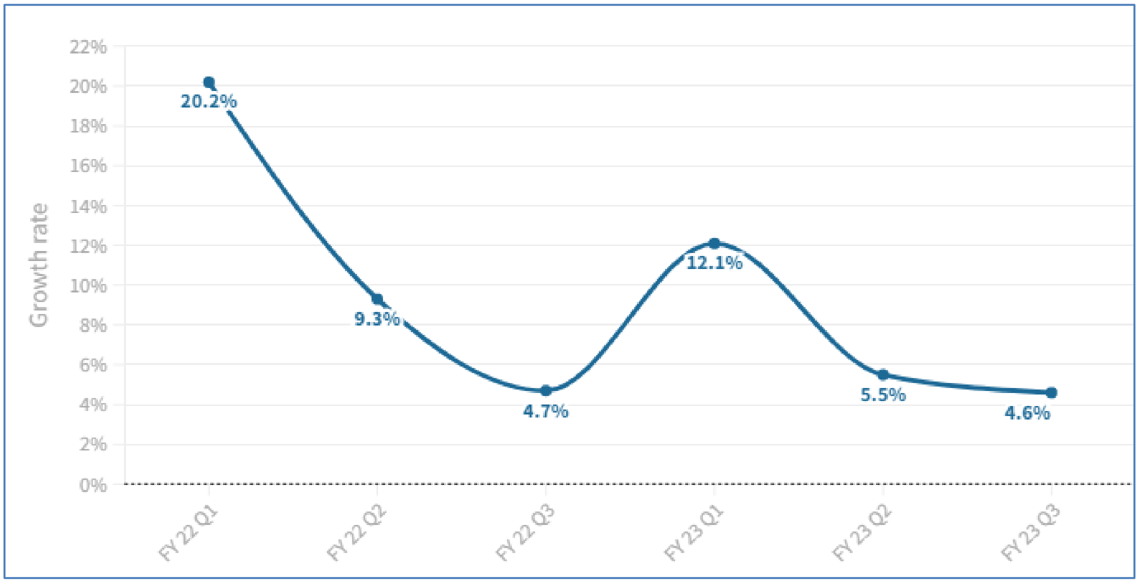
- These steps must not crowd out the deeper policy changes that are needed to improve productivity, incentivize investment, and facilitate job creation.

5. Indian Economy

India's economic growth

- According to the National Statistical Office (NSO), under the Ministry of Statistics and Programme Implementation (MoSPI) released economic growth data for the third quarter (October to December) of the current financial year (2022-23), as well as the Second Advance Estimates (SAEs) for the full year. The key estimates presented by NSO are as follows: -
    - The National Statistical Office estimated India's GDP growth slowed to 4.4% between October to December 2022 quarter from 6.3% in the second quarter (Q2) of 2022-23.
    - Low private consumption coupled with lower government spending and a contraction in manufacturing are key reasons for the slowdown in economic growth.
    - Private consumption expenditure slowed sharply to 2.1 % in October-December from 10.8 % in the corresponding period last year and 8.8 % a quarter ago.
    - The NSO also revised the growth contraction numbers for the COVID-hit year of 2020-21, pegging the overall hit to the economy that year at -5.7% as per Second Revised Estimates, significantly lesser than its first provisional estimate at -7.3%.
    - Nominal GDP in FY 2022-23 is estimated to attain a level of ₹272.04 lakh crore as compared to ₹234.71 lakh crore in FY22, showing a growth rate of 15.9 %.
    - Further, NSO estimated the growth for the full year 2022-23 at 7%, ranking India's economic outlook above other major economies.
    - The Gross Value Added (GVA) in the economy grew 4.6% in the third quarter (Q3) of 2022-23, down from 5.5% in Q2, with manufacturing continuing to shrink for the second quarter, at a slower pace of 1.1% compared to 3.6% in Q2.
    - Fiscal deficit for April-January 2023 is estimated at Rs 11.9 lakh crore. For the full year 2022-23, the government expects the deficit at Rs 17.55 lakh crore or 6.4 % of the GDP.

Figure- Gross Value Added (GVA) for Indian economy



Source - NSO

- The manufacturing sector contracted by 1.1 % in the third quarter of 2022-23 as against a growth of 1.3 % in the same period last year.
- Agriculture is seen growing at 3.7 % in October-December as against 2.4 % in the previous quarter and 2.3 % in the year-ago period, while the mining sector is seen growing 3.7 % in Q3 as against a 0.4 % contraction in the previous quarter and 5.4 % growth in the same period last fiscal.
- The services sector, which is the largest component of GDP, posted a growth of 6.2 % during the quarter. Construction recorded growth of 8.4 % in Q3 as against 0.2 % in the year-ago period, while trade, hotels, transport and communication grew at 9.7 % in Q3 as against 9.2 % in the year-ago period.

Inflation in India

- Retail inflation in January 2023 stood at 6.52 %, exceeding the 6 % upper tolerance limit set by the Reserve Bank of India. Inflation, recorded by the Consumer Price Index (CPI), rose by 0.8 % points this month, after hitting a one year low of 5.72 % in December 2022.
- The rise in inflation is attributed to sticky core inflation and an unexpected rise in food prices. Core inflation, which excludes volatile groups such as food and fuel and light, has been around the 6 to 7 % mark since the beginning of the pandemic.

- Food inflation saw a sharp rise in inflation from 4.19 % in December 2022 to 5.94 % in January 2023. Inflation in the price of cereals and products was at a five year high of 16.12 % in January 2023. Sharp rises in the prices of cereals and products can broadly be attributed to the reduced supply of wheat and rice in the current fiscal year.

- Assuming an average crude oil price (Indian basket) of US$ 95 per barrel, RBI has projected inflation at 6.5 % in 2022-23, with Q4 at 5.7 %. On the assumption of a normal monsoon, RBI projected CPI inflation at 5.3 % for 2023-24, with Q1 at 5.0 %, Q2 at 5.4 %, Q3 at 5.4 % and Q4 at 5.6 %.

- The Monetary Policy Committee has decided to increase the policy repo rate under the liquidity adjustment facility (LAF) by 25 basis points to 6.50 %. The rate has been hiked by 250 bps since May 2022.

- Consequently, the standing deposit facility (SDF) rate stands adjusted to 6.25 % and the marginal standing facility (MSF) rate and the Bank Rate to 6.75 %.

Unemployment in India

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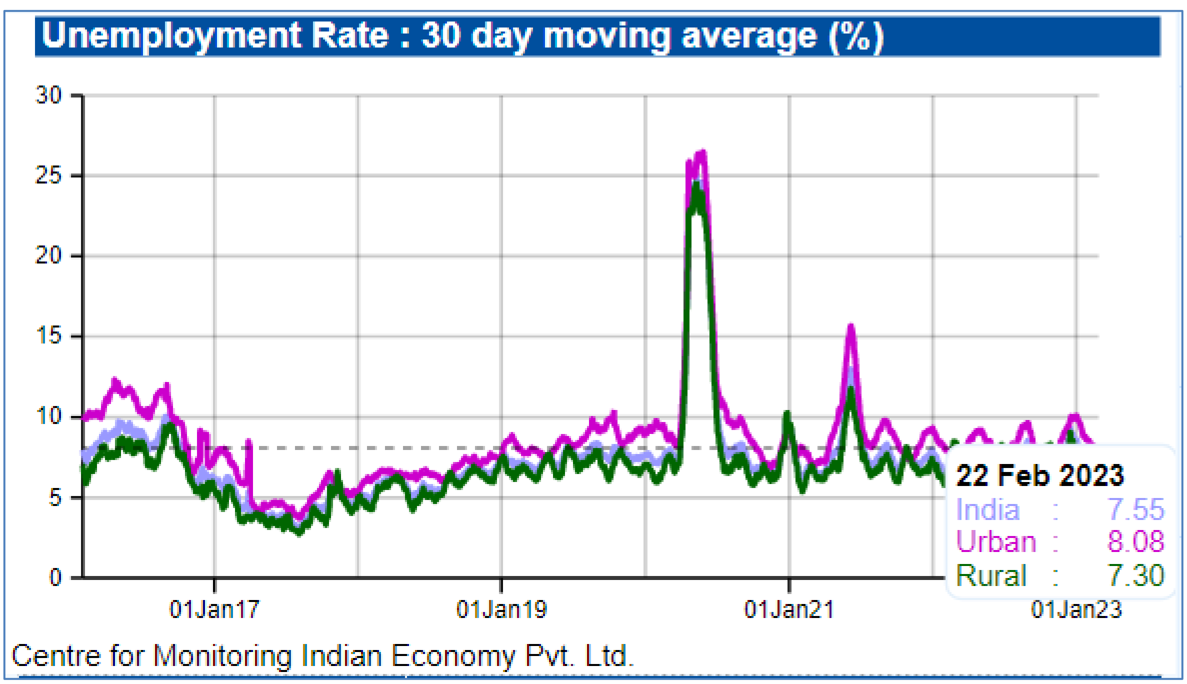


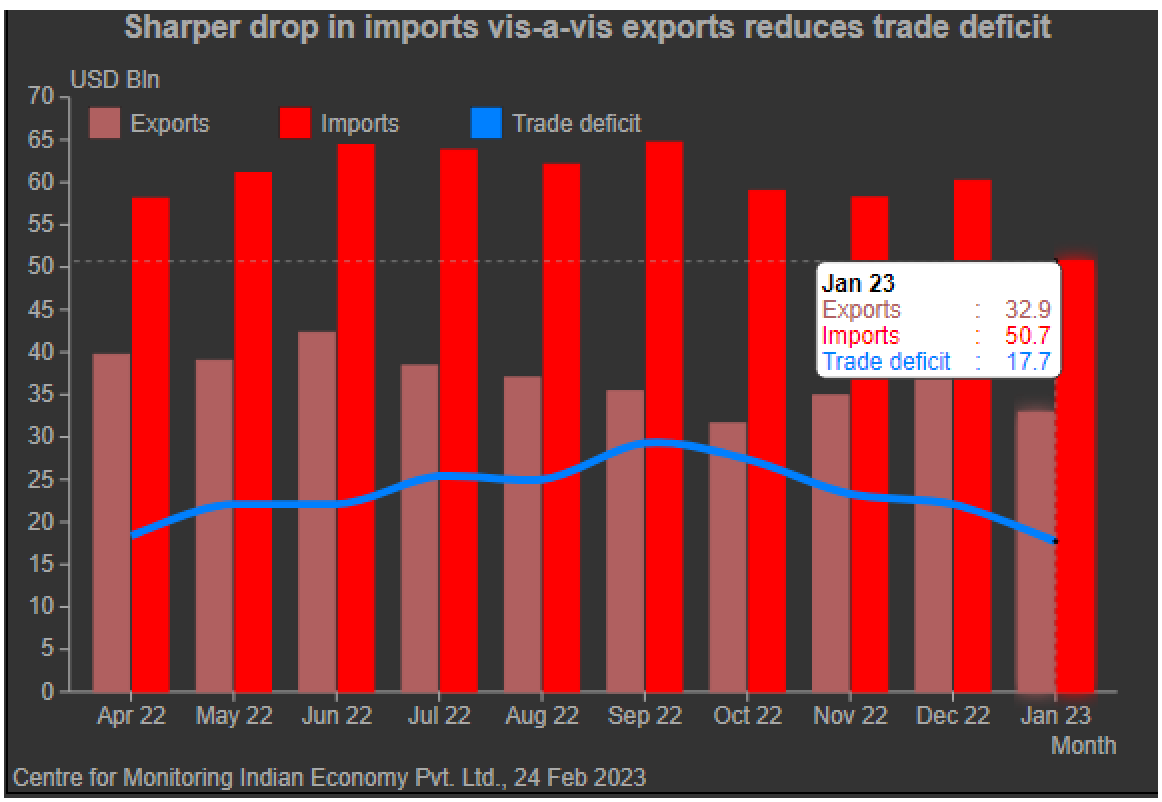
India's external position

India's forex position

- According to RBI, India's foreign exchange reserves declined by USD 5.681 billion to USD 561.267 billion in the week ending on February 17, 2023.
- According to RBI's latest data, India's foreign currency assets, the biggest component of the forex reserves, declined USD 4.515 billion to USD 496.072 billion.
- Gold reserves declined by USD 1.045 billion to USD 41.817 billion.
- At the start of the last year 2022, the overall forex reserves were at about USD 633 billion. Much of the decline can be attributed to RBI`s recent intervention and a rise in the cost of imported goods.

India's foreign trade position

- According to provisional data released by the Ministry of Commerce, India's merchandise trade deficit eased to one-year low of USD 17.7 billion in January 2023.
- Trade deficit had ballooned to an all-time high of USD 29.3 billion in September 2022. It started shrinking in the following months. This is the first time in nine months that the deficit dropped below USD 20 billion.



- India's exports dropped to 3-month low of USD 32.9 billion in January 2023. This was also the second lowest export value in 14 months. Petroleum Oil Lubricants (POL) as well as non-POL exports declined in January 2023. POL exports dropped to USD 4.9 billion from average monthly exports of USD 8.1 billion in the preceding nine months. Non-POL exports declined to USD 28 billion from average monthly exports of USD 29 billion, in the similar comparable period.

- In January 2023, India's merchandise imports were valued at USD 50.7 billion. This was a substantial drop from the average monthly imports of USD 61.3 billion in the preceding nine months. Imports peaked in September 2022 at USD 64.7 billion and have slowed thereafter. POL imports slumped to USD 14.7 billion in January 2023 from average monthly imports of USD 18.2 billion between April to December 2022.

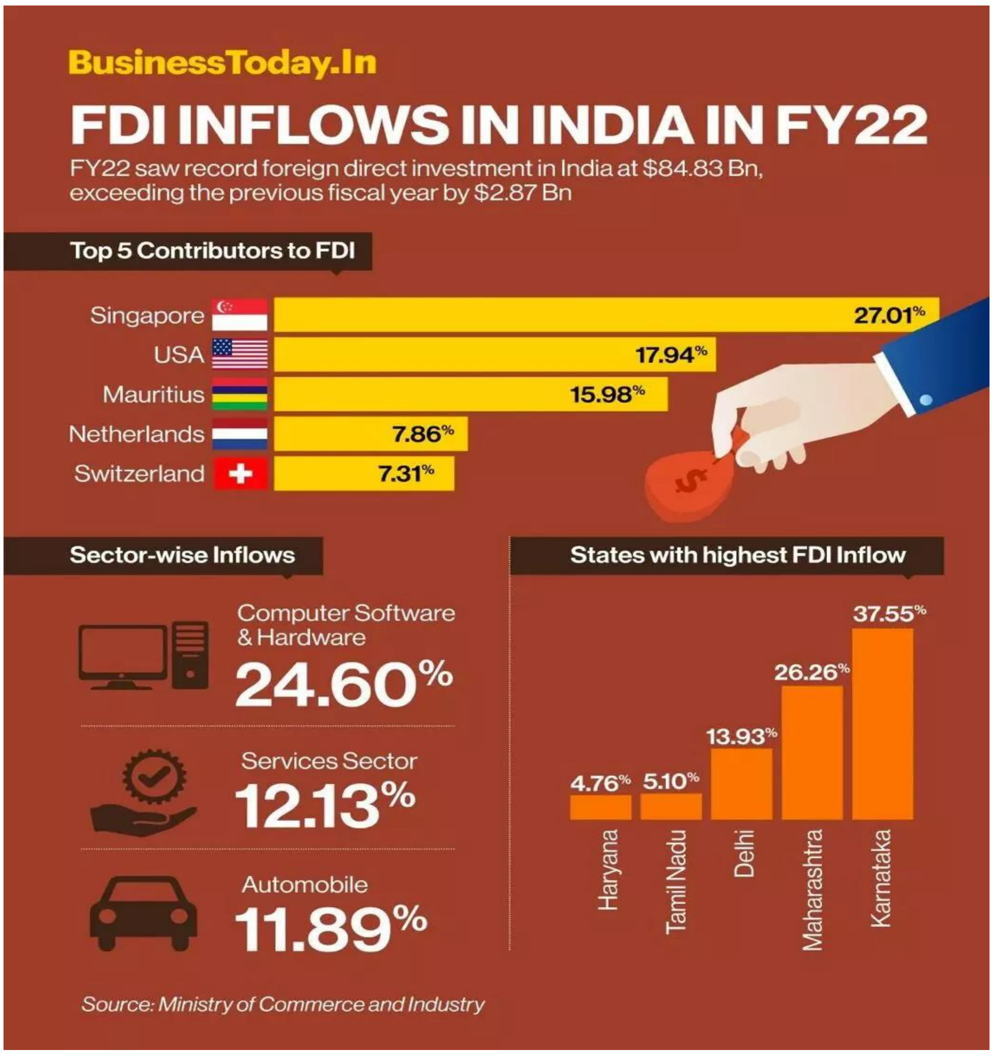
- During April-January 2022-23, India's merchandise exports increased by 8.3 % to USD 368.5 billion. Imports expanded by 21.7 % to USD 601.7 billion. Exports as well as imports will continue to slide sequentially. Slowing demand and easing commodity prices are expected to drive this trend. As a result, CMIE expects 2022-23 to end with exports growth slowing sharply to 2.9 % compared to 45 % growth in 2021-22. Imports growth is also expected to decelerate to 16.9 % from 56 % in 2021-22.

- India's overall exports (Merchandise and Services combined) in April-January 2022-23 is estimated to exhibit a positive growth of 17.33 % over the same period last year (April-January 2021-22). As India's domestic demand has remained steady amidst the global slump, overall imports in April-January 2022-23 are estimated to exhibit a growth of 22.92 % over the same period last year.

Source- Ministry of Commerce & Industry

Foreign direct investments stay robust in India

Indian remains one of the world's major go-to destination for foreign direct investment. Foreign direct investment (FDI) inflows are expected to improve in 2023-24, as per Department for Promotion of Industry and Internal Trade (DPIIT). There are a number of proposals in the pipeline, which are likely to materialize in the early months of 2023-24. Many of these are connected to the production-linked incentive (PLI) scheme that incentivizes domestic manufacturing. FDI inflows saw a 15 % decline during April-December 2022 owing to elevated interest rates in key economies and a shortage of semiconductors in sectors such as automobiles and computers.



India ranks 42nd out of 55 nations in global IP (Intellectual Property) index

India has been ranked 42nd out of 55 countries in the US Chamber of Commerce's latest International IP Index report. The annual International IP Index evaluates the protection of IP rights in 55 of the world's leading economies, together representing around 90% of global GDP.

The report covers everything from patent and copyright laws to the ability to monetize IP assets and the ratification of international agreements. The report, noted some bright spots as well. They include continued strong efforts in copyright piracy through the issuing of "dynamic" injunction orders; the 2019 precedent case law on online trademark infringement and damages; and generous R&D and IP-based tax incentives.

Among India's key areas of weakness are the 2021 dissolution of the IP Appellate Board, combined with the longstanding issue of an under-resourced and overstretched judiciary, which raises serious concerns about rights holders' ability to enforce their IP rights in India and to resolve IP-related disputes.

India's accreditation system ranked 5th globally; overall quality infrastructure system in Top 10

India's national accreditation system under the Quality Council of India (QCI) has been ranked 5th in the world in the recent Global Quality Infrastructure Index (GQII) 2021. The GQII ranks the 184 economies in the world on the basis of the quality infrastructure (QI). India's overall QI system ranking continues to be in the Top 10 at the 10th position, with the standardization system (under BIS) at 9th and the metrology system (under NPL-CSIR) at 21st position in the world.

GQII 2021: Global Ranking and Subrankings by QI area (184 Economies)

Economy Name	Economy Code	GQII Rank	GQII Scores	Rank Metrology	Rank Standardization	Rank Accreditation
Germany	DEU	1	0,996	2	2	1
China	CHN	2	0,990	3	1	3
United States	USA	3	0,987	1	8	2
United Kingdom	GBR	4	0,982	4	4	6
Japan	JPN	5	0,976	5	3	12
France	FRA	6	0,973	7	6	11
Korea, Republic of	KOR	7	0,962	6	7	17
Italy	ITA	8	0,957	15	5	4
Spain	ESP	9	0,949	13	10	7
India	IND	10	0,932	21	9	5
Poland	POL	11	0,927	19	15	7
Switzerland	CHE	12	0,924	14	12	21
Brazil	BRA	13	0,924	11	20	18
Australia	AUS	14	0,923	9	18	22
Czech Republic	CZE	15	0,923	18	13	14
Turkey	TUR	16	0,921	16	25	10
Netherlands	NLD	17	0,914	20	11	15
Mexico	MEX	18	0,913	10	42	9
Canada	CAN	19	0,912	8	24	26
South Africa	ZAF	20	0,909	12	27	19

Source: Global Quality Infrastructure Index (GQII)

QI is the technical backbone for international trade, with metrology, standardization, accreditation and conformity assessment services providing reliability and trust between trading partners. In India, the National Physical Laboratory under the Council of Scientific & Industrial Research (NPL-CSIR) is the national metrology institute, the Bureau of Indian Standards (BIS) is the national standards body and the constituent national accreditation boards under Quality Council of India support are the custodians of the national accreditation system.

The GQII rankings are published and presented post-facto for each year based on the data collected till the end of that year. The 2021 rankings are based on data till end of December 2021, collected and analyzed through 2022. It is an initiative on metrology, standardization, accreditation and related services, supported by Physikalisch-Technische Bundesanstalt (PTB) and the Federal Ministry for Economic Cooperation and Development (BMZ), Germany.

Moody's upgrades India's 2023 GDP growth estimates to 5.5% on account of resilient economy, higher capex allocation

Global credit rating agency Moody's upgraded India's GDP growth estimates for 2023 by 70 basis points to 5.5%. It cited resilience of the economy to the global headwinds last year, and a higher capital expenditure allocation by the Indian government in Budget 2023 as reasons for the same.

In November last year, Moody's pegged the Indian economy to grow at 4.8%, much lower than its peer Goldman Sachs which anticipated a growth rate of 5.9%. Moody cited that the Indian government's capex push was one of the highlights of Budget 2023, Overall, the government's capex outlay increased over three-fold from ₹3.1 lakh crore in FY19 to ₹10 lakh crore in FY24.

Lessons from Economics

Shrinkflation

Shrinkflation is the practice of reducing the size or quantity of a product while the price of the product remains the same or slightly increases. In some cases, the term may indicate lowering the quality of a product or its ingredients while the price remains the same.

British economist Pippa Malmgren is generally credited for inventing the term in 2009. Essentially, he mentioned that shrinkflation is a form of hidden inflation. Instead of increasing the price of a product, something that would be immediately evident to consumers, producers reduce the size of the product while maintaining the same price. The absolute price of the product doesn't go up, but the price per unit of weight or volume has increased.

Causes of Shrinkflation

- **Higher production costs**

Rising production costs are generally the primary cause of shrinkflation. Increases in the cost of ingredients or raw materials, energy commodities and labor increase production costs and subsequently diminish producers' profit margins.

Reducing the products' weight, volume, or quantity while keeping the same retail price tag can improve the producer's profit margin.

- **Intense market competition**

Fierce competition in the marketplace may also cause shrinkflation. The producers look for options that will enable them to keep the favor of their customers and maintain their profit margins at the same time.

Examples of Shrinkflation

The following companies and brands have adopted using shrinkflation with their products, including:

- **Coca-Cola:** in 2014, Coca-Cola reduced the size of its large bottle from 2 liters to 1.75 liters.
- **Toblerone:** in 2010, Kraft slashed the weight of Toblerone bars from 200 grams to 170 grams.
- **Tetley:** in 2010, Tetley reduced the number of teabags sold in one box from 100 to 88.

Ways to avoid Shrinkflation

- Spotting a redesign on the packaging or a new slogan. This may signal the company has made a change and that change may be the size.
- Consumers can look at the price per unit to see if there has been a change.
- Lastly, learning the net weights of products may help in noticing shrinkflation

Shrinkflation in India

In India, top food companies such as Hindustan Unilever, Nestle, Britannia, Coca Cola, Pepsi Co, Dabur and Procter & Gamble (P&G) have adopted this business strategy. One example of this is Nestle, which has reduced the net weight of a Maggie packet from 80 grams to 55 grams while soap brands like Vim now weigh 135 grams from the earlier 155 grams

The retail inflation hit an eight-year high of 7.8% in April 2022. The depreciation in the Indian rupee added to the inflation woes. This resulted in consumer durable goods getting costlier in the country. To ease the pressure of inflation, many companies are using shrinkflation as the method to tame rising production cost as well as retain their customer base.

Oil Market

Crude oil price – Monthly Review

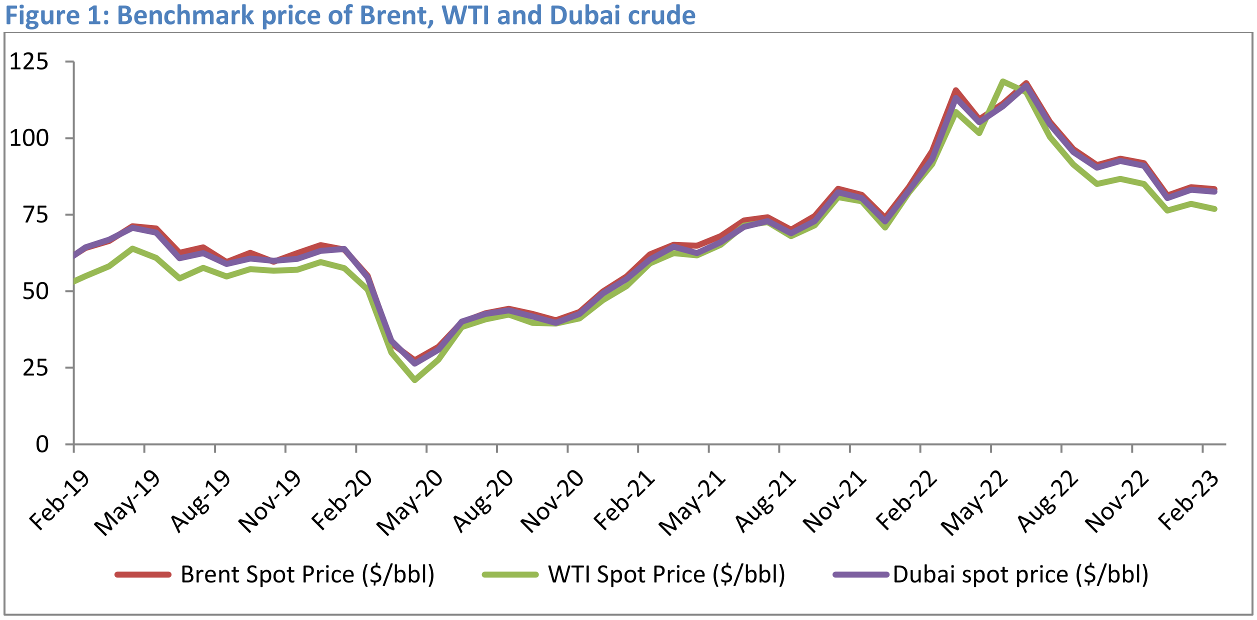
Nearly a year on from Russia's Ukraine war, global oil markets are trading in relative calm. Oil prices are back to pre-war levels with the exception of diesel, though even these have drifted much lower from last summer's historical highs. World oil supply looks set to exceed demand through the first half of 2023, however the balance could quickly shift to deficit as demand recovers and some Russian output is shut in.

Russian oil production and exports have held up relatively well despite sanctions and has managed to reroute shipments of crude to Asia and the G7 price cap on crude appears to be helping to keep the barrels flowing. In January, output was down only 160 kb/d from pre-war levels, with 8.2 mb/d of oil shipped to markets. But in a sign that Moscow may be struggling to place all of its barrels and would curb output by 500 kb/d in March rather than sell to countries that comply with the G7 price caps. The production cut might be an attempt to shore up oil prices. In January, Moscow was forced to sell exports at a large discount. Their 2023 budget is based on a Urals price of $70.10/bbl, but the grade's export price averaged just $49.48/bbl in January versus $82/bbl for North Sea Dated. Hence, Russia's fiscal revenues from oil operations plunged 48% y-o-y in January to 310 billion roubles, whereas export revenues dropped by 36% to $13 billion.

With Russian oil production in decline and limited gains expected from the rest of the OPEC+ bloc, non-OPEC+ producers will lead world supply growth in 2023. For the year as a whole, global oil supply is anticipated to expand by 1.2 mb/d, majorly dominated by the U.S., Brazil, Norway, Canada and Guyana.

Brent crude ranged an average to $83.40 a barrel and WTI ranged to $76.92 per barrel in the month of February.

Figure 1: Benchmark price of Brent, WTI and Dubai crude



Source: World Bank

- Brent crude price averaged $83.40 per bbl in February 2023, down by 0.7% on a month on month (MoM) and 12.9% on year on year (YoY) basis, respectively.
- WTI crude price averaged $76.92 per bbl in February 2023, down by 2.1% on a month on month (MoM) and 15.9% on year on year (YoY) basis, respectively.
- Dubai crude price averaged $82.53 per bbl in February 2023, up down by 0.8% on a month on month (MoM) and 11.4% on year on year (YoY) basis, respectively.

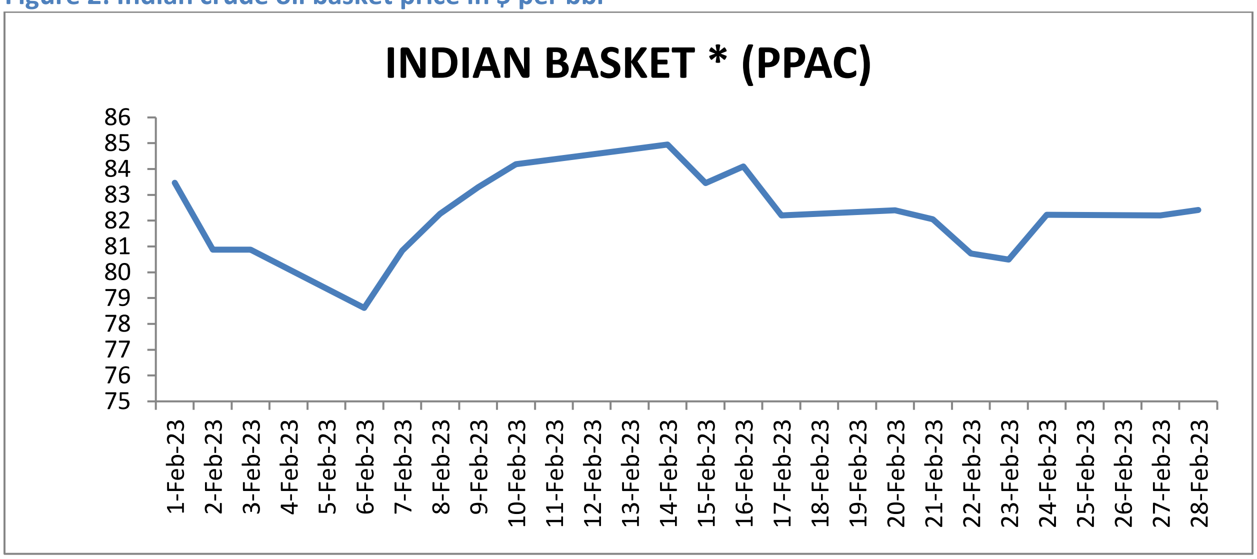
Table 1: Crude oil price in February, 2023

Crude oil	Price ($/bbl)	MoM (%) change	YoY (%) change
Brent	83.40	-0.7%	-12.9%
WTI	76.92	-2.1%	-15.9%
Dubai	82.53	-0.8%	-11.4%

Source: World Bank

Indian Basket Crude oil price

Figure 2: Indian crude oil basket price in $ per bbl



Source: PPAC

- Indian crude basket price averaged $82.32 per barrel in February 2023, up by 2.0% on Month on Month (M-o-M) and down by 10.9% on a year on year (Y-o-Y) basis, respectively.

Oil production situation

- World oil supply held largely steady in January, at around 100.8 mb/d. The pause comes after a sharp 1.2 mb/d decline at the end of 2022 led by the U.S. and Saudi Arabia. IEA expect global output to grow 1.2 mb/d in 2023, driven by non-OPEC+. Supply from OPEC+ is projected to contract with Russia pressured by sanctions.

- Russian oil exports rose to 8.2 mb/d in January ahead of the EU embargo and G7 price cap on refined products taking effect. Crude oil exports increased by nearly 300 kb/d m-o-m, despite a further 450 kb/d decline in shipments to the EU. Product loadings held steady at around 3.1 mb/d. Export revenues are estimated at $13 bn, marginally higher than in December but down 36% on a year ago.

Table 2: Non-OPEC liquids production in 2023, mb/d

Non-OPEC liquids production	2022	1Q23	2Q23	3Q23	4Q23	2023
Americas	*26.66*	*27.59*	*27.68*	*28.04*	*28.41*	*27.93*
of which US	19.03	19.75	20.05	20.25	20.48	20.14
Europe	*3.57*	*3.92*	*3.90*	*3.79*	*3.92*	*3.89*
Asia Pacific	0.48	0.50	0.47	0.49	0.48	0.48
Total OECD	**30.71**	**32.01**	**32.05**	**32.32**	**32.81**	**32.30**
China	4.46	4.50	4.50	4.47	4.47	4.48
India	0.77	0.79	0.78	0.77	0.76	0.78
Other Asia	2.29	2.36	2.35	2.32	2.35	2.34
Latin America	6.33	6.48	6.66	6.70	6.78	6.66
Middle East	3.33	3.34	3.35	3.38	3.38	3.37
Africa	1.32	1.32	1.33	1.35	1.34	1.33
Russia	11.03	10.28	10.00	10.10	10.15	10.13
Other Eurasia	2.83	3.07	3.04	3.00	3.05	3.04
Other Europe	0.11	0.10	0.10	0.10	0.10	0.10
Total Non-OECD	**32.46**	**32.25**	**32.12**	**32.20**	**32.37**	**32.23**
Total Non-OPEC production	63.17	64.25	64.17	64.52	65.18	64.54
Processing gains	2.40	2.47	2.47	2.47	2.47	2.47
Total Non-OPEC liquids production	**65.57**	**66.72**	**66.64**	**66.99**	**67.65**	**67.01**
Previous estimate	**65.61**	**66.75**	**66.83**	**67.18**	**67.84**	**67.16**
Revision	-0.05	-0.03	-0.19	-0.19	-0.19	-0.15

Source: OPEC

- From the above table, it can be inferred, that the total non-OPEC liquids production is expected to reach 67.01 mb/d by 2023.
- OPEC NGLs and non-conventional liquids production in 2022 is forecasted (as per OPEC monthly report) to grow by 0.1 mb/d to average 5.39 mb/d and increase by 50 tb/d to average 5.44 mb/d in 2023.
- OPEC-13 crude oil production averaged 28.88 mb/d in January 2023, lower by 49 tb/d m-o-m.

Oil demand situation

- Following a year-on-year contraction in 4Q22, global oil demand is set to rise by 2 mb/d in 2023 to 101.9 mb/d. The Asia-Pacific region (+1.6 mb/d), fuelled by a resurgent China (+900 kb/d), dominates the growth outlook. The reopening of borders is expected to boost air traffic. Jet/kerosene demand is anticipated to increase by 1.1 mb/d to 7.2 mb/d, 90% of 2019 levels.
- World oil demand growth is picking up after a marked slowdown in the second half of 2022 and a year-on-year contraction in the fourth quarter. China accounts for nearly half the 2 mb/d projected increase this year, with neighboring countries also set to benefit after Beijing removed its zero-Covid policies. Also, air traffic in recent weeks emphasizes the central role of jet fuel deliveries in 2023 growth – expected to soar by 1.1 mb/d to reach 7.2 mb/d, around 90% of 2019 levels. Total demand will hit a record 101.9 mb/d, 1.4 mb/d more than the 2019 average.

Table 3: World Oil demand, mb/d

	2022	1Q23	2Q23	3Q23	4Q23	2023	Growth	%
Total OECD	**46.12**	**46.08**	**45.77**	**47.08**	**46.93**	**46.47**	**0.35**	**0.76**
~ of which US	*20.52*	*20.46*	*20.54*	*20.88*	*20.81*	*20.67*	*0.15*	*0.74*
Total Non-OECD	**53.44**	**55.18**	**54.92**	**54.91**	**56.58**	**55.40**	**1.96**	**3.68**
~ of which India#	*5.14*	*5.41*	*5.44*	*5.21*	*5.50*	*5.39*	*0.25*	*4.96*
~ of which China	14.81	15.10	15.22	15.25	16.03	15.40	0.59	4.01
Total world	**99.55**	**101.26**	**100.70**	**101.99**	**103.51**	**101.87**	**2.32**	**2.33**

Source: OPEC monthly report, February 2023

Note: 2022 = Estimate and 2023 = Forecast. Totals may not add up due to independent rounding*

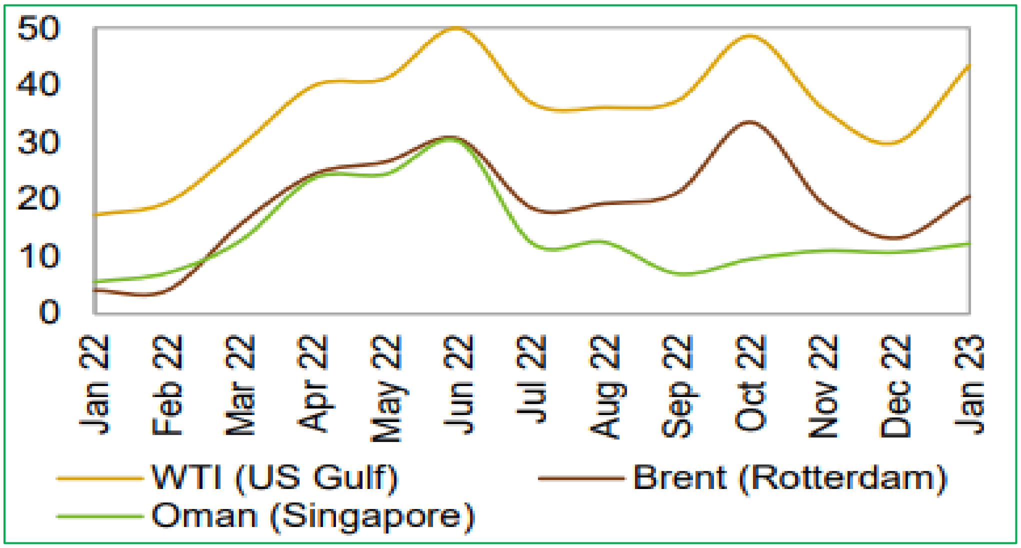
Global petroleum product prices

USGC refining margins against WTI showed a strong rebound from the nine-month low registered the previous month. The support for this upturn came from across the barrel, with jet/kerosene fuel leading sharply. This is a reflection of a decline in refinery output, as several refineries underwent unplanned shutdowns due to a severe cold front, which led to product supply disruptions.

Refinery margins in Rotterdam against Brent ended the downward trend seen the previous month to exhibit a solid gain, as product markets performed positively on stronger fundamentals, particularly those at the top of the barrel. Rising maintenance work amid refinery worker strikes in France over unsatisfactory pension reforms led to product output cuts and tightened product availability within the region. In addition, strong product buying in the region in order to build stocks ahead of the 5 February sanctions on Russian products further solidified bullish product market sentiment, which drove product crack spreads up and European refining economics higher.

Refinery throughput in Europe decreased by 500 tb/d to average 9.31 mb/d according to preliminary data. Refinery margins against Brent in Europe averaged $20.51/b in January, up by $7.32/b compared with a month earlier and higher by $16.46 y-o-y.

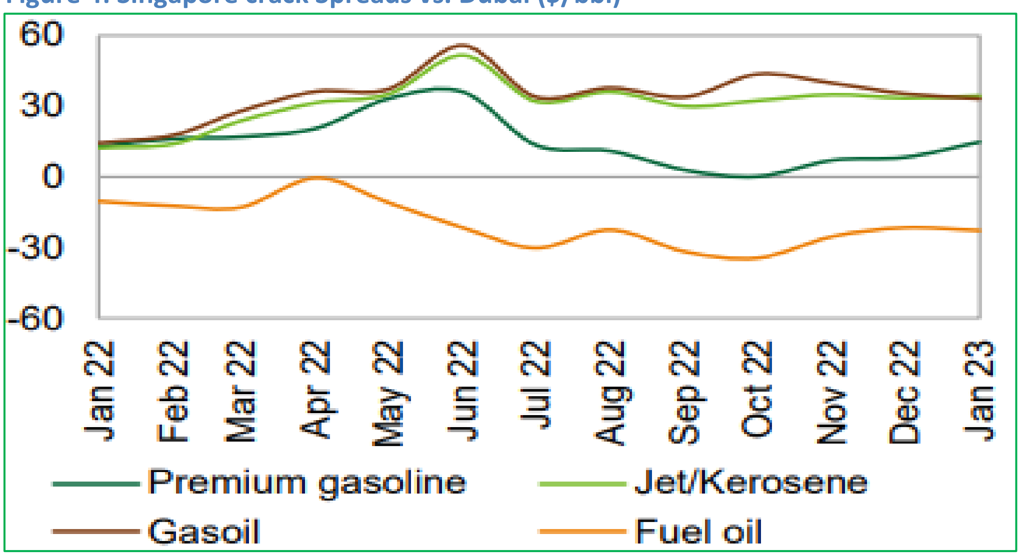
Figure 3: Refining Margins ($/bbl)



Source: Argus and OPEC

The Asian gasoline 92 crack spread increased further over the month, mainly supported by healthy exports, given the growing gasoline tightness in the West. The Singapore gasoline crack spread against Oman in January averaged $14.74/b, up by $6.47 m-o-m and by $1.90 y-o-y.

Figure 4: Singapore crack Spreads vs. Dubai ($/bbl)



Source: Argus and OPEC

The Singapore gasoil crack spread was the strongest negative performer across the barrel in January. The Singapore gasoil crack spread against Oman averaged $33.23/b, down by $2.09 m-o-m but up by $18.73 y-o-y.

Table 4: Singapore FOB, refined product prices ($/bbl)

Singapore product prices	Price ($/b) in January 2022	MoM (%) change	YoY (%) change
Naphtha	72.52	9.2%	-14.2%
Premium gasoline (unleaded 95)	98.83	10.5%	0.8%
Regular gasoline (unleaded 92)	95.49	11.9%	-0.7%
Jet/Kerosene	115.07	4.1%	20.1%
Gasoil/Diesel (50 ppm)	115.67	1.9%	16.9%
Fuel oil (180 cst 2.0% S)	111.94	1.3%	14.9%
Fuel oil (380 cst 3.5% S)	57.98	4.4%	-20.5%

Source: OPEC

Petroleum products consumption in India

Monthly Review:

- Overall consumption of all petroleum products in January 2023 with a volume of 18.7 MMT registered a growth of 6.13% on volume of 17.6 MMT in January 2022.

- MS (Petrol) consumption during the month of January 2023 with a volume of 2.82 MMT recorded a growth of 14.21% on volume of 2.47 MMT in January 2022.

- HSD (Diesel) consumption during the month of January 2023 with a volume of 7.18 MMT recorded a growth of to 12.69% on volume of 6.37 MMT in the month of January 2022.

- LPG consumption during the month of January 2023 with a volume of 2.51 MMT registered a de-growth of 2.18% over the volume of 2.57 MMT in the month of January 2022.

- ATF consumption during January 2023 with a volume of 0.666 MMT registered a growth of 46.45% over the volume of 0.455 MMT in January 2022.

- Bitumen consumption during January 2023 with a volume of 0.664 MMT registered a growth 9.24% over volume of 0.544 MMT in the month of January 2022.

- Kerosene consumption registered de-growth of 73.59% during the month of January 2023 as compared to January 2022.

Table 5: Petroleum products consumption in India, January 2023

CONSUMPTION OF PETROLEUM PRODUCTS (P)	Consumption in '000 MT	MoM (%) change	YoY (%) change
LPG	2,513	-2.4%	-2.2%
Naphtha	1,230	10.9%	-4.3%
MS	2,824	-5.3%	14.2%
ATF	666	1.1%	46.4%
SKO	33	-16.2%	-73.6%
HSD	7,177	-7.8%	12.7%
LDO	51	-22.6%	-45.2%
Lubricants & Greases	417	-1.7%	5.4%
FO & LSHS	595	-4.4%	9.2%
Bitumen	664	0.2%	-17.6%
Petroleum coke	1,345	3.3%	-5.0%
Others	1,180	-14.5%	8.8%
TOTAL	**18,695**	**-4.6%**	**6.1%**

Source: PPAC

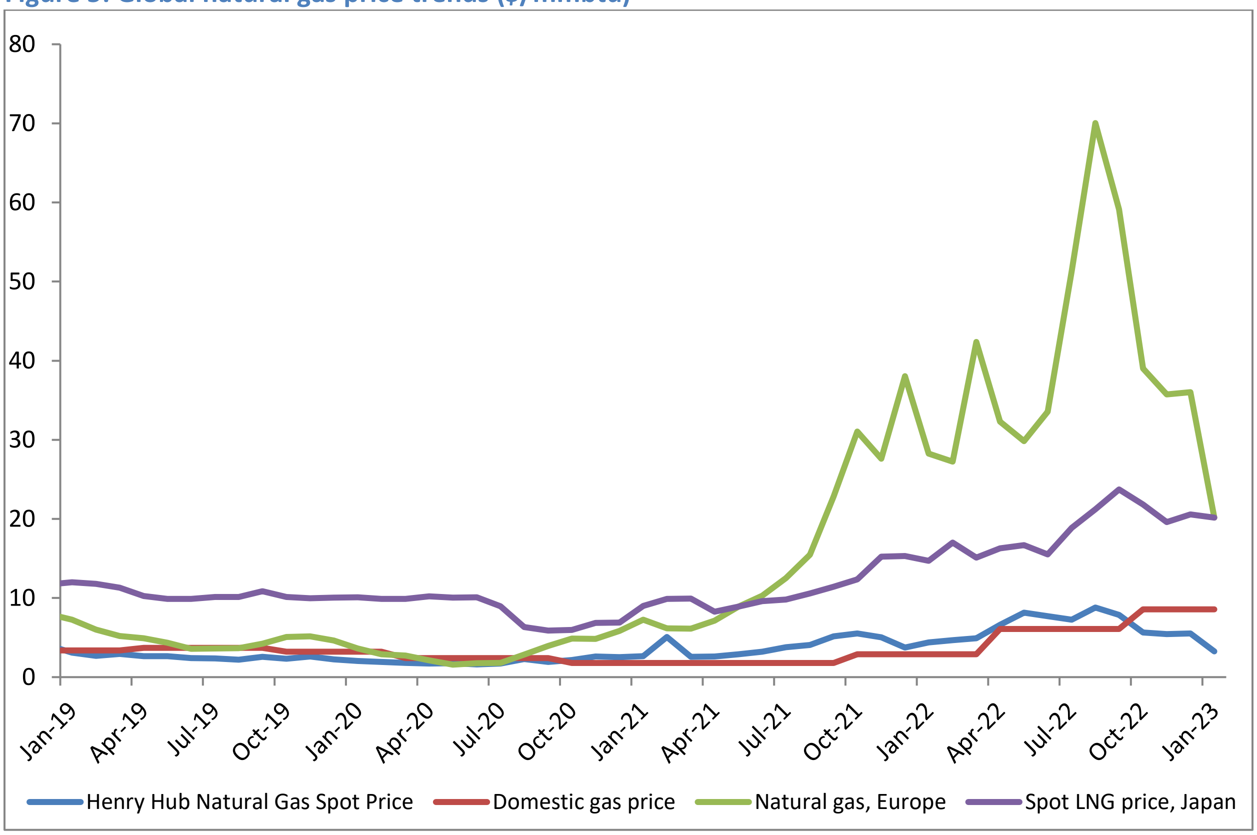
Natural Gas Market

Natural Gas Price – Monthly Review

- Natural gas spot prices at the U.S. Henry Hub benchmark averaged $3.27 per million British thermal units (MMBtu) in January 2023. Natural gas prices started to decrease as temperatures across the U.S. in January was moderate, which lowered down consumption of natural gas for space heating, thereby greatly reducing gas demand.
- The natural gas spot price at the Title Transfer Facility (TTF) in the Netherlands in Europe traded at an average of $20.18 per MMBtu. Price of natural gas at the Dutch Title Transfer Facility (TTF) decreased as compared to the price of natural gas in December 2022. Multiple factors influenced the natural gas prices such as:
    - Governments across the EU adopted measures to reduce natural gas consumption including switching off streetlights and hot water in public buildings. The EU agreed on a joint target to cut gas consumption by 15% between August 2022 and the end of March 2023
    - EU gas storage levels hit nearly 95% by the end of 2022, allowing the EU to enter the winter season with a larger buffer. Also, due to warmer weather, European gas storage levels have not been depleted, thereby ending up with more gas at the end of the winter season than usual
    - Gas supplies from Americas, especially the U.S. saw a big increase, thereby providing a significant volume of gas for consumption

- Japan Liquefied Natural Gas Import Price averaged at $20.15 per MMBtu for January 2023, down from $20.58 per MMBtu in December 2022. Japan's Ministry of Economy, Trade and Industry (METI) is planning a strategic LNG reserve to ensure the country has enough natural gas to meet domestic demand as global competition ramps up. METI's proposal is primarily aimed at preventing gas shortages and preparing Japan, one of the world's largest buyers of liquefied natural gas, for battling Europe for cargoes in the years ahead as the continent displaces Russian imports. The proposal asks Japanese LNG importers to secure supply via term contracts. Importers would be free to sell their "buffer" LNG cargoes into the international market when they aren't needed. During any fuel shortage emergencies, though, the government would ask sellers to redirect the LNG to regional power and gas companies that are most in need.
- The price of domestically produced natural gas is $8.57 per million British thermal unit (MMBtu) from October 1, 2022 to March 31, 2023. The price of domestic gas price has been hiked by 40% from the previous revision which was $6.1 per MMBtu for April 1, 2022, to September 30, 2022. The domestic gas price increase was driven by the significant run-up in the prices of gas at global gas hubs. Further, the maximum sale price allowed to natural gas production from deep-water, ultra-deep-water, high pressure and high-temperature discoveries was increased from $9.92 per MMBtu to $12.46 per MMBtu.

Figure 5: Global natural gas price trends ($/mmbtu)



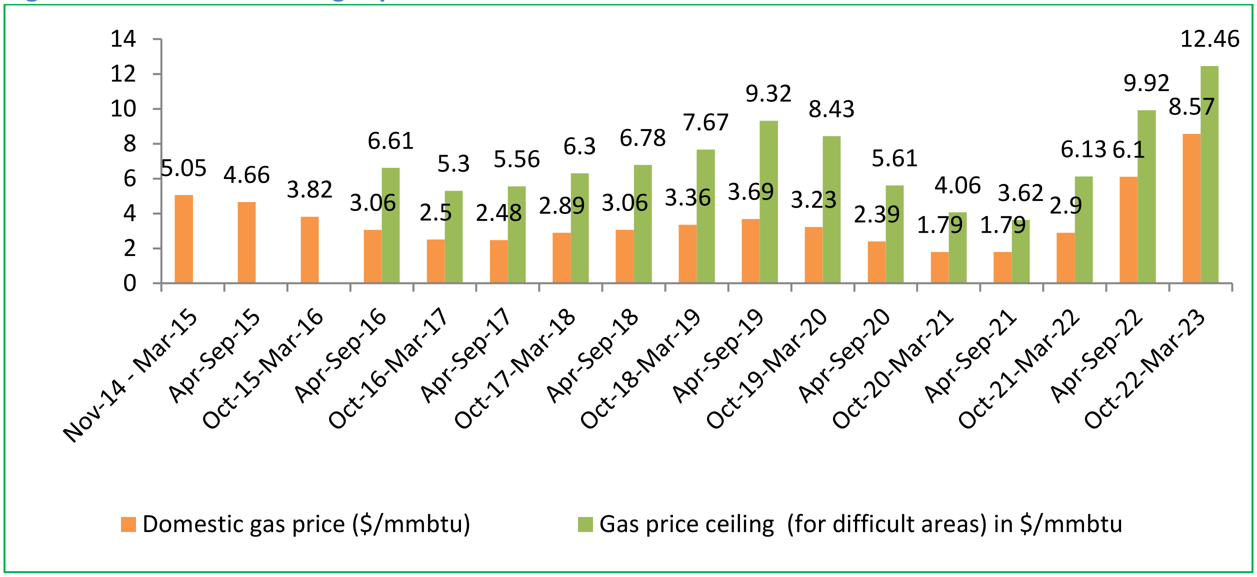
Source: EIA, World Bank

Table 6: Gas price

Natural Gas	Price ($/MMBTU) in January 2022	MoM (%) change	YoY (%) change
India, Domestic gas price	8.57	0%	195.5%
India, Gas price ceiling – difficult areas	12.46	0%	103.3%
Henry Hub	3.27	-40.9%	-25.3%
Natural Gas, Europe	20.18	-44.0%	-28.6%
Liquefied Natural Gas, Japan	20.15	-2.1%	37.2%

Source: EIA, PPAC, World Bank

Figure 6: Domestic natural gas price



Source: PPAC

Indian Gas Market

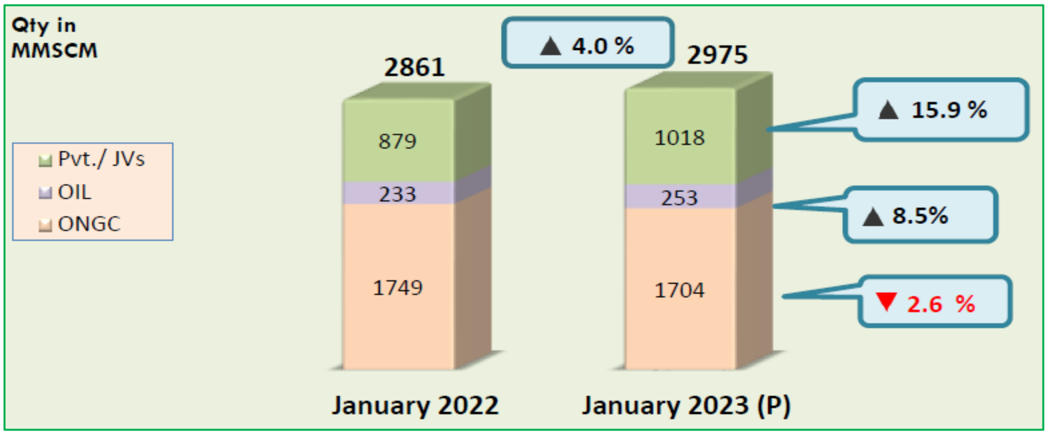
- Gross production of natural gas for the month of January 2023 was 2,975 MMSCM (increase of 4.0% over the corresponding month of the previous year).
- Total imports of LNG (provisional) during the month of January 2023 were 2,266 MMSCM (increase of 7.9% over the corresponding month of the previous year).
- Natural gas available for sale during January 2023 was 4,713 MMSCM (increase of 7.5% over the corresponding month of the previous year).
- Total consumption during January 2023 was 4,901 MMSCM (provisional). Major consumers were fertilizer (34%), City Gas Distribution (CGD) (20%), Power (13%), Refinery (6%) and Petrochemicals (4%).

Monthly Report on Natural gas production, imports and consumption – January 2023

1. Domestic Natural Gas Gross Production:

Domestic natural gas gross production for the month of January 2023 was 2,975 MMSCM (increase of 4.0% over the corresponding month of the previous year).

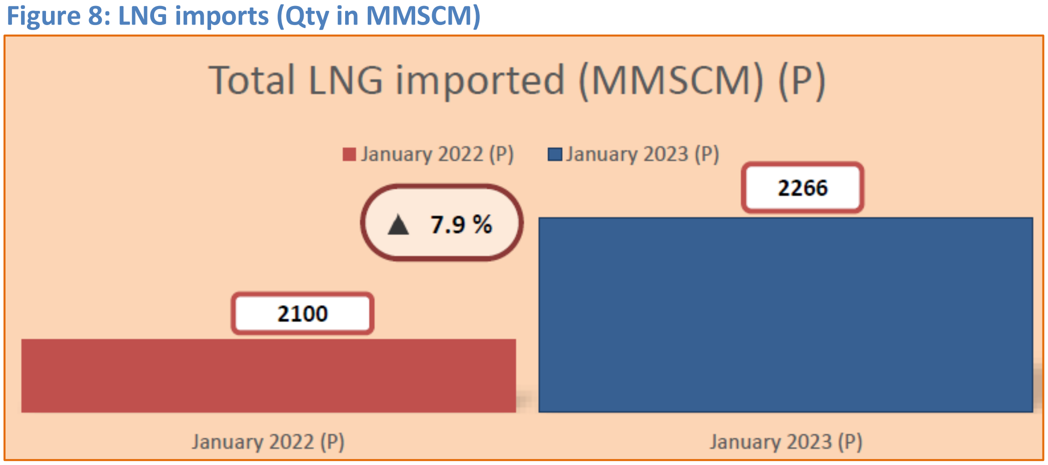
Figure 7: Domestic natural gas Gross production (Qty in MMSCM)



2. LNG imports:

Total imports of LNG (provisional) during the month of January 2023 were 2,266 MMSCM (increase of 7.9% over the corresponding month of the previous year) 2,100 MMSCM.

Figure 8: LNG imports (Qty in MMSCM)

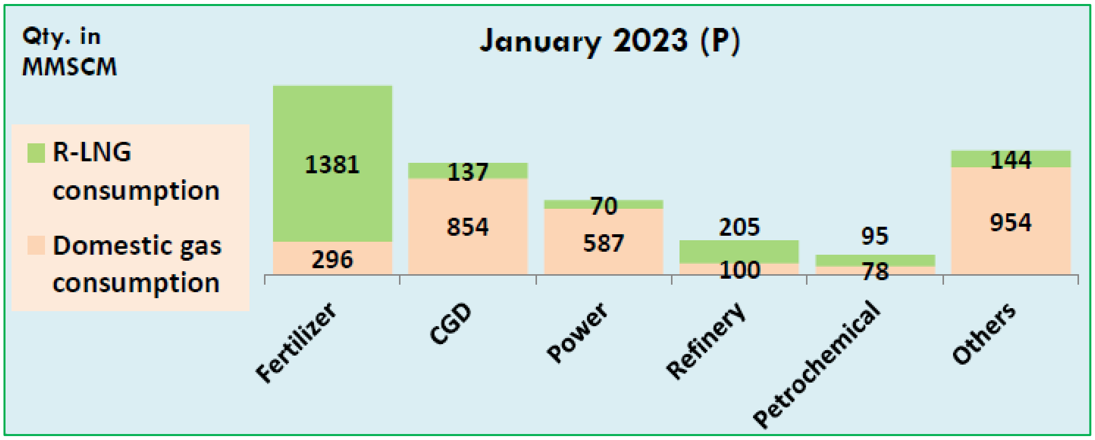


Source: PPAC

3. Sectoral Consumption of Natural Gas:

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

Figure 9: Sectoral Consumption of Natural Gas (Qty in MMSCM) in January 2023



Source: PPAC

Key developments in Oil & Gas sector

- **Monthly Production Report for January, 2023**

1. Production of Crude Oil

Indigenous crude oil and condensate production during January 2023 was down by 1.1% than that of January 2022 as compared to a de-growth of 1.1% during December 2022. OIL registered a growth of 7.0% and ONGC registered a growth of 0.551% during January 2023 as compared to January 2022. PSC registered de-growth of 9.0% during January 2023 as compared to January 2022. De-growth of 1.3% was registered in the total crude oil and condensate production during April - January 2023 over the corresponding period of the previous year.

2. Production of Natural Gas

Gross production of natural gas for the month of January 2023 (P) was 2,975 MMSCM which was higher by 4.0% compared with the corresponding month of the previous year. The cumulative gross production of natural gas of 28,843 MMSCM for the current financial year till January 2023 was higher by 1.1% compared with the corresponding period of the previous year.

3. Crude Oil Processed (Crude Throughput)

Crude oil processed during January 2023 was 22.8 MMT, which was 5.1% higher than January 2022 as compared to a growth of 3.7% during December 2022. Growth of 6.3% was registered in the total crude oil processing during April-January 2023 over the corresponding period of the previous year.

4. Production of Petroleum Products

Production of petroleum products saw a growth of 4.5% during January 2023 over January 2022 as compared to a growth of 3.7% during December 2022. Growth of 5.3% was registered in the total POL production during April - January 2023 over the corresponding period of the previous year.

Key Policy developments in Energy sector

Hon'ble Prime Minister Shri Narendra Modi inaugurated India Energy Week (IEW) 2023

Hon'ble Prime Minister Shri Narendra Modi ji inaugurated India Energy Week (IEW) 2023 in Bengaluru, Karnataka, on 6th February 2023, under the theme of Growth, Collaboration, Transition - under India's G20 Presidency. Held under the patronage of Ministry of Petroleum and Natural Gas (MoP&NG), Government of India and supported by the Federation of Indian Petroleum Industry (FIPI) from 6th to 8th February 2023, IEW provided an unparalleled opportunity for buyers and sellers to meet, network and engage with the full energy value chain including leading NOCs, IOCs, NECs and IECs and companies operating within alternative & renewables, utilities & power generation, construction & industrialisation, technology & services, government and academia.

IEW aimed to showcase India's rising prowess as an energy transition powerhouse and is a testament to Hon'ble Prime Minister Shri Modi's Panchamrit – five nectar element – pathway that offers a step-by-step guide to securing a reliable, affordable and sustainable energy system for India and the world. Governor of Karnataka, Shri Thawar Chand Gehlot, Chief Minister of Karnataka, Shri Basavaraj Bommai, Union Minister of Petroleum & Natural Gas and Housing & Urban Affairs, Shri Hardeep S. Puri, and Hon'ble Minister of State for Petroleum & Natural Gas and Labour & Employment, Shri Rameshwar Teli also graced the occasion.

As a part of the event, Shri Narendra Modi ji also Launched multiple initiatives in the field of Green Energy:

I. **E20 Fuel:** In line with the Ethanol Blending roadmap, Prime Minister launched E20 fuel at 84 Retail Outlets of Oil Marketing Companies in 11 States/UTs. E20 is a blend of 20% ethanol with petrol. The Government aims to achieve a complete 20% blending of ethanol by 2025, and HPCL and other oil marketing companies are setting up 2G-3G ethanol plants that will facilitate the progress.
II. **Green Mobility Rally:** Prime Minister flagged off Green Mobility Rally organised by HPCL. The Rally witnessed participation of 57 vehicles running on sustainable green energy sources viz., E20, E85, Flex Fuel, Hydrogen, Electric etc. The Rally helped in creating public awareness for the green fuels.
III. **'Unbottled' initiative of Indian Oil:** Prime Minister launched the uniforms under 'Unbottled' initiative of Indian Oil. Guided by the vision of the Prime Minister to phase out single-use plastic, Indian Oil has adopted uniforms for retail customer attendants and LPG delivery personnel made from recycled polyester (rPET) & cotton. Each set of uniform of Indian Oil's customer attendant shall support recycling of around 28 used PET bottles.
IV. **Twin-Cooktop Model of Indoor Solar Cooking System:** Prime Minister dedicated the twin-cooktop model of the Indian Oil's Indoor Solar Cooking System and flag-off its commercial roll-

out. Indian Oil had earlier developed an innovative and patented Indoor Solar Cooking System with single cooktop. On the basis of feedback received, twin-cooktop Indoor Solar Cooking system has been designed offering more flexibility and ease to the users.

During the Opening Ceremony, Hon'ble Prime Minister said: "The energy sector plays a major role in deciding the world's future in the 21st century. India is one of the strongest voices in the world for energy transition and developing new energy resources. As a result, unprecedented possibilities are emerging for the energy sector in India, which is determined to become a developed nation." He also highlighted the four major verticals of the strategy for the energy sector:

I. Increasing domestic exploration and production
II. Diversification of supplies
III. Expansion of alternate energy sources fuels such as bio fuels, ethanol, compressed biogas and solar
IV. De-carbonisation via electric vehicles and hydrogen

PPAC signed Statement of Intent (SOI) with IEA to strengthen cooperation in field of data and research in energy sector

Petroleum Planning & Analysis Cell (PPAC), Ministry of Petroleum and Natural Gas (MoP&NG), Government of India, signed a Statement of Intent (SoI) with International Energy Agency (IEA), headquartered at Paris, to strengthen cooperation in the field of data and research & enhance global energy security, stability, and sustainability. This partnership will lead to an extensive exchange of knowledge.

The Statement of Intent (SoI) was signed in the presence of Union Minister of Petroleum & Natural Gas and Housing & Urban Affairs Shri Hardeep S. Puri, by Shri P Manoj Kumar, Director General PPAC and Dr. Fatih Birol, Executive Director IEA, on sidelines of India Energy Week being held in Bengaluru from 6th to 8th February 2023.

The SoI will initiate the cooperation in the energy sector between PPAC and IEA with various areas of cooperation as specified in the SoI. Further, the comprehensive datasets, reports, analysis will be made available for better analysis and interpretation. The training and internships of officers from PPAC to IEA for energy modelling and statistics, by IEA experts are planned to be organized to develop skillsets required for challenges posed by energy transition. The SoI will provide access to the international thought and view in the energy sector.

Both the Parties intend to co-operate under the SoI on the areas of Energy market data and statistics, biofuels (bioethanol and biodiesel) and Compressed Bio-Gas (CBG) and other emerging fuels. It will also provide information on global oil and gas markets and technologies relevant for the oil & gas sector.

PPAC and IEA both will carry out joint studies, including on demand and supply of oil & gas, growth and stability of global and regional oil & gas markets, and economic advantages of alternative fuels and also proposed to constitute working groups in specific areas of cooperation.

NTPC Green Energy Limited signed MoU with HPCL for development of renewable energy-based projects

NTPC Green Energy Limited (NGEL), and Hindustan Petroleum Corporation Limited (HPCL) entered into Memorandum of Under Standing (MoU) for development of renewable energy-based projects in the country. The MoU envisaged to collaborate for Development of grid connected and/ or off-grid Renewable Energy based Power Projects and/ or solutions to supply round the clock renewable energy which shall cater to requirement of HPCL and/or NGEL or any other customer mutually decided by NGEL & HPCL.

Government of India launched Revamped Distribution Sector Scheme (RDSS) to reduce the Aggregate Technical & Commercial (AT&C) losses to pan-India levels

Government of India launched the Revamped Distribution Sector Scheme (RDSS) with an outlay of Rs. 3,03,758 crore and estimated Government Budgetary Support (GBS) from Central Government of Rs. 97,631 crores for the duration of 5 years i.e., from (FY 2021-22 to FY 2025-26). The Scheme aimed to reduce the Aggregate Technical & Commercial (AT&C) losses to pan-India levels of 12-15% and Average Cost of Supply (ACS)-Average Revenue Realized (ARR) gap to zero by 2024-25.

The Scheme has two major components: Part 'A' – Financial support for Prepaid Smart Metering & System Metering and upgradation of the Distribution Infrastructure and Part 'B' – Training & Capacity Building and other Enabling & Supporting Activities. Financial assistance to DISCOMs is provided for upgradation of the Distribution Infrastructure and for Prepaid Smart Consumer Metering & System Metering based on meeting pre-qualifying criteria and achieving basic minimum benchmark in reforms.

Govt. increased windfall tax on crude oil, export of diesel, ATF

On 16th Feb, 2023, the Union government cut the windfall tax on domestically produced crude oil to Rs 4,350 per tonne from Rs 5,050 per tonne, the Ministry of Finance notified in an official order. The government also slashed tax on the export of diesel to Rs 2.50 per litre from Rs 7.50 per litre, and excise duty on ATF to Rs 1.50 per litre from Rs 6 per litre.

India first imposed windfall profit taxes on July 1, joining a growing number of nations that tax super normal profits of energy companies. At that time, export duties of Rs 6 per litre ($12 per barrel) each were levied on petrol and ATF and Rs 13 a litre ($26 a barrel) on diesel. A Rs 23,250 per tonne ($40 per barrel) windfall profit tax on domestic crude production was also levied. The export tax on petrol has since been scrapped. The tax rates are reviewed every fortnight based on average oil prices in the country.

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