

FIPI

Federation of Indian Petroleum Industry
Voice of Indian oil & gas industry



ANNUAL REPORT
2020-2021

Core Purpose Statement

To be the credible voice of Indian hydrocarbon industry enabling its sustained growth and global competitiveness.

Shared Vision

A progressive and credible energy advisory body stimulating growth of Indian hydrocarbon sector with global linkages.

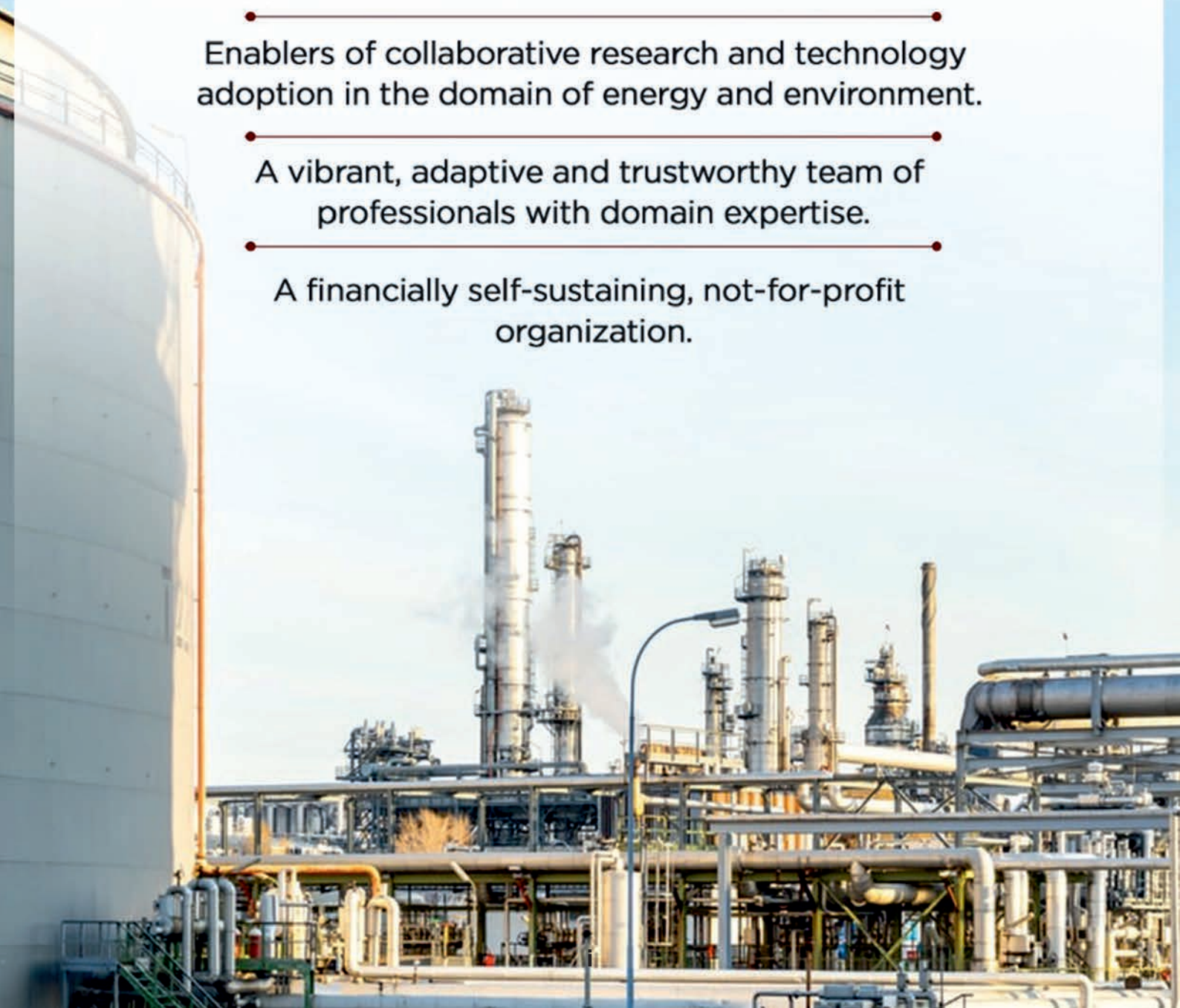
•—————•
A healthy and strong interface with Government, legislative agencies and regulatory bodies.

•—————•
Create value for stakeholders in all our actions.

•—————•
Enablers of collaborative research and technology adoption in the domain of energy and environment.

•—————•
A vibrant, adaptive and trustworthy team of professionals with domain expertise.

•—————•
A financially self-sustaining, not-for-profit organization.



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Our Core Activities



**Policy
Recommendations**



**Special
Studies**



**Conference
& Seminars**



**Industry
Academia
Interface**



Consultancy



**Resolution
of issues**

ADVOCACY

From the DG's Desk....

Dear Members,

Greetings from Federation of Indian Petroleum Industry (FIPI)!

As I look back at the past year, I recall the day of March 24, 2020. It was the day when, the Honorable Prime Minister Shri Narendra Modi announced a twenty-one-day pan India lockdown to curb the novel corona virus pandemic. The COVID-19 virus that first surfaced in China in late December 2019 had already transformed into a global pandemic by March, 2020.

The financial year 2020-21 started with the entire nation being in a state of lockdown and a complete stop on all economic activities barring essential services. The timely lockdown ensured a slow spread of COVID-19 in India with lower cases and fatalities per million population, contrary to the western countries where the virus was wreaking havoc during the same period. The first wave of the pandemic in India, peaked at around 100,000 cases per day in mid-September, and continued to decline till February 2021 at about 9,000 cases per day.

The second wave of the pandemic was much severe in impact. The COVID cases saw a sharp increase and subsequently went past the 4-lakh mark during April and May of 2021. The second wave of COVID-19 took a toll on the entire medical infrastructure in the country and resulted in unprecedented loss of human lives. It was only through timely and relentless efforts of the medical professionals and interventions by the Government that the country could successfully get over the second wave.

The lockdowns implemented across the world in 2020 led to more than 3.9 billion people (half of the world's population) staying at home, thus marring economic activity and creating a turmoil for business in general. The global economy contracted by 3.5 % in the year 2020. Global trade during the year fell by over 5.3 %. Some reports suggest that over 95 million people across the world have been pushed into extreme poverty

during 2020-21 due to the pandemic. The sudden plunge in economic activity, hit the oil & gas industry severely. On April 20th, 2020, for the first time in over 150 years history of the industry, WTI



prices dipped deep into the negative territory, reaching negative USD 37.63/Bbl. With easing of lockdowns and opening up of the economies, the oil prices soon recovered. By the end of the year the oil prices had already reached in the upwards of USD 60/Bbl and have further strengthened and stabilized in the \$70 - \$75 per barrel range as of now.

The year 2020 did not bode well for the Indian economy as well with GDP contracting by 9.6 % during the year. The major hit to the economy was witnessed in the initial months of the lockdown i.e., from April to June 2020 when the GDP contracted by 23.9%. However, Green shoots of recovery were visible from the second quarter of FY21 as the country started to open up, and by the end of the year, the GDP had moved in to the positive territory.

The launch of the countrywide vaccination programme on 16 January, 2021, which has now truly gained momentum, hopefully would make things better as we go forward. During the ongoing financial year 2021-22, Indian economy is widely expected to witness a double-digit growth. The progressive and forward-looking policies and interventions by the Government are expected to play a key role in placing the Indian economy back on a high growth trajectory. For the year 2021, the IMF has projected the Indian economy to grow at 9.5%, which is supported by the ongoing vaccination drive and strong consumer confidence. As I am writing this message, the Indian stock markets have gained a new high, driven by strong economic indicators, increasing GST collections, and robust

growth in the manufacturing sector.

Although the effects of the pandemic were widespread, the Indian Oil & Gas sector continued to serve the nation by ensuring seamless supply of petroleum products, maintaining production of oil & natural gas and keeping the oil refineries operational. The Government of India continued to bring in new investor friendly policies to strengthen the Indian Oil & Gas sector. On the upstream side, OALP 5 round was awarded in October 2020. Oil and Natural Gas Corporation (ONGC) secured 11 blocks and Oil India Limited (OIL) won the remaining 4 blocks. During the past year, Reliance Industries Limited (RIL) and BP Group announced the start of production from the R-Cluster, ultra-deep-water gas field in block KG D6 off the east coast of India in December 2020. The three Deepwater gas projects in block KG D6 are expected to meet 15 per cent of India's gas demand by 2023.

In the natural gas sector, Cabinet Committee on Economic Affairs chaired by the Hon'ble Prime Minister approved 'Natural Gas Marketing Reforms', marking another significant step towards gas-based economy. The policy envisages a standard procedure to discover market price of gas to be sold in the market by gas producers, through a transparent and competitive process. Providing a fillip to the LNG based transportation in the country, the then Hon'ble Minister of Petroleum & Natural Gas and Steel, Shri Dharmendra Pradhan laid the foundation stone for the first 50 LNG fueling stations, across the golden quadrilateral and major National Highways. During the year, the Ministry also released a draft LNG policy which has set a target of creating a regasification capacity of 70 MTPA by 2030 and 100 MTPA by 2040. Taking a stride towards the envisioned gas-based economy, PNGRB simplified the country's gas pipeline tariff structure to make the fuel more affordable for distant users and to attract investment for building gas infrastructure.

FIPI has always been at the forefront advocating industry issues and working towards developing an enabling policy framework for fast paced growth of the Indian oil and gas industry. Last year, the falling prices of domestic natural gas, made it unviable for the upstream players to continue production. In this regard, FIPI has recommended the Government to reconsider the pricing formula of domestically produced natural gas. FIPI has also advocated with DG, DGH to provide a

detailed methodology for claiming deduction of E&P expenditure under section 42 of Income Tax Act in respect of Revenue Sharing Contracts (RSC). Further, with a view of encouraging use of digital technologies in the Indian upstream sector, FIPI has been working closely with the Ministry of Petroleum & Natural Gas on the digitalization road map document for Indian E&P industry.

The year 2020-21 proved to be a period of unparalleled challenges for the downstream sector in the country. The COVID induced lock down in the country brought down the sales of petroleum fuels in India by as much as 75 per cent in April and May 2020. During last year, LPG remained the only fuel to have recorded continuous growth. By the end of the last fiscal year, the consumption of petroleum products had started fast approaching the pre-COVID levels.

In the petroleum retail side of the industry, the new retail policy introduced by the Government in 2019 will not only lower the entry barriers into the retail sector but will also encourage incremental private investment into the sector. At FIPI, we firmly believe that the relaxation of entry criteria will go a long way in better preparing the country to cater to the rising energy needs. On behalf of the Industry, FIPI advocated the issue related to single window clearance for setting up of retail outlets; expansion of the scope of Remote Service Area (RSA) obligation to include aspirational districts; and revision of CPCB guidelines w.r.t the criterion for setting up of retail outlets. Resolving these issues will further streamline the new retail policy. During the period of COVID related lockdowns, the downstream retail players in the sector were faced with a severe issue of liquidity constraint. FIPI had raised the issue with the MoP&NG seeking immediate relief.

FIPI firmly believes in evidence-based policy advocacy. Over the last few years, FIPI has successfully completed targeted studies on key policy areas. The findings of the FIPI studies have been advocated with relevant Government officials and policy makers and will continue to influence policy making in the industry in times to come.

In 2017, Government of India introduced the Goods and Services Tax (GST), which marked the single largest

taxation reform in the history of independent India. However, the five key petroleum products have not yet been included under the GST ambit, leading to huge loss of loss of input tax credits. In this regard, FIPI has been at the forefront advocating the issue with MoP&NG, Ministry of Finance and other relevant stakeholders. To further substantiate the impact of non-inclusion under GST, in 2020-21, FIPI completed a report on the subject with Deloitte India as the knowledge partner. The report proposes for a revenue neutral rate for inclusion of the five petroleum products under GST without affecting the revenues of the Centre and State Governments. FIPI has been pro-actively advocating the findings of the report with all relevant stakeholders at the Central and State levels. To further strengthen the advocacy for inclusion of petroleum products under GST, FIPI has now commenced with the phase-II of the GST study.

During the past year, FIPI commissioned an in-house report on the impact of COVID-19 on the Indian oil and gas sector. The report estimates the impact of the pandemic on the global oil and gas sector and the new global trends that will emerge in the industry in the post pandemic world. In 2020-21, FIPI along with KPMG as the knowledge partner completed a detailed study that proposed various routes for mainstreaming of natural gas in power generation mix. FIPI also developed a report on "Creation of a Vibrant Natural gas market in India". The report focuses on the role of Gas in India's energy transitions and suggests policies and interventions required from the Government/regulator to create a vibrant gas market in India.

Staying abreast with the changing world, during 2020-21 FIPI moved most of its events and conferences to the digital platform. Between 20-21 August, 2020, FIPI organized the 'Young Professional's Forum: Leadership in Times of Transition'. The Forum marked the biggest event of the Young Professionals in the energy sector taking place over a virtual platform. The Forum was addressed by Mr. Tarun Kapoor, Secretary, MoP&NG; Mr. Prabhat Singh, Managing Director & CEO, Petronet LNG; Mr. Sashi Mukundan, President, bp India and senior vice president, bp group of Country, India, BP Group; Mr. Vipul Tuli, MD, Sembcorp among other industry professionals. During the year, FIPI joined hands with IHS Markit to organize the fourth India

Energy Forum by Cera Week. The three day Forum was inaugurated by the Hon'ble Prime Minister of India, Shri Narendra Modi ji. On 11 December 2020, FIPI organized a workshop on EOR/IOR. The workshop proved extremely helpful in bringing forth some of the international best practices alongside key recommendations to further fine tune the existing EOR/IOR policy.

Keeping up with FIPI's long tradition, FIPI organized its flagship Post Budget Analysis 2021 session on 2nd February with Deloitte as the knowledge partner. The session commenced with a presentation on the direct and indirect tax impact of the recently announced budget by experts from Deloitte India. The key attraction of the FIPI Post Budget Analysis 2021 was the moderated panel discussion on the hits and misses of the budget and the future support required for an accelerated growth of the industry. Panelists agreed that forward looking policy announcements at the budget such as extension and monetization of pipeline networks and establishment of TSO will go a long way in achieving the target of 15% penetration of gas by 2030. Some of the key budgetary asks emerging from the panel discussion included - inclusion of five key petroleum products under GST; supportive policies and lower taxation rates for downstream and petrochemicals complexes; and supportive policies in the form of rationalization of land prices, stamp duty exemption, ecosystem development, infrastructure development etc.

On 27 January, 2021, FIPI organized the FIPI Oil & Gas Awards ceremony 2020 at New Delhi in a hybrid format. The FIPI Oil and Gas Awards are the most prestigious awards of the Indian oil and gas industry that recognize exceptional performance by companies/individuals for contribution made by them towards the growth of Indian oil and gas industry. The awards ceremony was graced by the presence of the hon'ble minister for Petroleum & Natural Gas, Shri Dharmendra Pradhan ji and Shri Tarun Kapoor ji, Secretary, MoP&NG.

FIPI organized the flagship R&D Conclave 2021 between 24-26 March, 2021. The event was graced by Shri Tarun Kapoor, Secretary MoP&NG and Dr. Anil Kakodkar, Chairman, Rajiv Gandhi Science and Technology

Commission and Former Chairman, Atomic Energy Commission among other dignitaries, industry researchers and participants. The three-day event witnessed deep dives into some of the novel upcoming technologies from across the Indian oil & gas sector. For the first time at FIPI R&D conclave, Poster presentations on key R&D topics were made by researchers over the course of three days of the Conclave. The conclave came to its culmination with a panel discussion on 'R&D and deployment of indigenously developed technologies', where leaders from various major Indian Oil & Gas companies talked about game changing technologies developed by their companies and the support required both from the management and the Government to further encourage R&D activities in the sector.

The Way Forward

When we emerge from the ongoing crisis, the world will be a very different place. We are already witnessing a number of these changes at our everyday lives and work places. With new digital technologies, people are now discovering that they could collaborate and connect with each other while working from home. Employers are also discovering that their employees could be just as productive, if not more, while working from home. Many organizations in oil and gas sector are now realizing that digital technologies are not just another 'good to have' option any more but an imperative to keep up with the changing business requirements. In the post-COVID world, technologies will play a key role in helping oil and gas companies adapt to the new normal and differentiate themselves.

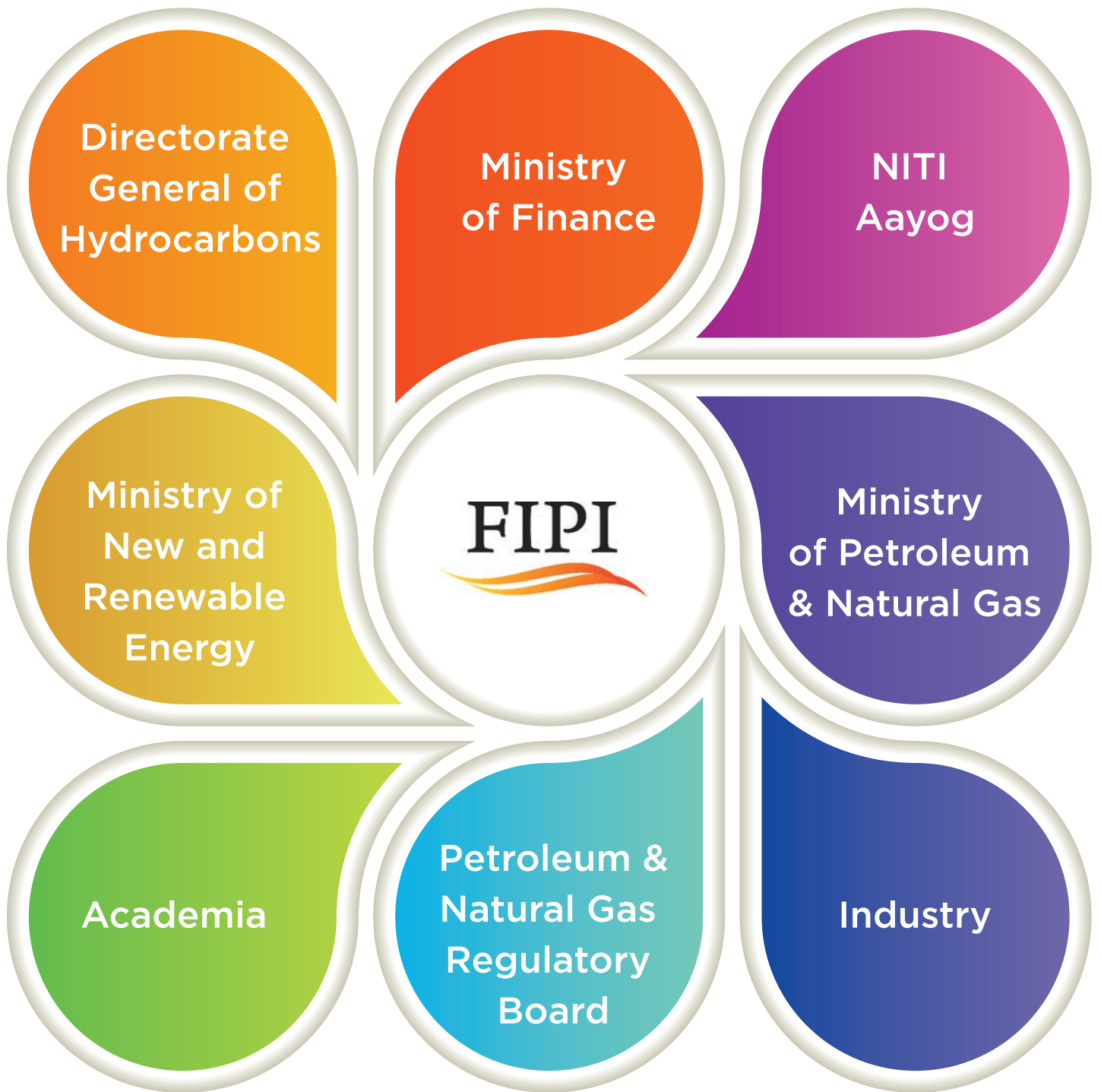
On behalf of the Federation of Indian Petroleum Industry, I want to thank all our members for their continued support, trust and confidence. I take this opportunity to reassure you that FIPI stands strong by the industry in these testing times and will be at the forefront advocating for a supportive policy ecosystem for the larger good of the nation.

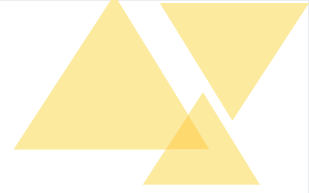
Wishing best of health and success in the coming year.

Regards

Dr. R K Malhotra
Director General

Partnering Inclusive Growth





CONTENTS

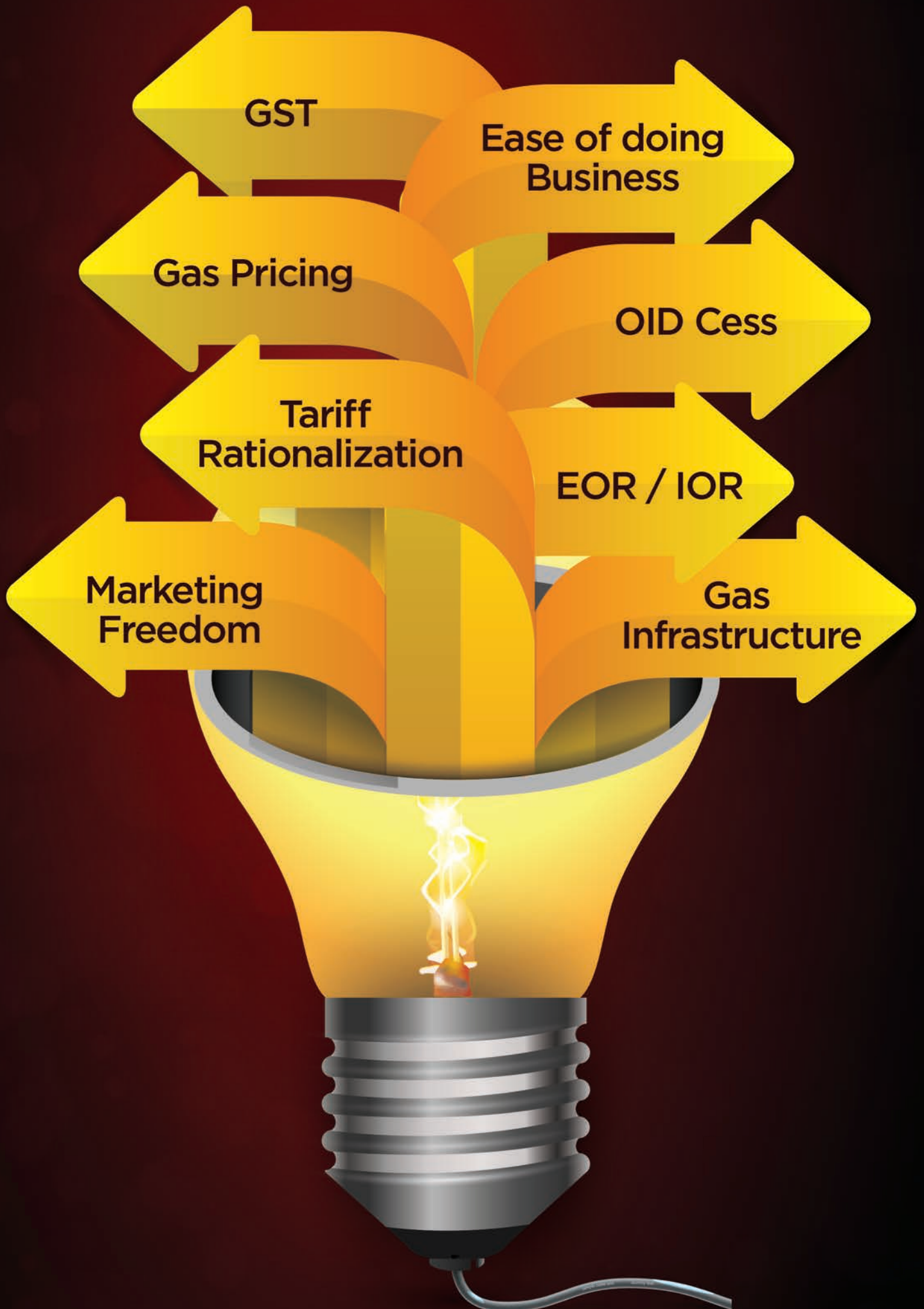
Policy Advocacy	1
Research Reports	15
Events	19
Membership Services	42
FIPI Awards	46
Member Organizations	51





**POLICY
ADVOCACY**

MAJOR ADVOCACY AREAS



Reducing Import Dependency

Submitted to: Secretary, Ministry of Petroleum and Natural Gas (MoPNG)

India is importing crude oil of about 85% of its consumption. To reduce oil import dependency and to accelerate domestic oil and gas production, Government of India has laid down reforms such as OALP rounds, HELP rounds, EOR policy. FIPI, in discussion with MoP&NG and DGH, has laid stress on enhancement of domestic production such that there is a 10% import reduction.

In this regard, FIPI submitted a representation to the Secretary, MoPNG and suggested the following issues:

- Government has issued a guideline on early monetization of hydrocarbon recoveries. This would help to expedite the conversion of discoveries made during the exploration period to production and would thus add new reserves.
- In order to improve production from old fields with better recovery factors it is recommended that more incentives are extended in high capital-intensive areas to support EOR policy.
- With most of the oil fields being aged and matured, E&P companies should be encouraged to tie up with technology providers to increase production from matured fields. Further, fiscal benefits like discount on Royalty and cess should be given on incremental oil and Gas.
- FIPI recommended that no additional 10% profit petroleum and higher royalty rates be charged for Pre-NELP Blocks. These fiscal terms reduce the net cash flow in the hand of the contractor required to make future development.
- The unconventional hydrocarbons like CBM, Shale oil in the existing NELP contract should be incentivized for improving production from Unconventional hydrocarbon resources.
- A digital roadmap which captures digital technologies to reduce the timeline of exploration area and improve operational efficiency has been prepared under the initiative of MOP&G with support of E&P technology providers. Government's support is needed so that right technology is provided to the E&P companies.
- FIPI suggested that a high-level task force may be formed to address all the above issues and suggest a Roadmap for reducing import dependency through increase in domestic oil and gas production.

Clarification on methodology for Deduction for E&P expenditure under section 42 of Income tax Act

Submitted to: Director General, Directorate General of Hydrocarbons

The Section 42 of the Income Tax Act 1961 stipulates that all the expenditure incurred by the Contractor on exploration, development and production shall be allowed as deduction as mentioned under Article 16.2 of PSC. Further, Section 42 of the Act also stipulates that such allowances are available as specified in the agreement entered into by the Central Govt. with the person carrying out business in mineral oil. However, unlike earlier PSCs entered under NELP regime where a detailed methodology for determining the expenditure eligible for deduction under section 42 of Act was incorporated, the same is cited as absent in case of the said article of PSC.

In such a scenario, FIPI has requested DG, DGH that it would be difficult to claim deduction for expenditure incurred in the blocks awarded under PSCs and in respect of exploration, production and development operations. Thus, the computing methodology for determining expenditure eligible for deduction under section 42 of the Income tax Act needs to be provided.

Support for Upstream Sector for Economic Revival Due to Emergency Caused by COVID-19

Submitted to: Secretary, Ministry of Petroleum and Natural Gas (MoPNG)

The COVID-19 pandemic has seriously affected the operations of the oil and gas companies in India in view of logistical constraints and the sharp oil price drop. The prices of crude oil have fallen to \$20/bbl with slack in oil demand, as a result of which oil and gas companies are making huge operating losses and incurring a negative cash flow. Further, if the domestic oil industry is not protected, it can result in an increase in oil imports to the tune of 90% of oil consumption, thereby increasing forex outflow, hamper the growth of backward and forward linkages to upstream oil and gas industry and have an adverse effect on employment.

Thus, in order to protect the upstream sector, FIPI has made the following recommendations to Secretary, MoPNG:

- Exemption from OID Cess (till the crude price remains below \$45/bbl).
- Exemption from royalty on oil and gas production till realized oil price is below USD 45 /bbl. In case the same is difficult, reduction in onshore Royalty to 12.5%, being a rate applicable across all regimes.
- To mitigate the losses from gas business, minimum floor price of USD 4.20/MMBtu for domestic gas producers (equivalent to earlier APM price) may be ensured till complete marketing and pricing freedom is granted.

Clarification on Scope of Services relating to Exploration, Mining or Drilling of Oil & Gas

Submitted to: Shri Yogendra Garg, Principal Commissioner and Ministry of Finance

After the introduction of GST, the cost of upstream oil and gas companies went up significantly and the industry has been submitting representations to the Government to provide relief by way of reduction in the GST rates.

The Govt. vide its Notification No. 19/2019- IGST(Rate) dated 30.09.2019 inserted entry (ia) after item (i) of SL. No. 21 of Notification No. 8/ 2017-IGST(Rate) stating

- Heading 9983- Other Professional, technical and business services relating to exploration, mining or drilling of petroleum crude or natural gas or both should be levied at 12%

Further, SL. No. 24(ii) of GST-Rate Notification No. 08/2017-IGST(Rate) was also amended.

- Heading 9986- Support services to exploration, mining or drilling of petroleum crude or natural gas or both to levied rate at 12% and support services to mining, electricity, gas and water distribution other than above to be levied at 18%.

Subsequently, CBIC vide Circular No. 114/33 /2019-GST dated 11.10.2019 clarified the scope of support services to exploration, mining or drilling of petroleum crude or natural gas or both, stating that most of the activities associated with exploration, mining or drilling of petroleum crude or natural gas fall under heading 9986 and few services particularly technical and consulting services fall under heading 9983.

Since the term “support services to exploration, mining or drilling” is not defined either under GST Law or under the Notification, it provides lack of clarity with the service providers integral to oil & gas operations relating to mainly drilling services, well-logging services, cementing services, seismic services and various other ancillary services. As a result of this upstream oil and gas companies are unable to get the intended benefit to compensate them for higher cost and keep them at par with pre-GST rates. This has resulted in increased cost of production as the input tax credit of the same is not available due to exclusion of crude oil and natural gas along with the core petroleum products from levy of GST for the time being.

FIPI advocated that “Petroleum Operations” as defined under “The Petroleum Tax Guide -1999” issued by the Ministry of Petroleum & Natural Gas, Govt. of India shall govern the scope of entry under heading 9986 and heading 9983 of the above-mentioned notifications. This will bring required clarity for industry, service providers and field formations.

Support to Oil Refineries to sustain Through COVID 19 Disruption

Submitted to: Secretary, Ministry of Petroleum and Natural Gas (MoPNG)

The refineries being capital intensive and low margin businesses are currently facing challenges related to fuel demand erosion and large revenue losses resulting from COVID 19 and lockdown. The impact is larger for inland refineries which do not have the ability to export. Further, the oil prices have collapsed leading to unmitigated inventory losses, impacting working capital, liquidity and cash flow in the immediate and shorter term. Further, several of our ongoing projects in our refineries face issues of manpower availability and delays in receipt of capital goods which have placed projects on hold disrupting project execution timelines, adversely affecting cash flow projections and loan repayment schedules. FIPI requested for some relief to these refineries and suggested following measures in this regard:

- The present pricing for HSD and MS may be shifted from TPP to IPP as there is no burden on Government subsidy.
- Since Arab Gulf (AG) prices are available, hence prices of all major petroleum products i.e. Diesel, Kerosene, LPG and ATF may be worked out on the basis of AG quotes instead of Singapore quotes.

FIPI requested for necessary action in this regard as all the above changes lie within the policy framework and can be adjusted in the current prices.

Issues being faced by Petroleum Marketing Companies for setting up of retail outlets for transportation fuels dispensation:

Submitted to: Joint Secretary, Ministry of Petroleum and Natural Gas (MoPNG)

FIPI has made following recommendations to streamline the process of setting up of retail outlets (ROs) and promote the ease of doing business:

- Approximately 20 authorities whose approvals are required from the Central / State authorities for setting up of ROs and the whole process takes an average of 18 months to 3 years. FIPI has requested that all states should set up a single window clearance for granting approvals within a fixed timeline.
- The new retail policy mandates for 5 % retail outlets to be set up in remote locations. The list of remote areas was initially defined in 2003 and has remained unchanged since. The list of remote areas should now be expanded to include other underdeveloped areas in the country. Further, it is requested that present bank guarantee requirement of Rs. 3 Cr per retail outlet for Remote Service Obligation may be re-assessed.
- As per the latest CPCB guidelines dated January 7, 2020, for all new outlets, a minimum radial distance of 30 meters from schools, hospitals and residential areas are designated and needs to be maintained. However, FIPI recommended discontinuing the threshold of 30 meter and making VRS installation mandatory at such retail outlets from commissioning itself to reduce impact of vapour/fumes in the vicinity.

Natural Gas

Views/Comments on the Proposed Draft Amendment relating to Determination of Unified Tariff

Submitted to: Secretary, Petroleum & Natural Gas Regulatory Board (PNGRB)

PNGRB's initiative to move towards a unified transportation tariff for gas pipelines in the country have been issued with the objective to avoid cascading impact of tariff for using multiple pipelines and providing level playing field for the consumers. The current methodology of multiple zones and additive pipeline tariffs are becoming expensive to the customers located far-away from gas sources. The concept of additive tariff is leading to skewed development of natural

gas-based industries. FIPI, in consultation with the member companies active in gas business in India, has provided the following comments:

- Since the proposed amendment envisages determining a unified tariff for pipelines of only two entities as an "Integrated Natural Gas Pipeline System, it is viewed that restricting this amendment to only two entities will not only distort the level playing field but will discourage new investments in the gas infrastructure in India as well.
- It is required to integrate all existing interconnected pipelines and regional networks covered under the PNGRB regulations 2008, to achieve rationalized pipeline tariffs.
- The tariff integration strategy for all the interconnected cross- country and regional network pipelines covered under the tariff regulations should be considered.
- All the parameters including volume division, tariff review periods etc for the tariff working should be applied uniformly for all the entities covered under the tariff determination regulations.

Impact of COVID 19 and lockdown on Oil and Gas Industry and immediate steps required to support Natural Gas industry

Submitted to: Secretary, Ministry of Petroleum and Natural Gas (MoPNG)

Global oil & gas sector is going through a massive disruption due to COVID-19. Globally oil and gas demand has weakened and this will have a significant adverse impact on the oil and gas business.

- The gas prices have fallen significantly and with latest notified gas pricing applicable w.e.f. 1st April, 2020 at \$ 2.39/MMBTU, the upstream producers are incurring continuous losses
- Gas consumption has fallen by almost 25%-30% due to absence of manufacturing and transport activity taking place.
- Gas marketing companies with long term LNG contracts are at risk due to take or pay nature of the contracts.
- There has been a fall in CGD consumption which will lead to lower revenue, profit and thus lower investment for CGD companies.
- Declining cash flows of gas pipelines due to low transmission volume.
- COVID-19 has created an oversupplied global polymer market which is making domestic petrochemical production vulnerable to cheap import.

FIPI has suggested the following policy stimulus to revive the economic activities to stimulate the entire oil and gas value chain.

- A complete force majeure for gas sourcing, marketing, transmission and downstream CGD companies may be considered
- Minimum floor price of USD 4.20/mmbtu for domestic gas producers may be ensured till complete marketing and pricing freedom is granted.
- To prevent any supply shock to the agriculture sector the gas based fertilizer plants and fertilizer distribution channel should run uninterruptedly.
- Gas-based power plants may be started at least at their technical minimum to avoid any disruptions.
- Encourage gas-based power by bringing Peaking Power policy and policy for RE-Gas integration to enable gas-based power production
- Govt. to Govt. level re-negotiation of long-term LNG sourcing contracts may be explored.
- Natural Gas may be brought under the lower GST bracket of 5% with input tax credit benefits.
- Remove the ceiling on gas price for deep water, ultra-deep water and HPHT fields
- Continue issuance of C-form for gas sales to industries to avoid higher taxes for the industry.
- Provide a moratorium on Royalty and Profit Petroleum for a year to free up capital for investment.
- GST on LNG regasification and natural gas compression may be reduced to 5% with benefit of Input Tax Credit
- Lower rate of GST @ 5% on gas transportation through pipeline may be provided with benefit of input tax credit.
- Customs duty on LNG may be waived off and GST should be exempted on Exploration and Development activities till gas is included in the GST
- The impact of the corporate tax rate on tariff for FY 2020-21 may be waived off and tariffs may be revised from FY 2021-22

- Refineries and steel plants may be encouraged to switch to natural gas.
- CSR fund of CPSEs may be allowed to be spent as salaries to contract and daily -wage workers from April to June 2020.
- Since consumption of CGD has fallen significantly FIPI suggested the following steps to boost the sector:
 - CNG may be exempted from excise duty.
 - GST on CNG cars may be reduced in line with Evs.
 - Restoration charges for CGD companies may be reduced temporarily.
 - MWP for CGDs may be shifted by 6 months to provide relief to CGD entities.
 - A zero-interest working capital loan may be provided by banks to utilities to provide relief to MSMEs.
 - Facilitate land in cities for CGD infrastructure.
 - Payment of excise duty and GST for April-May 2020 may be deferred without interest.

Removal of Ceiling on Price for Gas Produced from Deep Waters, Ultra Deep Waters and High Pressure-High Temperature (HPHT) Areas

Submitted to: Secretary, Ministry of Petroleum and Natural Gas

In order to incentivize development and production of natural gas from deep water, ultra-deep water and HPHT areas, Government through its Notification No. 0-22013127 /2012-ONG-D-V (Vol-2) Dated 21st March 2016 allowed marketing and pricing freedom for gas produced from these areas. However, FIPI advocated that ceiling price should be removed and enumerated following reasons for the same:

- Since all new domestic gas production has complete marketing and pricing freedom therefore, an arbitrary ceiling price on gas produced from difficult fields is discriminatory and counterproductive to the Government's objective of incentivizing upstream investments and production from difficult fields. Removal of price ceiling would enable market forces to offer best available prices to both producers and consumers.
- There is a disconnect between the ceiling price notified every 6 months based on historical data and market price based on future gas price outlook. The ongoing COVID-19 pandemic is expected to widen the disconnect between the current price and PPAC notified gas price with 15 months lag.
- With the rapid expansion of pipeline network in future and upcoming Regas terminal capacity more gas supply through LNG imports is expected to flow into India with market discovery of prices and as such the purpose of introducing the price ceiling for putting restrictions on marketers from exploiting the supply-constrained market loses its relevance.

FIPI requested the Government to review the requirement of ceiling price in March 2016 Notification and remove it by a suitable amendment by providing complete pricing freedom to align prices with other progressive licensing regimes in the country.

Impact of COVID-19 on Indian Oil & Gas Industry and Immediate Steps Required to Support the Natural Gas Industry

Submitted to: Chairperson, Petroleum and Natural Gas Regulatory Board (PNGRB)

The outbreak of COVID-19 has adversely affected the oil and gas industry in India with rapid fall in crude oil prices and in spot LNG prices along with the natural gas prices in the four major hubs in the world.

FIPI suggested some of the issues which need regulatory intervention:

- Annual levy of other charges under the PNGRB regulations may be waived off for this year.
- PNGRB may provide a moratorium for compliances like audits, mock drills under the PNGRB Act for the affected period.
- Days affected due to COVID-19 may be considered as Force Majeure for tariff workings during tariff reviews of natural gas pipelines
- Following steps may be taken for CGD entities:

- MWP for CGDs may be shifted by 6 months to provide relief to CGD entities.
- Restoration charges for CGD companies may be reduced/waived off temporarily.
- Process for obtaining permissions/licenses such as DM NoC, PESO License, etc may be made online
- A zero-interest working capital loan may be provided by banks to MSMEs to ensure liquidity to make payments to vendors and suppliers.
- The producer should be allowed for the reimbursement of the cost of laying the pipeline by DGH in cost recovery or by PNGRB through tariff.
- Independent Pipeline System Operator (ISO) for establishing gas hubs and administering pipeline capacity booking on non-discriminatory terms.
- Standardised GTA terms will help in avoiding the mismatch between the terms of different transporters and enable third-party shippers to compete with integrated gas transporters on fair and non-discriminatory terms.
- Promoting usage of LNG in long distance buses under STU's and supporting in facilitating the setting up of LNG retail outlets
- Replacement of more polluting Liquid and Solid fuels by Natural Gas within a stipulated timeline should be promoted
- The possibility for replicating the success of Morbi, Gujarat in other polluting industrial clusters may be explored by CPCB/NGT.

Submissions on Market Creation for LNG as a Long-Distance Transportation Fuel for Medium & Heavy Commercial Vehicles (MHCV) Segment in India

Submitted to: Secretary, Ministry of Petroleum & Natural Gas

FIPI in knowledge partnership with PwC had carried out a study titled "Viability Assessment of Liquefied Natural Gas (LNG) as a Fuel for Long-distance Transportation" in 2018 with the aim to identify the support needed from various authorities for enabling policy framework for the development of LNG infrastructure:

- **NITI Aayog**
 - Developing a policy enabling State Transport Corporations (STUs) to induct and accord priority to LNG fleet while purchasing new buses
 - Issue guidelines to Government departments to use LNG vehicles for heavy-duty long-distance transportation needs.
 - A central body on the lines of EESL can be created to accelerate the penetration of LNG trucks in the Indian industry
 - Create an integrated roadmap for LNG as a transportation fuel
 - Provide infrastructure status and priority lending for gas / LNG infrastructure for cheaper capital
 - Provide special schemes with financial incentives for retrofitting and converting old vehicles to LNG.
- **Ministry of Road Transport & Highways/Ministry of Heavy Industries and Public Enterprises**
 - May allow LNG trucks to operate for up to 15 years + 5 years
 - The vehicle scrapping policy may be amended to provide incentives such as levying lower GST on new LNG vehicles against a scrapped diesel vehicle.
 - Declaring certain highways as Green Corridors, where LNG/LCNG stations can be set up expeditiously on State / National highways
 - Exemption of Road /Toll tax for LNG vehicles for 5 years for market creation.
 - State policy thrust may be given by rationalizing road tax for factory fitted LNG vehicles and making them at par with Electric Vehicles.
 - Govt has formulated a scheme viz. Faster Adoption and Manufacturing of (Hybrid &) Electric Vehicles in India (FAME) in 2015. A scheme on similar lines may be considered for faster adoption of LNG fleets and market creation
- **PESO**
 - Approve larger size fuel tanks of capacity 500 L - 600 L to be used in LNG trucks.
 - Allow ISO containers to be used for LNG transportation.



- Permit development of mobile LNG & L-CNG stations
- Develop guidelines for retrofitting Diesel and CNG vehicles to LNG
- Issue Safety Guidelines for annual check-up of LNG vehicles
- **GST Council**
 - GST reductions on LNG vehicles and related equipment and treating them at par with Electric Vehicles from the current 28%
 - Bringing natural gas under GST and in the slab of 5% equal to GST on Coal, LNG being the clean fossil fuel.

FIPI requested that the above issues with the relevant Ministries be taken up suitably which will help in promoting the use of LNG as a transportation fuel in line with the vision of the MoPNG

Pricing of Domestic Natural Gas:

Submitted to: Secretary, Ministry of Petroleum & Natural Gas

The Government has moved away from regulated natural gas marketing and pricing regime to allow freedom for marketing and pricing of domestic natural gas including gas produced from on land and shallow water areas.

Developing offshore natural gas reserves involves large investment, long lead time with significant operational and economic risks. The risks are further amplified for difficult fields in deep and ultra-deepwater high pressure high temperature environments. Increase in domestic output can be achieved with marketing and pricing freedom. PNGRB has revised its pipeline tariff regulations (unified tariff) allowing better returns for pipeline companies. India's pipeline network is expected to almost double in the next five years.

There is a disconnect between the ceiling price notified every six months based on historical data and market price based on future gas price outlook. This makes discovery of market price through transparent competitive bidding for sale of gas difficult. Therefore, bridging the gap between ceiling and LNG price becomes imperative to support the Prime Minister's vision of a gas-based economy.

Hence, FIPI requested the Government that full marketing and pricing freedom be extended to the entire gamut of natural gas including from nominated blocks. This would go a long way in developing the domestic gas market and increase in investment which will eventually lead to increase in domestic gas production and help India in becoming a gas-based economy.

Finance

Clarification on Non-Applicability of GST on Profit Petroleum

Submitted to: Principal Commissioner, GST Policy Wing, CBIC

There is a need for clarification on non-applicability of GST on contractor's share of profit petroleum earned as per the provisions of Production Sharing Contract (PSC). PSC is an economic sharing agreement and PSC members are entitled to its share of any profit petroleum generated in the business. FIPI mentioned a letter from MoPNG which states that the arrangement between Government and Contractor is on a 'principal to principal' basis and not on 'service provider-service recipient' basis and as such Profit Petroleum cannot be treated as consideration for a service. It has been clarified by MoF that the Government's share of Profit Petroleum is exempt from Service Tax and GST. However, since there is no specific exemption for the period from 01.07.2017 till 24.01.2018, the industry is apprehensive that field formations may seek to levy GST on Government's share of Profit Petroleum during 01.07.2017 till 24.01.2018. Further, there is no clarity regarding Service Tax and GST on Contractor's share of Profit Petroleum.

FIPI also mentioned a copy of the judgement of Honorable Supreme Court of India wherein they have confirmed that the

PSC is a contract for sharing profit among the constituents and the Government.

Hence, a clarification may be issued that Government's share of Profit Petroleum from 01.07.2017 to 24.01.2018 is exempt from GST. Further, a clarification may also be issued on the lines of exemption on Government's share of Profit Petroleum that contractor's share of Profit Petroleum is exempt from Service Tax and GST as it is a profit share and not a consideration for any service.

Request to withdraw Amendment u/s 8(3) (b) of Central Sales Tax Act (CST Act)

Submitted to: Joint Secretary, Revenue & NC, Ministry of Finance

There have been several concerns of oil & gas industry due to the proposed amendment u/s 8(3)(b) of Central Sales Tax Act (CST Act) pertaining to issuance of Form-C on Inter state Sale or purchase of Goods by dealer or manufacturer or for the use in mining or in the generation of power which provides 2% CST. This will have a significant adverse impact placing restrictions on non-issuance of Form-C on procurement of five key petroleum products and will lead to a substantial increase in tax, making some of these products even uncompetitive.

FIPI believes that since the oil & gas sector companies are already suffering with huge stranded taxes due to non-availability of input tax credit (ITC) of the taxes paid on procurement of capital goods, inputs and input services used for manufacturing and distribution of the excluded goods (non-GST) and therefore, earnestly requested that in the interest of the oil & gas industry, the withdrawal of amendment u/s 8(3)(b) of Central Sales Tax Act (CST Act) till inclusion of the excluded petroleum products, namely crude oil, natural gas, MS, HSD and ATF under GST regime be accepted.

Need for Clarification on Sale of Petroleum Products in the Course of Inter-state Trade or Commerce against Form C

Submitted to: Revenue Secretary, Ministry of Finance

It is noticed that ever since implementation of the GST regime, most of the state tax authorities have stopped issuance of C form for purchase of Non-GST goods such as natural gas for use in manufacturing of GST goods. This has led to number of litigations and challenges by several buyers located across India which approached judicial authorities on the grounds that since no amendment to Sec 8 (3)(b) of the CST Act had been effected, the eligibility to procure Non-GST goods against Form C remained unchanged even after 01.07.2017.

The Supreme Court and several high courts have issued judgements to conclude that C Form should be issued to all the customers including manufacturing sector even after the implementation of GST. Pursuant to the judgment of the Supreme Court, the Ministry of Finance, Department of Revenue, have also advised the States for ensuring compliance with the above judgment.

This ambiguity has an extremely adverse effect on a product like natural gas and puts domestic gas at significant cost disadvantage with alternate fuels like Furnace Oil (FO), Coal, Petcoke, etc.

FIPI strongly believes that to achieve the Government's objective of increasing use of natural gas in the country, it is important that current price distortions due to varying tax rates on natural gas are removed and a simple and standardised tax regime is enabled for sale of natural gas across the country. FIPI, therefore, requested the concerned authority to pursue with the GST Council for inclusion of petroleum products under the GST regime and in the interim, issue a circular, for issue of C form in line with Supreme Court judgement at the earliest which will provide the necessary clarity to the industry in this regard.

Maintenance of Rating by Credit Rating Agencies

Submitted to: Chairman, SEBI

The sudden outbreak of coronavirus disease 2019 (COVID-19) has severely affected the logistics arrangements, resulting in massive disruptions in the global supply chains, hampering economic activity worldwide. During this critical phase of pandemic transmission and complete lockdown, the business activity has come to a standstill. The oil and gas companies operating in India are also affected in view of logistical constraints and price drop. The business houses have come under severe liquidity crunch due to delay in realizations and stock pile-up besides drastic impact on bottom lines. Such down pressure is expected to remain in the system for the remaining part of this fiscal year.

Under such a scenario, the credit quality of corporates is expected to deteriorate from a lender's or rating agency's perspective. Any downgrading in credit rating may lead to compounding of the problem by limiting availability of credit facilities at affordable interest rates to industry and business in general. FIPI, therefore, requested the Revenue Secretary to advise Credit Rating Agencies to not to abruptly down-grade ratings of Companies and a general direction /guideline may be given to them to view the situation leniently during this period of disruption.

Impact of COVID-19 and Lockdown on Oil & Gas Industry and Immediate Steps required to Support Petroleum industry

Submitted to: The Governor, Reserve Bank of India

The sudden outbreak of coronavirus disease 2019 (COVID-19) has severely affected the logistics arrangements, resulting in massive disruptions in the global supply chains, hampering economic activity worldwide. There has been a severe impact on oil and gas industry as well.

FIPI has requested the RBI Governor to consider following relaxations: As per Large Exposures Framework (LEF) issued by RBI on 3rd June, 2019, the sum of all exposure values of a bank to a group of connected counterparties must not be higher than 25% of bank's available eligible capital base at all time. Having these guidelines in place, banks even if willing are not able to lend at present. For large PSUs like ONGC, IOCL, HPCL, and BPCL, RBI may extend waiver of LEF applicability to the Banks for short-term working capital loans.

- **Loan System for Delivery of Bank Credit:** As per extant guidelines on the subject, cash credit can be extended by banks only after availment of 60% as minimum level of loan component with minimum tenor of 7- days. Under present circumstances, compliance to such stipulation is a big challenge to keep a minimum level of loan commitment without cash flow certainty. It is requested that public sector banks may be allowed to extend CC/ OD facility without asking for minimum level of loan component and tenor requirement.
- **Moratorium:** RBI has announced a moratorium of 3-month on payment of instalments falling between 01.03.2020-31.5.2020 on all term loans and deferment of interest recovery on cash credit/ overdraft. Considering the ongoing impact and its probable aftermath, it is felt that such relief may be extended, at the option of borrower, for a further period of six months beyond May, 2020.
- **ECBs for meeting working capital requirement:** New ECB Policy issued by RBI on 16th January, 2019 permits Public Sector Oil Marketing Companies (OMCs) to raise ECB for working capital purpose with minimum average maturity period of 3 years under the automatic route. The overall ceiling for such ECBs shall be USD 10 billion or equivalent. In view of the COVID-19 pandemic, RBI may kindly allow raising ECBs for working capital purposes on the same lines granted to OMCs.
- **Increasing the FE Revolving lines:** The FE revolving lines were made available to OMCs to take care of the forex payments (crude oil supplies) to contain the USD/ INR volatility and also avail credit at reasonable rates. RBI may consider increasing the limit of these revolving lines to ease the tight liquidity situation.

Union Budget: 2021-22

Submitted to: Revenue Secretary, Ministry of Finance

FIPI submitted the following recommendations for the Union Budget 2021-22:

- **Amendment in section 115JB to Allow for Deduction of Intercompany Dividend Eligible for SOM Deduction:** As per the amendment brought out by the Budget 2020, dividend distribution tax has been abolished and dividends are now taxable in the hands of the shareholder. However, as per new Section 80M, any dividend received from the corporate body which is used to further declare dividend to its shareholders, is not taxable and eligible for deduction. Though this amount is eligible for deduction, the same continues to be taxable under provisions of Minimum Alternate Tax ('MAT'). This not only leads to additional cash outflow but also does not achieve the target of removing the cascading effect of taxes.
- **Extension of Provision of Section 115BAB to Tax New Mining Companies at Concessional Rate of 15%:** Government vide Income Tax (Amendment) Ordinance, 2019 introduced Section 115BAB which provides for a concessional rate of tax of 15% (ETR 17.16%) for new domestic manufacturing companies subject to satisfaction of certain conditions. However, explanation to 115BAB (2)(b) of the Act clarifies that certain activities including Mining shall not constitute manufacturing for the purpose of this section. FIPI recommended that benefits of this section must be extended to mining companies including oil and gas exploration and development.
- **Tax holiday to New Blocks Awarded under OALP on lines of section 801B (9):** Presently, under the new policy - HELP, the Government through the new OALP has allowed several new blocks on revenue sharing basis for extraction of oil. However, there are no significant tax incentives other than marginal modification in royalty rates in the new policy. In order to boost oil production and make oil companies more competitive globally, the tax holiday benefits should be restored to new blocks also which are awarded under the Government's new OALP.
- **Non-availability of MAT Credit Under Section 115JAA of the Act:** The provisions of section 115 JAA of the Act have also been amended providing that credit . available for set-off under section 115JAA would not be available for set-off in subsequent assessment years. MAT is calculated on book profits of a company in the year in which tax calculated on taxable income of the company is less than MAT. As the additional tax in the form of MAT, is paid on the premise that credit thereof would be available against tax payable in subsequent years, denial of set-off of MAT credit to a company, would mean ending up paying tax on income which has never resulted. FIPI recommended that the allowability of existing MAT credit be re-considered by inserting a suitable clarification in section 115JAA of the Act, either in full or in equal instalments for 5 or 10 years.

Request for Amendment in Notification No. 20/2019-Customs to Maintain the Same Rate of Customs Duty on Crude from 1st April, 2021

With reference to the changes in the tariff lines under the heading 2709 in the Customs Tariff Act, 1975 as proposed in the Finance Bill 2021 effective from 1st April, 2021 FIPI has submitted its observations as under:

- **Effective Rate of Customs Duty on Crude:** Effective rate of Customs Duty on import of crude falling under HSN 27090000 by virtue of exemption provided vide notification no. 5212017 dated 30th June, 2017 as amended by notification no. 20/2019 dated 6th July, 2019 is Rs. 1 per tonne and the same will not be applicable from 1st April, 2021 due to change in HSN.

FIPI recommended that since the HSN 27090000 is proposed to be changed to 27090010 & 27090090 from 1st April, 2021, it is requested that the notification no. 20/2019-customs may suitably be amended so that the effective rate of customs duty on import of crude is maintained at the same level of Rs. 1 per tonne.

Urgent Relief sought to Mitigate the Liquidity Constraints of Oil Companies in view of COVID-19 crisis

Submitted to: Revenue Secretary, Ministry of Finance

The COVID-19 pandemic has led to a series of unforeseen challenges for us as a country. The refineries in the oil and gas sector are facing a peculiar crisis. With the announcement of a nation-wide lock down, the demand for petroleum products has fallen drastically, leading to abysmal cash revenues, which are insufficient to meet normal revenue expenditure. Moreover, the inventory of crude procured at higher prices will get refined and sold at lower prices, thus adversely impacting the cash flows and also profitability.

To discuss these concerns and pave a way forward, a meeting was held with the Chief Finance Officers (CFOs) of major oil & gas companies.

FIPI has recommended the following measures to mitigate the liquidity constraints of the oil companies:

- **Deferment in Payment of Excise Duty :** The Government of India is requested for deferment in payment of excise duty which may be allowed to be retained by the oil refining companies for a period of at least 6 months on the domestic sales of oil products to generate near term liquidity.
- **Flexibility in External Commercial Borrowings (ECBs) :** FIPI advocated that the Government should provide flexibility in end-use restrictions and hedging requirements on ECB for 3 and 5 years. GOI had allowed the public sector OMCs to raise ECBs for working capital purposes with a minimum average maturity period of 3 to 5 years. Similar facility be extended to Private oil refiners also thereby creating enhanced liquidity opportunities for them.
- **Sovereign Guaranteed Bonds (SGB) for Oil Companies:** The Government of India should provide medium term liquidity support to the oil industry through placement of oil sector specific SBG which could be issued by the oil refiners with modest covenants in the backdrop of current challenges in demand and profitability. These bonds may be unlisted, unsecured with annual interest payment & bullet repayment at the end of 5-7 years and have a coupon linked to G-Sec (around 6-8%).
- **Enhanced Duty Protection to Domestic Refiners :** The overall tariff protection available to refiners is just about 1 % on MS and HSD. The lack of tariff protection favours imports and puts Indian refiners at competitive disadvantage and also adversely affects the 'Make in India' objective of the Government of India. It is proposed that the tariff protection may be increased from the current around 1% to at least 5 %.
- **Targeted Long-Term Repo Operations (TLTRO) for Oil companies :** The Government of India should allow OMCs to participate in TLTRO of RBI against security of Oil Bonds. This will provide liquidity to them from the banks. It was suggested that MAT credit be allowed to be utilized in full or part in the new tax regime or at least MAT credit in books be allowed to be written off during the period of benefit or 5/10 years in the new tax regime.
- In these circumstances, it was suggested that Dividend Distribution should not be insisted upon this year.
- It was discussed that MWP for oil companies be deferred from 3 years +1 year to 4/5 years + 1 year.
- A unified tariff for transportation of gas should be brought out. PNGRB should change the methodology for calculation of the same.
- It was desired that the long-standing dispute with regard to payment of 18 % GST on royalty be resolved quickly.



**Research
Reports**

1. Impact of COVID-19 on Indian Oil & Gas sector

In March 2020, the Government of India implemented strict nationwide lockdowns to curb the spread of COVID-19 pandemic in the country. Strict restrictions on travel, railways, air travel and industrial sectors took a severe toll on the oil and gas sector in the country. Taking stock of the situation and to assess the severity of the impact, FIPI commissioned an in-house report on the impact of COVID-19 on the oil and gas sector in the country. The report estimates the impact of the pandemic on the global oil and gas sector and the new global trends that will emerge in the industry in the post pandemic world. The report further deep dives on the impact of the pandemic induced lockdowns in the country, and how the country could chart a faster recovery from the lows it witnessed during the months of April and May 2020.



2. Natural Gas for Power Generation

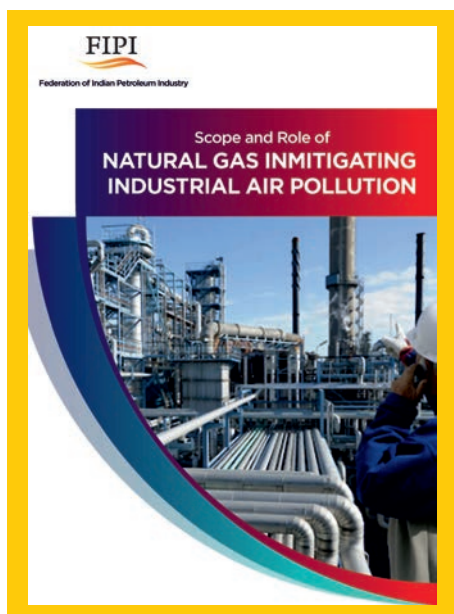
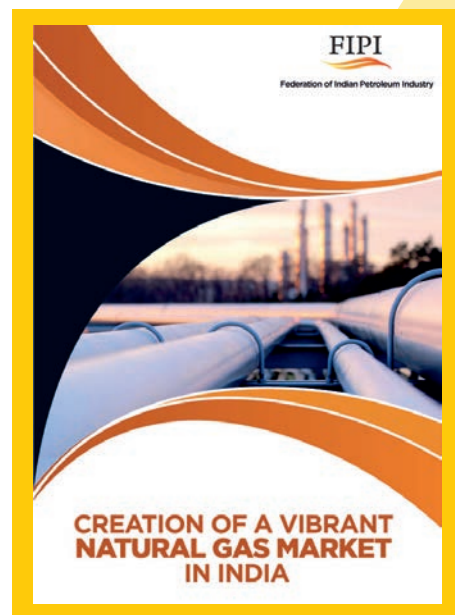
The Hon'ble Prime Minister of India has set a vision of increasing the share of natural gas in the country's Primary Energy Mix (PEM) from a present 6 per cent to 15 per cent by 2030. In this regard, the Government has taken various policy measures in the recent past to increase the demand for natural gas in the country. However, the power sector, one of the anchor consumers of natural gas in the country, is still receiving less than 12 Bcm against a potential demand of 42 bcm of natural gas. As a result, 14 out of 27 GWs of gas-based power generation capacity is presently stranded and will eventually turn into stressed assets. In this regard, FIPI along with KPMG as the knowledge partner, has now completed a detailed study that proposed various routes for mainstreaming of natural gas in power generation mix.



Upcoming Research Reports in 2021-22

1. Creation of a Vibrant Natural Gas Market in India

An achievable transition must be based on the energy that is available for all global society; it must be clean, the supply must be secure, and it must be affordable. A just transition can only be achieved with Gas as a major component of the global energy mix. Keeping that in mind, FIPI and its members from the natural gas committee have developed a report on “Creation of a Vibrant Natural gas market in India”. The report focuses on the role of Gas in today's energy transitions. It has identified the various policy reforms that have been undertaken during the last 5-6 years in the gas value chain and have also highlighted the further reforms/policy supports required from the Government/regulator to create a vibrant gas market in India. Such policy support, if extended, will help increase natural gas consumption while achieving twin objectives of (i) emissions reductions of CO2 and air pollutants and (ii) transforming India into a gas-based economy by increasing the share of natural Gas in the primary energy mix to 15% by 2030.

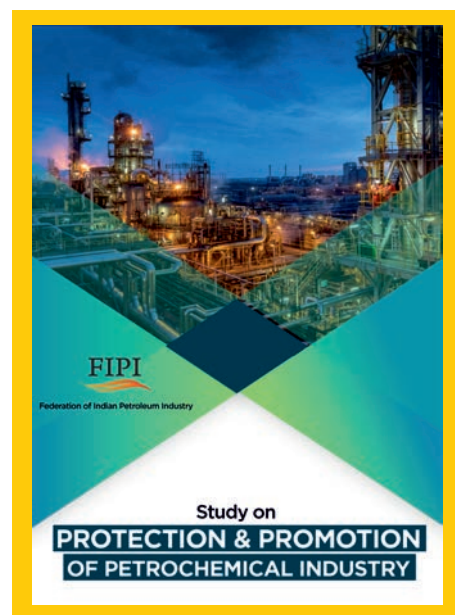


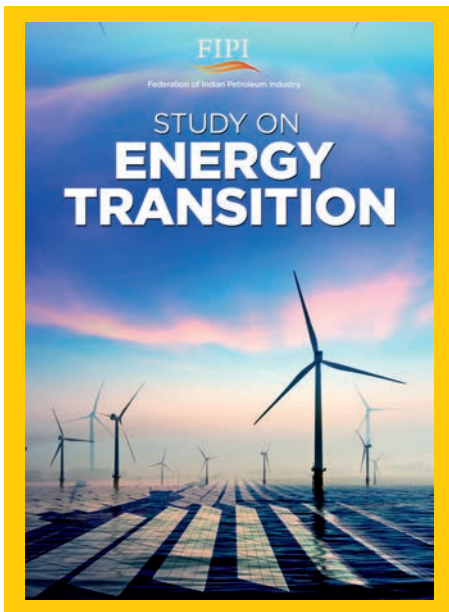
2. Scope and Role of Natural Gas in Mitigating Industrial Air Pollution

The proposed study will draw its inspiration from the environment status report by NEERI in the Morbi-Wankaner industrial cluster of Gujarat. Based on the findings of the report, the National Green Tribunal (NGT) mandated for a ban on use of coal gasifiers in the industrial cluster and advocated for a fuel switch in favour of gas. The proposed report intends to carry out a similar study in three selected industrial clusters in the country. The findings of the report will present a pressing case to the policy makers for mandating gas in industrial clusters and serve as a single data point for all advocacy efforts in this direction

3. Study on Protection and Promotion of Petrochemicals Industry

The objective of this study is to propose a detailed roadmap for developing indigenous petrochemical manufacturing capacity in India. The proposed study intends to explore the various policy and fiscal support the industry will require to make India self-reliant in petrochemicals and realize the noble vision of 'Make in India'. The study also intends to weigh the various tariff and non-tariff duties presently being implemented internationally and propose the best mix to support Indian petrochemicals industry.





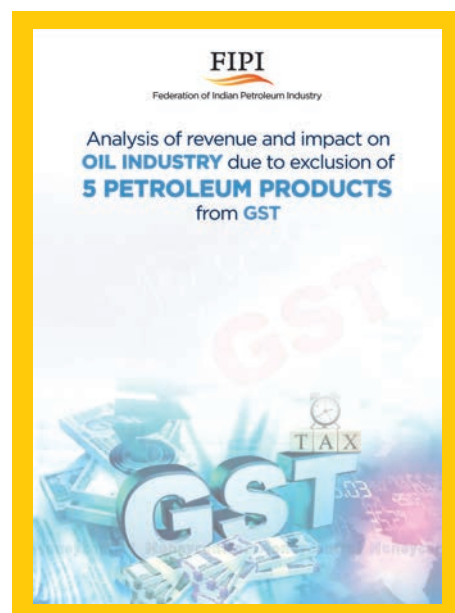
4. Study on Energy Transition

The world is already deep into the third energy transition towards greener technologies, efficiency gains and digitalization. Unlike all previous energy transitions, the ongoing energy transition is not brought about by the rise of a new fuel but is driven by increasing awareness about pollution and climate change. While there are multiple fuel technologies ranging from biofuels to RE to LNG through to EVs are on the rise, it is widely believed that the future global energy basket will have the space for all fuel technologies. Through this proposed study, FIPI intends to weigh the various upcoming trends and fuel technologies globally and suggest the best fit that will fulfill India's ambition of double-digit growth while maintaining the required balance with the country's environment and sustainability goals.

5. Analysis of revenue and impact on oil industry and other sectors due to exclusion of 5 petroleum products from GST and recommendation for their inclusion under GST

In 2019, FIPI, at the request of MoP&G had undertaken a study, in knowledge partnership with Deloitte, highlighting the impact faced by Oil and Gas industry due to the non-inclusion of 5 excluded products under the levy of GST with period of reference as July 2016 - June 2017 and July 2017 – June 2018. The detailed report with findings and recommendations was submitted to MOP&G.

MoP&G has now asked FIPI to update the study by carrying out the impact assessment for the years, FY 2018-19, FY 2019-20 and FY 2020-21.



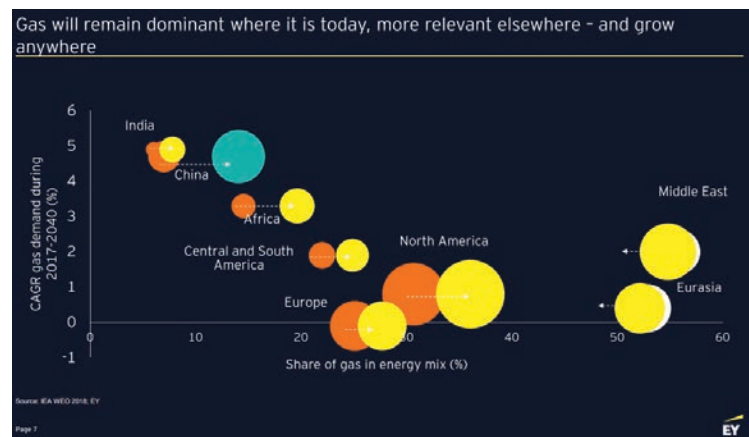
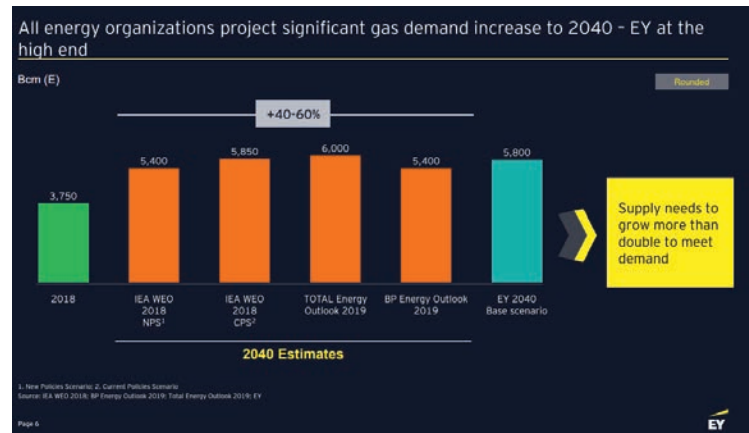


Events

Webinar on Gas Market Outlook - Navigating the Challenges – May 1, 2020



The outbreak of COVID-19 pandemic all over the world has disturbed the political, social, economic and financial structures of the whole world. The strongest of the economies around the globe are struggling to cope with the situation in the aftermath of an unprecedented demand shock and a complete shutdown of all economic activities that drive growth. This unexpected pandemic presents profound challenges for the global natural gas industry. The Federation of Indian Petroleum Industry (FIPI) in association with Ernst & Young organized a webinar on “Navigating the Challenges in the Current Gas Market” on May 01, 2020. The webinar saw attendance of over 350 participants from more than 75 companies. Dr. R.K. Malhotra, Director General, FIPI gave the overview stating that the outlook for global natural gas demand was optimistic before COVID-19 pandemic backed by steady growth throughout the world, however if delayed stabilization happens, the global demand in 2020 will take a hit and may fall well below the 2019 levels. He further stated that oversupply and demand shrinkage have led to collapse of global prices of LNG and this can compete with coal for power generation in favour of gas in India. Among the gas consuming sectors, CGD was the most impacted with restricted transportation, non-essential industries are shutdown. The panellists included eminent leaders, Mr. D. K. Sarraf, Chairperson, PNGRB; Mr. Prabhat Singh, MD&CEO, Petronet LNG; Mr. E. S. Ranganathan, Managing Director, IGL; Mr., Rajeev Mathur, Executive Director, GAIL; Mr. Suresh P. Manglani, CEO, Adani Gas Limited. There was an interactive panel discussion with eminent leaders from the gas industry and the Chairman PNGRB shared the regulatory perspective towards the end of the webinar.



CFO Meeting to Discuss Liquidity Constraints of Oil Companies - May 11, 2020

A virtual meeting was held on May 11, 2020 with Chief Finance Officers of oil and gas companies that are members of FIPI to discuss the liquidity constraints of oil companies during these trying times and to pave a way forward. The meeting was attended by Mr. Subhash Kumar, Director (Finance) ONGC; Mr. Sandeep Kumar Gupta, Director (Finance) IOCL, Mr. A.K. Tiwari, Director (Finance) GAIL, Mr. Harish Madhav, Director (Finance), OIL, Mr. Harak Banthia, CFO, HMEL; Mr. Anup Vikal, CFO Nayara Energy; Mr. Vivek Rathi, Dy. CFO Cairn Oil & Gas, Vedanta Limited and Ms. Sujata Londhe, CGM, HPCL. Dr. R.K. Malhotra, Director General, FIPI and Mr. Rajiv Bahl, Director (Finance), FIPI also participated in the meeting. The agenda of the meeting was to discuss two issues - Liquidity issues faced by the oil companies due to fluctuating oil prices and the downward trend in sales volume and additional strategic storage capacity over and above the existing one.

Dr. R.K. Malhotra while welcoming the participants gave an overview of the current crisis situation created by COVID-19 and the difficult phase the oil

and gas industry is going through at present as also the serious challenges being encountered by the oil companies during the lockdown period.

Mr. Rajiv Bahl, Director (Finance), FIPI gave an overview of the Agenda. He conveyed that the oil prices have collapsed leading to unmitigated inventory losses, impacting working capital, liquidity and cash flow in the immediate and shorter term, leading to massive increase in borrowings. A variety of suggestions were made both by the upstream as well as the downstream sector in terms of the support that is required from the Government.



Webinar on COVID-19 Crisis Management – Challenges in Oil Marketing - May 15, 2020

The Federation of Indian Petroleum Industry (FIPI) joined hands with iTEN Media to organize the webinar on 'COVID-19 Crisis Management – Challenges in Oil Marketing' with the objective to provide the India's Oil Marketing Companies (OMCs) with a unique platform to share their experiences of circumventing barriers to ensure uninterrupted supply; to highlight bottlenecks and future challenges; and to cull out areas, where Government support will be imperative for OMCs to successfully tide over the COVID inflicted crisis.

The esteemed panel for the webinar comprised of Mr. Sunil Mathur, Executive Director (LPG), IndianOil; Mr. P. S. Ravi, Executive Director – Retail, BPCL; Mr. Madhur Taneja, CEO– Oil Retail, Nayara Energy and Mr. Raj Bhan, Senior Vice President, RIL. The panel discussion was moderated by Mr. Anish De, National Head – Energy & Natural Resources, KPMG. The opening address at the webinar was delivered by Dr. R. K. Malhotra, Director General, FIPI. Dr. Malhotra pointed out that lockdown due to COVID-19 has created havoc for the global economy and India is no different. He highlighted that liquidity has emerged as a major issue for Oil Marketing

Companies (OMCs) as they continue to incur expenses during the lockdown while the revenue witnessed a sharp fall. He further reiterated that FIPI stands firmly by the ailing Indian industry at this time of crisis and assured that FIPI has been working closely with the Government to create a supportive policy ecosystem for the industry to grow.

The webinar received an overwhelming response and was attended live by over 300 participants ranging from Ministry, regulators, OMCs to media. The panel discussion proved extremely engaging and witnessed some very insightful replies to the questions raised by the participants.

Webinar on Impact of COVID 19, Lockdown & Depressed Oil Price Scenario on Upstream Operators and Service Providers - May 27,2020

The Federation of Indian Petroleum Industry (FIPI) joined hands with iTEN Media and Boston Consulting Group to organize a webinar on 'Impact of COVID 19, Lockdown & Depressed Oil Price Scenario on Upstream Operators and Service Providers'. The objective of the webinar was to provide India's oil & gas upstream operators and service providers with an opportunity to share the challenges of managing the current situation and to highlight the key areas where Government's support and intervention was required. The esteemed panellists included Dr. Rajesh Kumar Srivastava, Director (Exploration), ONGC; Dr. P. Chandrasekaran, Director (Exploration & Development), OIL; Mr. P. Elango, MD - HOEC Ltd.; Mr. Sai Subramanian, President (Rajasthan Operation), Cairn Oil & Gas, Vedanta Ltd.; Mr. Rajeev Kumar, Director Regulatory Affairs & Upstream Business Development - bp India and Mr. Gautam Reddy, MD India & Bangladesh, Schlumberger.

The session was moderated by Mr. Kasutav Mukherjee, India Energy Practice Lead, MD and Senior Partner, Boston Consulting Group. The opening address was delivered by Dr. R. K. Malhotra, Director General, FIPI. Dr. Malhotra at the very outset laid out some of the key challenges being faced by the sector in terms of risks to workforce health & safety, restrictions owing to COVID-19 lockdown, and the impact of low oil prices due to subdued demand. He also complimented the effort & determination of the industry to ensure continuity of business operations under such challenging times. He reiterated the continued support from FIPI for the industry and assured continuous engagement with the Government to ensure a more supportive policy framework targeted towards long term industry growth.

The webinar received an overwhelming response and was attended live by over 300 participants. The webinar saw attendance of large number of Operators and Service Providers from the upstream industry and senior Government Functionaries, Regulators and Media were also present at the event.

Virtual Workshop on 'Road Safety'- June 26, 2020

With the aim to create an eco-system that promotes safe road behaviours on Indian roads by collaborating with like-minded corporate and government and to spread awareness on best practices being followed worldwide, FIPI conducted a virtual workshop on 'Road Safety' in collaboration with Shell India (a member organization) on June 26, 2020.

Mr. Swapnil Kamulkar, General Manager, Downstream Land Logistics, Shell took the lead to initiate the programme.

Dr. R. K. Malhotra, Director General, FIPI while delivering his opening address highlighted that the oil industry has moved to BS-VI fuel standards considering the carbon emission and said that these clean fuels can improve the air quality. He also emphasized that digitalization & technology advancements like GPS tracking, speed monitoring can be applied for safe running of vehicles considering the fact that oil companies transport dangerous goods. Use of data analytics for analysing vehicle speed, route, driver behaviour can improve the safety, he further added.

The opening session from FIPI's side was also delivered by Mr. T. K. Sengupta, Director (Exploration & Production) and Mr. N. K. Bansal, Director (Oil Refining & Marketing). The other speakers of the Opening Session from Shell's front were Mr. Suresh Nair, Distribution Operations Manager and Mr. Pramod Srivastava, Road Transport Manager.

The panellists of the other sessions were Mr. Abhilash Verma, Global Road Safety Advisor; Mr. Sabyasachi Bhattacharya, RT Programme Manager and Dr. Kumkum Roy, Road Safety Lead, India.

Mr. Abhilash Verma presented the Award-winning initiative "Eye Camps for Commercial Drivers" as part of the Shell India CSR project. This initiative is successfully running since 2019 and more than 180000 Industry drivers are covered in India. The four-hour long virtual awareness session covered the topics like HSSE and Contract Management, Driver Management, Vehicle Management as well as Journey Management which was attended by more than 360 participants.



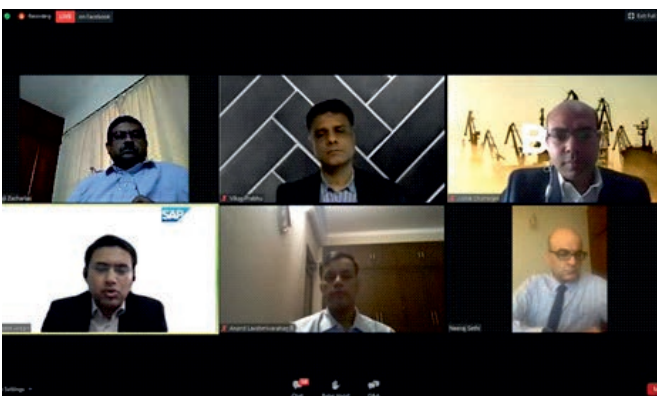
Young Professionals Forum: Leadership in Times of Transition - August 20-21, 2020



Dr R. K. Malhotra, Director General, FIPI delivering the opening remarks at FIPI Young Professionals Forum virtual conference.



Mr. Jamie Webster, Sr. Director, BCG CEI shared his insights on energy & price outlook, highlighting the demand and supply fluctuations impacted by the Covid19 pandemic and the potential of demand recovery as we move towards a post-pandemic world.



Captains of energy industry welcome the digital revolution as a door to new opportunities. The panel agreed that capacity building and skill up gradation of work force will be key in transforming the sector

The Federation of Indian Petroleum Industry (FIPI) in knowledge partnership with the Boston Consulting Group (BCG) organized the “Young Professionals Forum: Leadership in Times of Transition” during August 20-21, 2020. The two-day program provided the young professionals with a range of engaging sessions and activities to stimulate their mind to look for future business solutions. The Forum witnessed participation of more than 500 young professionals working across the globe in the oil and gas value chain.

The Forum was attended by Mr. Tarun Kapoor, Secretary, MoP&NG; Mr. Prabhat Singh, Managing Director & CEO, Petronet LNG; Mr. Sashi Mukundan, President, bp India and Senior Vice President, bp Group; Mr. Vipul Tuli, MD, Sembcorp; Mr. Mahesh Kolli, CEO, Greenko; Mr. Maheep Jain, Executive Director, EverSource Capital and Mr. Gautam Reddy, MD, India and Bangladesh, Schlumberger among other industry professionals. It had participation from industry professionals from overseas countries like the USA, UK, France, Angola, Oman, Algeria, New Zealand etc. The programme focused on themes like Digitalization, Energy Transition, Looking beyond COVID-19, Leadership in post COVID world and career progression which were very relevant in today's context. The discussions in each session were moderated by experts from BCG. The Forum was also accessible live through both Facebook and Zoom and witnessed an overwhelming participation.



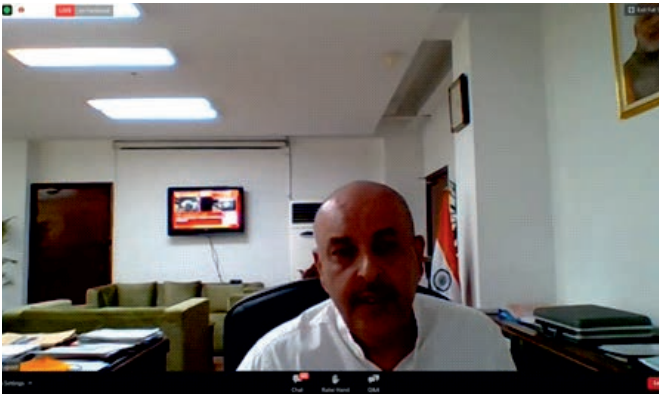
A panel of industry veterans explored emerging supply-demand situation and the impact of transpiring trends on the global energy industry in a session discussion on 'Looking Beyond Covid19



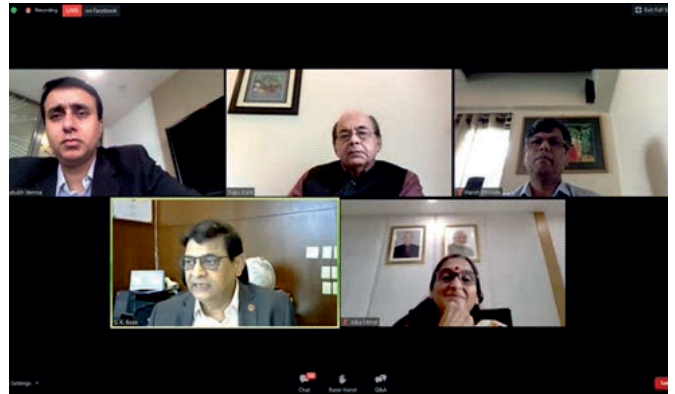
The future is race between Hydrogen fuel and electric. Market will decide which fuel takes the lead. India needs to carry out systematic life cycle analysis of energy efficiency and economic." - Dr. R. K. Malhotra, Director General, FIPI



As a leader you need to be genuine, transparent, empathetic, flexible compassionate & most importantly, always staying connected with the team, because this is the time when people feel most vulnerable" - Mr. Sashi Mukundan, President, bp India & Senior Vice President, bp Group



We are moving towards gas-based economy. Our trunk pipeline network is expanding, CGD network is growing and piped gas supply to industry, commercial establishments & homes is expanding exponentially alongside CNG" - Mr. Tarun Kapoor, Secretary, MoP&NG



Session on "Owning your career: Managing growth & relationships in the Digital World"



"Three mantras for industry leaders in the emerging world: Involve the youth at every stage in society. Be in harmony with society, environment & workplace. Take care of your people and they will take care of your business" - Rajiv Bahl, Director (Finance), FIPI

bp Energy Outlook 2020 – October 19, 2020

The Federation of Indian Petroleum Industry (FIPI) joined hands with bp India to organize bp Energy Outlook – 2020 on October 19, 2020. Due to the ongoing COVID-19 pandemic, this year the event was organized on a virtual platform, allowing a much broader participation from across the energy industry in India.

Dr. R K Malhotra, Director General, FIPI gave the welcome speech and emphasized the importance of the bp energy outlook and underlined that the report has acted as a guide for the global energy industry and helped prepare to tackle the uncertainties of the future.

Mr. Spencer Dale, Group Chief Economist, bp p.l.c., made a detailed presentation on the bp Energy Outlook 2020.

Mr. S. M. Vaidya, Chairman, IndianOil and Chairman, FIPI while delivering his concluding remarks thanked Mr. Spencer Dale for his detailed presentation. He highlighted that while accurate predictions cannot be made about the future scenarios due to a large number of variables and disruptions, the bp Energy Outlook has served as a guiding light for the entire industry in formulating strategies. The bp Energy Outlook takes into account the impact of COVID and showcases three possible scenarios emerging in the future. This will help the oil and gas companies to navigate through the potential uncertainties surrounding energy transition.

Mr. Sashi Mukundan, President, bp India and Senior Vice President, bp group while proposing vote of thanks highlighted the importance of this year's bp energy outlook in the backdrop of the COVID crisis. The session witnessed an overwhelming participation of more than 200 officials including industry experts, academia, Ministry officials and industry members.



Dr. R. K. Malhotra, Director General, FIPI welcomed the guests and global energy experts at virtual presentation of bp Energy Outlook 2020.



Mr. Spencer Dale, Group Chief Economist, bp shared a detailed presentation on current and emerging trends in the global energy industry. His insights indicate an increasing competition within and across fuels.



"Oil & Gas will continue to play a significant role in Indian energy mix. However, share of new & alternate energy sources, such as renewables will continue to rise. Natural Gas is also expected to grow continuously" - Shri S.M. Vaidya, Chairman, FIPI & IOCL.

2020 Edition of India Energy Forum by CERAWEEK – October 26-28, 2020



"Access to energy must be affordable and reliable for social - economic transition to take place." - PM Shri Narendra Modi.



"India's journey is multi-path for the energy transition."
- Shri Dharmendra Pradhan, Minister of Petroleum & Natural Gas and Steel, India



"India is an extraordinary country with extraordinary people and extraordinary ambition. We welcome PM Shri Narendra Modi's vision of Gas-based economy. There is enormous change happening under the leader" - Bernard Looney, Group chief executive, bp.

The 4th India Energy Forum by CERAWEEK was organised by IHS Markit under the aegis of Ministry of Petroleum & Natural Gas and in partnership with FIPI during October 26-28, 2020 through a virtual platform on the theme of 'India's Energy Future in World of Change'. A few of FIPI's member organizations, namely IOCL, ONGC, BPCL, HPCL, GAIL, OIL, PLL, EIL, RIL, bp, Shell, Nayara Energy and Cairn supported the event as its foundational partners.

The Hon'ble Prime Minister of India, Shri Narendra Modi inaugurated the Forum and shared with global and Indian energy leaders that the event is serving as an important platform between industry, Government and society. The Hon'ble Prime Minister's central message was that India's energy will energise the world. While outlining the seven key drivers for India's energy transition, the Hon'ble Prime Minister quoted: **'The ray of sun brightens the journey of human progress. Like the seven horses driving the chariot of sun god, India's energy map will have seven key drivers'** - Accelerating efforts to move towards a gas-based economy, cleaner use of fossil fuel, greater reliance on domestic sources to drive biofuels, achieving renewables target of 450 GW by 2030, increasing contribution of electricity to decarbonize mobility, moving into emerging fuels like hydrogen and digital innovation across all energy systems.

The India Energy Forum by CERAWEEK generated a global reach and a regional impact with the 5,093 delegates, representing 467 organizations, 45 countries and 160 media officials. The event witnessed dialogues amongst 76 speakers across 30 sessions.

The key five recommendations of Speakers emerged from the Forum are as under:

1. India must work to localize and increase the scale of battery manufacturing without which it would be difficult to bring down costs. Simultaneously, India has to work on battery recycling in order to reduce the import of raw materials. Active support from government policies is required to create a battery manufacturing hub to meet both domestic demand as well as exports.

2. The Indian Government should provide policy clarity to the innovation stakeholders and a 10-year ambitious roadmap on where India wants to be on the clean technology front. Developing countries like India need to create standards and certification infrastructure and intellectual capacity gearing towards new cutting-edge technologies, which is sometimes a hurdle for Indian entrepreneurs in disrupting the global market with local innovation.

3. The Government should introduce regulations like 45Q for carbon management in the US or Low Carbon Fuel Standard (LCFS) in California which incentivized technologies like Carbon, Capture & Storage (CCS) and Hydrogen

4. Rationalization of gas pipeline tariffs and taxation on gas will be critical to increase the penetration of gas in India's energy mix. The Government needs to move towards a market determined price regime, where prices are discovered by market and not controlled administratively.

5. Development of a robust biomass supply chain in all potential states, which includes establishment of decentralized biomass storage depots, and arrangement of aggregation and equipment will be a major opportunity for India in the coming years as far as the biofuels policy is concerned.

At the start of the India Energy Forum, IHS Markit experts framed the discussion by presenting the IHS Markit Outlooks on Economy & Geopolitics, Energy Transition, Global Upstream, Global Oil Markets and Global Gas and LNG Markets.

The Hon'ble Minister of Petroleum and Natural Gas & Steel, Shri Dharmendra Pradhan has invited the global industry and experts to become partners in India's shared prosperity by enhancing India's production of all forms of energy. Speaking at the Concluding Session of India Energy Forum, he said that inauguration of India Energy Forum by the Hon'ble Prime Minister is reflective of the importance the Government of India attaches to improve the energy security, architecture and transform our energy landscape at a time when the COVID-19 pandemic is impacting adversely the global energy sector.



"We are engaged in the Indian market with focus on transition energy or low carbon energies. One is natural gas and the other is renewable. We at Total want be the leader of energy transition in India." - Mr. Patrick Pouyanné, Chairman & CEO, Total.



"Energy is the engine of both our economy with Saudi Arabia as the world's biggest exporter and India as the fastest-growing energy consumers" - H.R.H. Prince Abdulaziz, Minister of Energy, KSA.



"US-India strategic partnership launched in 2018 at the direction of President Trump and PM Modi has strengthened our relationship, deepened our energy engagement and opened new areas of cooperation." - H.E. Brouillette, US Secretary of Energy.



"Our view is that Bio-energy will be a very key supplement, both for power and non-power applications. Biogas, Bioethanol & other new generation Biofuels have the potential to substantially reduce oil imports." - Shri Amitabh Kant, CEO, NITI Aayog



"What we are advocating in this energy transition is how to decarbonise the energy systems, not how to promote one source over another." - Mohammad Barkindo, Secretary-General, OPEC



"India based supply chains will be a great contribution to both economic development & security. There is a need to diversify the global supply chain and India is at the forefront of understanding that." - Dr. Daniel Yergin, Vice Chairman, IHS Markit

Shri Pradhan said that the Prime Minister on the first day of the event interacted with CEOs/Experts and Leaders of World's leading Oil and Gas companies and exchanged ideas on the energy sector in India.

Shri Pradhan thanked the participants of the event especially H.R.H. Prince Abdulaziz, Ministry of Energy of Saudi Arabia and H.E. Dan Brouillette, US Secretary of Energy for their special inaugural messages in the India Energy Forum. The Minister also thanked Finance Minister Smt. Nirmala Sitharaman and Minister of Railways, Commerce and Industry, Shri Piyush Goyal for joining the event.

During the 3-day event Shri Pradhan had launched the book titled "The New Map" by Dr. Daniel Yergin, Vice Chairman, IHSMarkit.

The India Energy Forum by CERAWEEK, which started in 2017, has become an annual feature. The principle idea behind is bringing together the global energy leaders and experts to India to deliberate on the opportunities and challenges in India's energy sector.



"While we are looking at Aatma Nirbhar Bharat, a self-reliant India, it is often understood as a program to close India's door. Whereas, it is actually to open our doors wider" - Shri Piyush Goyal, Minister of Railways, Commerce & Industry, India



"In India we want to create a large market for hydrogen and more emphasis will be on green hydrogen." - Tarun Kapoor, Secretary, MoP&NG



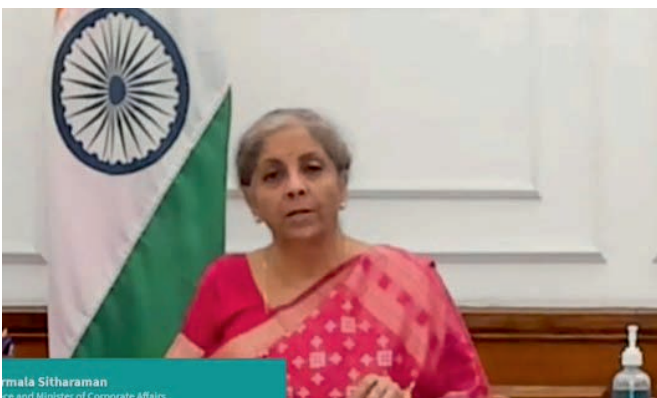
"Biofuels especially CBG will play a big role in India's energy future. There is a significant policy thrust for the biofuels in India. It offers the advantage of being environment-friendly & bringing economic security." - S. M. Vaidya, Chairman, IOCL.



Lead by PM Modi, we have made deep structural reforms in agriculture, labour, coal, mining, pricing of products & FDI. It will allow us to make strong, robust and sustained recovery. - Dr. Rajiv Kumar, Vice Chairman, NITI Aayog.



"We have a paradigm shift in the last 3-4 years. We have an emphasis on production maximization rather than revenue generation." - Shri S.C.L. Das, Director General, Dgh India



"Investment in efficient and clean energy is a focus area of the Government including production of ethanol from stored grains and using biomass to produce energy" - Smt. N. Sitaraman, Minister of Finance, India.



"Govt has taken path breaking reforms in this sector over past few years but GST continues to be a pain point for the industry. Hopefully this will also get resolved soon as Petroleum ministry is fully supportive of it" - Dr. R K Malhotra, Director General, FIPI.

Virtual Workshop on Enhanced Oil Recovery – December 11, 2020

A virtual workshop on Enhanced Oil Recovery (EOR) with the theme “EOR Enablers -Technology & Policy Framework to leverage EOR Potential in India” was organized by Federation of Indian Petroleum Industry (FIPI) on 11th December, 2020. The Union Cabinet approved the policy to incentivize the enhanced recovery methods for oil and gas in September, 2018. The workshop was organised to refresh the latest technology developments, academic researches and policy support required in the space of EOR.

Dr. R.K Malhotra, Director General, FIPI delivered the welcome address. In his welcome address Dr. Malhotra said that, FIPI has been deliberating on the tweaking required in EOR framework.

Shri Amar Nath, Joint Secretary (Exploration), Ministry of Petroleum & Natural Gas while delivering his opening remarks highlighted the investment challenge faced by the upstream industry in the time of energy transition. Speaking about adoption of technology, he desired that the workshop should bring out emerging innovative ideas, use of digital technology, nanotechnology etc. and based on it he asked FIPI to submit a report to the Government for consideration. Mr. S Roychaudhury, Director, Strategy & Business Development, Antelopus Energy moderated the panel session. Panel discussion saw deliberation on the subject from experts belonging to industry, academia, technology and policy stream of EOR.

Shri S.C.L. Das, Director General, Directorate General of Hydrocarbons in his closing remarks said that EOR is the need of the hour for India as majority of current production comes from mature fields. He said that, a symbiotic kind of partnership between the academia and industry will work with the support from overall fiscal and policy framework.

Shri T.K Sengupta, Director (Exploration & Production), FIPI delivered the vote of thanks and complimented the panellists & moderator of the Panel session for the fruitful discussion on the subject of EOR and bringing out new ideas.



Dr. R. K. Malhotra, Director General, FIPI welcoming the participants.



Shri Amar Nath, Joint Secretary, MoP&NG delivering the opening remarks.

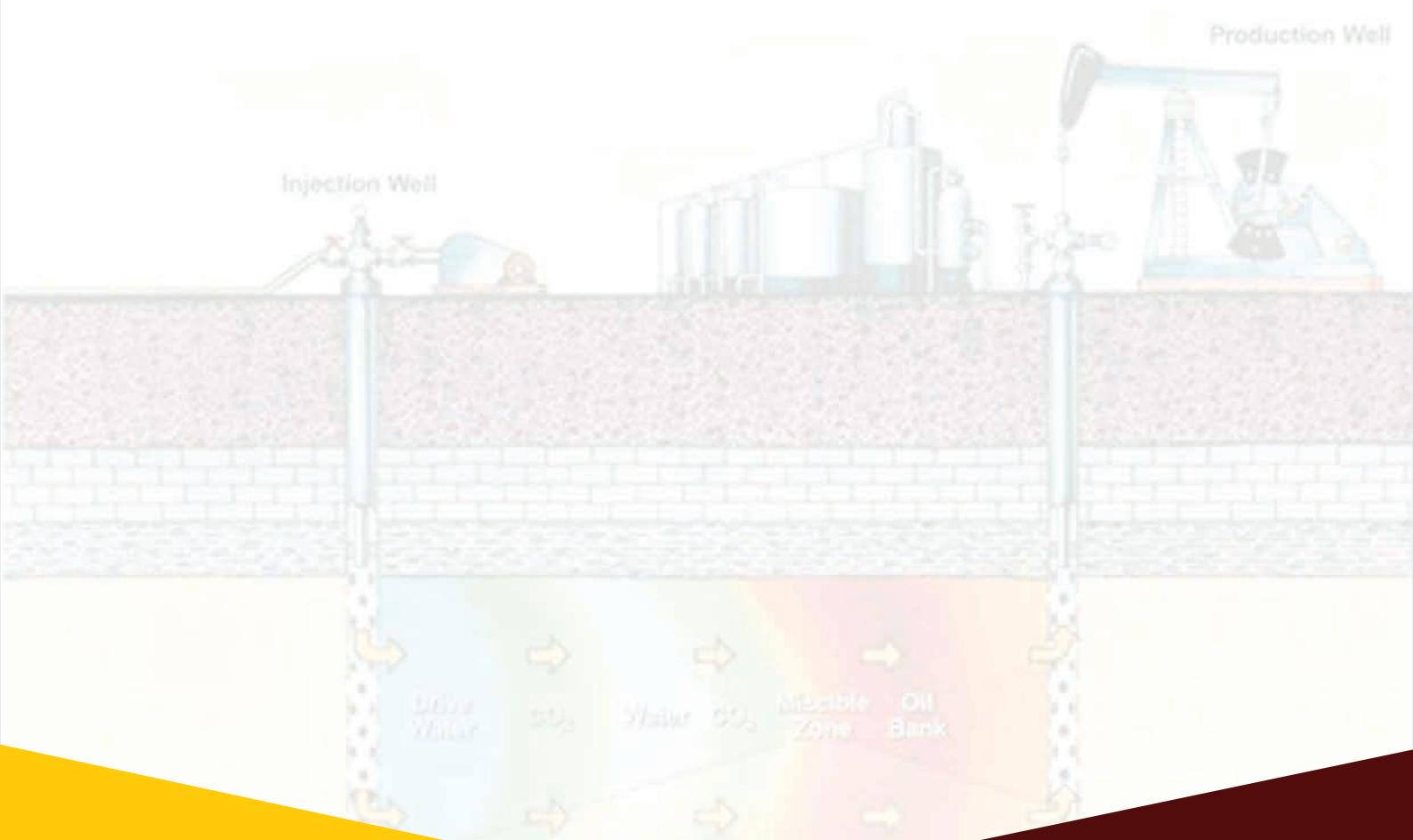


Panel discussion on "Technology & Policy framework to leverage EOR potential in India" moderated by Shri. S. Roychaudhury, Director - Strategy & Business Development, Antelopus Energy



Shri SCL Das, Director General, Directorate General of Hydrocarbons giving the special remarks

The virtual workshop saw participation of close to 235 delegates from the industry, policy regulator, academia, and technology & service providers.



FIPI Post Budget Analysis 2021- February 2, 2021

FIPI organized its flagship event titled FIPI Post Budget Analysis 2021 session on 2nd February, 2021 with Deloitte India as a knowledge partner. The session witnessed fruitful deliberations on the recently announced budget and its short, medium-and long-term impacts on the oil and gas sector. The session was attended by Mr. Subhash Kumar, Director - Finance, ONGC; Mr. Sandeep Kumar Gupta, Director - Finance, IndianOil; Mr. Anjani Kumar Tiwari, Director – Finance, GAIL (India) Ltd; Mr. Kartikeya Dube, Chief Financial Officer, Reliance BP Mobility Limited; Director – Finance, Petronet LNG and Mr. P Balasubramanian, Chief Financial Officer, Ratnagiri Refinery and Petrochemicals Ltd among other industry leaders and participants.

Dr R K Malhotra, Director General, FIPI welcomed all speakers and participants and highlighted that this budget will be remembered as a historic budget for supporting the ailing economy after the pandemic.

Mr. Hemal Zobalia, Subject Matter Expert, Infrastructure, Energy & Public Sector made a presentation on direct taxation whereas Mr. Gulzar Didwania, Partner, Deloitte India briefed the participants on indirect taxation.

The subsequent session at FIPI Post Budget Analysis 2021 was a panel discussion moderated by Ms. Bela Sheth Mao, Partner, Deloitte India. The panel was composed of key financial experts from across the oil & gas value chain. During the deliberations, it was highlighted that the pandemic has a debilitating impact on the oil sector. As result of the COVID-19 inflicted lockdowns, crude demand went down by around 29-30 Mbpd. In April, while oil prices stayed negative for a short period, gas prices remained negative for an extended period of 25-30 days in some locations. Though the demand has come back, but the pandemic has already taken away the growth for the last 7 to 8 years. In geologies like India, the prevailing low oil prices have proved very difficult to cope with for the upstream oil and gas industry. It was underlined that to ease the pressure on the upstream companies and attract additional



Dr. R. K. Malhotra, Director General, FIPI delivering the opening remarks.



Mr. Hemal Zobalia, Subject Matter Expert, Infrastructure, Energy & Public Sector shared a detailed presentation on Economic survey and Union Budget 2021

Goods and Services Tax

Legislative changes

- Input tax credit:** Further restrictions are imposed on claiming input tax credit by a taxpayer. Now input tax credit can be claimed only after it is matching with the details furnished by the supplier.
- GST audit and annual returns:** Getting annual accounts audited from a chartered accountant or a cost accountant is no more required. Form 9C may not be required to be certified from a chartered accountant or a cost accountant.
- Interest on delayed GST payment:** Retrospective amendment is being made from 1 July 2017 to levy interest on late payment of GST only on the net cash liability.
- Change in the definition of supply:** Activities or transactions between an association and its members for a consideration shall be treated as a supply with effect from 1 July 2017.
- Detention, seizure, and confiscation of goods:** The proceedings initiated for detention, seizure, and confiscation of goods are de-linked with the proceedings initiated under section 73 and 74 for the recovery of tax and penalty.
- Supplies to SEZs:** The benefit of zero rating on supplies made to SEZs would be available only if the same is used for authorized operations.
- Refund of GST on zero-rated supplies:** GST refunds granted on zero-rated supplies of goods are also linked to receipt of sales proceeds.
- Export of goods on payment of IGST:** The option of refund of IGST paid on exports shall be restricted only to notified categories of persons/suppliers.

Highlights

The proposed amendments under GST are largely intended towards improving the taxpayer's compliance behaviour that may also affect working capital.

However, the retrospective amendment in interest-related provision and doing away with the GST audit certification requirement are steps in the right direction.

Union Budget 2021

Mr. Gulzar Didwania, Partner, Deloitte India shared a detailed presentation on Economic survey and Union Budget 2021



Panel discussion on ' Union Budget 2021' moderated by Ms. Bela Sheth Mao, Partner, Deloitte



Mr. Rajiv Bahl, Director(Finance Taxation and Legal), FIPI giving the closing remarks

investment into the sector Government should consider reduction/abolishment of OID cess.

Further, panellists agreed that to make India a gas-based economy, inclusion of natural gas under GST is imperative. Till such time, the tax rates on natural gas should be moderated since the industry is not being able to pass that on. Government also needs to provide a GST roadmap to bring greater visibility for the investors. For the downstream sector investment in initial infrastructure in retail outlets, CNG stations etc. to enable an early adoption as they contribute to the dual objective of energy access and clean energy. To further encourage EVs and gas mobility, a taxation ecosystem needs to be built to encourage investment in cleaner mobility. Mr. Rajiv Bahl, Director – Finance Taxation and Legal, FIPI thanked all the speakers and reassured the speakers and the industry members that FIPI will take up the issues brought forward during the session with relevant Government authorities and seek necessary relief/support. FIPI Post Budget Analysis 2021 witnessed an overwhelming participation of over 250 participants hailing from across the Indian oil and gas industry.

Tenth Annual Convention of FIPI Student Chapters on March 19, 2021

The Tenth Annual Convention of FIPI Student Chapters was held virtually on 19th March 2021 on the theme 'Meeting Energy Demand Amidst Climate Commitments'. Due to the on-going pandemic situation, the event was held virtually. The FIPI Student Chapters were instituted to provide a common platform to academicians, students, technologists and management experts of the university/college for regular exchange of ideas in the field of energy with special reference to Oil & Gas and Petroleum Technology.

Faculty members and students from Six Chapters, viz JNTU Kakinada; MIT Pune; PDEU Gandhi Nagar; RGIPT Rai-Bareilly, Dibrugarh University, Dibrugarh & UPES Dehradun participated in the Convention.

Mr. T.K Sengupta, Director (Exploration & Production), FIPI gave the opening remark and spoke an overview of the importance of the oil & gas sector in meeting the future energy demand amidst the talks of energy transition. Mr. Sengupta said that, oil & gas industry is here to stay, however its percentage share in the overall energy basket may decline.

On the basis of presentations given by various chapters on the activities performed during the previous year, Dr. R.K. Malhotra, Director General, FIPI & Mr. T.K Sengupta, Director (Exploration & Production), FIPI, Mr. Rajiv Bahl, Director (Finance, Taxation & Legal), FIPI evaluated the performance of each chapter and declared PDEU as the best chapter for the year 2020.

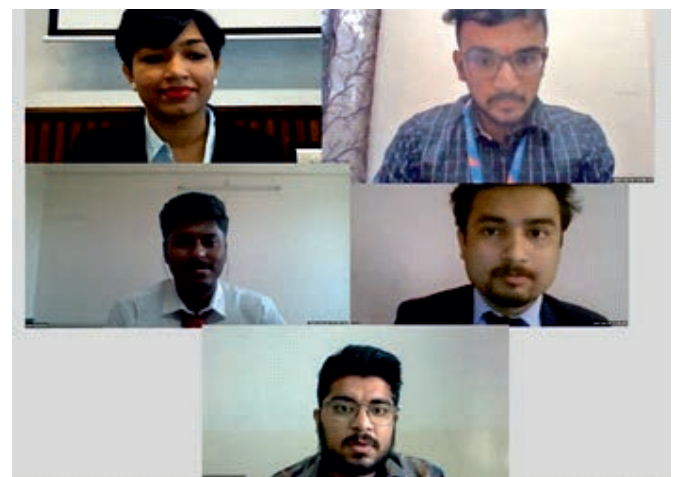
All the chapters also made a 15 minutes presentation on the theme "Meeting Energy Demand Amidst Climate Commitments". Dr. R.K. Malhotra, Director General, FIPI Mr. T.K Sengupta, Director (Exploration & Production), FIPI, Mr. Rajiv Bahl, Director (Finance, Taxation & Legal), FIPI evaluated the presentations and MIT, Pune was adjudged as the winner.



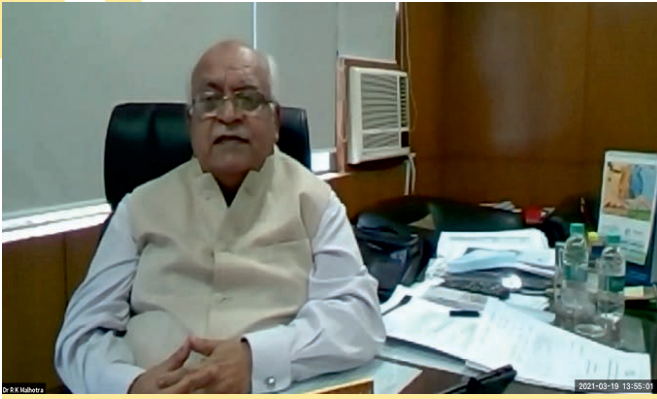
Mr. T. K. Sengupta, Director (Exploration & Production), FIPI delivering the opening remarks.



Students participating in the competition



Students participating in the competition



Dr. R. K. Malhotra, Director General, FIPI delivering the closing remarks and declared the winners.

Dr. R.K. Malhotra, Director General, FIPI gave the closing remarks on the occasion. Talking about the topic for presentation, he said that , climate change was given key focus in the midst of pandemic. Citing International Energy Efficiency chief, Dr. Malhotra said that, we need to focus more on energy resilience, sustainable future and India has committed to emission reduction . He appreciated the chapters for their excellent presentation and congratulated the chapters for their progress inspite of the Pandemic. He appreciated the sincerity and dedication of the chapters. In his closing remarks, he complemented the students and faculty members of the student chapters for their support. He sought the support from Faculty members in improving the industry-academia collaboration and assured full support from FIPI.

Focus in the midst of pandemic. Citing International Energy Efficiency chief, Dr. Malhotra said that, we need to focus more on energy resilience, sustainable future and India has committed to emission reduction . He appreciated the chapters for their excellent presentation and congratulated the chapters for their progress inspite of the Pandemic. He appreciated the sincerity and dedication of the chapters. In his closing remarks, he complemented the students and faculty members of the student chapters for their support. He sought the support from Faculty members in improving the industry-academia collaboration and assured full support from FIPI.



R&D Conclave 2021 – March 24-26, 2021

The Federation of Indian Petroleum Industry (FIPI) organised its flagship event titled R&D Conclave during March 24-26, 2021 at New Delhi. The FIPI R&D Conclave serves as a platform for the entire research community in the Indian oil and gas sector to gather under one roof, and showcase some of the most ground breaking research, and cutting-edge technologies being developed by some of the best minds in the business. Over its previous three editions, the FIPI R&D Conclave has witnessed in depth discussions and deliberations on some of the most innovative technologies being developed across the oil and gas value chain in India. Many of these technologies have proven hugely successful commercially in subsequent years.

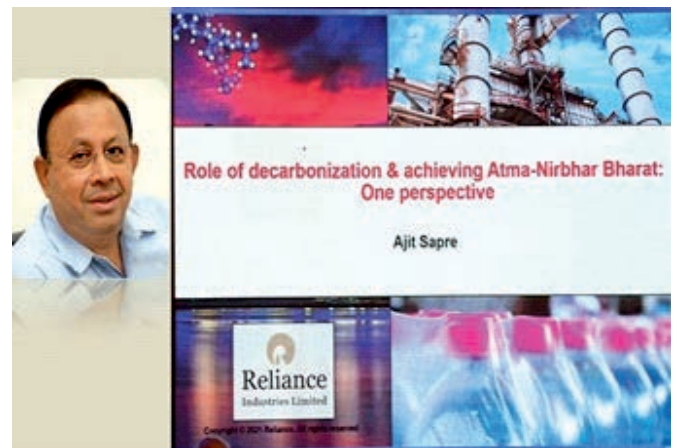
The inaugural session of the FIPI R&D Conclave 2021 was attended by R&D experts from across the oil and gas value chain in India. Speaking at the session, the Guest of Honour, Dr. Anil Kakodkar, Chairman, Rajiv Gandhi Science & Technology Commission and Former Chairman, Atomic Energy Commission highlighted the need for indigenous R&D activities in the Indian energy industry. Speaking at the session, Chief Guest, Shri Tarun Kapoor, Secretary, MoPNG appreciated the commendable work done by the R&D community in the oil and gas sector. He highlighted that imperatives such as efficiency gain, carbon capture and low carbon footprints have opened a plethora of opportunities for the R&D community in the industry. He acknowledged the phenomenal role played by FIPI in providing a platform for R&D experts and encouraging research activities in the sector.

During the Inaugural Session Dr. Ajit Sapre, Group President (R&D), RIL delivered a special address on Role of Decarbonization & Achieving AatmaNirbhar Bharat: One Perspective.

The FIPI R&D Conclave 2021 concluded with a panel discussion on R&D and deployment of indigenously developed technologies. The panellists at the session



"Technology development will play a major role in India's quest for energy. Govt. of India is also paying a lot of emphasis on indigenous technologies." - Dr. R. K. Malhotra, DG, FIPI sets the pace for R&D Conclave 2021.



"We need to leverage the 4th Industrial Revolution in the post-Covid world by deriving maximum value from all knowledge and accelerating Indian innovation." - Mr. Ajit Sapre, Group President, Reliance Industries Limited



"India has to get to zero-carbon by 2050 which means we have to assign very aggressive timelines to our R&D goals." - Dr. Anil Kakodkar, Chairman, RGSTC



"To promote Waste2Wealth, IOCL is involved in many game-changing technologies. We have developed one of the best bio-methanation technology, that delivers over 80% methane content."- Dr. S.S.V. Ramakumar, Director (R&D), Indian Oil Corporation Ltd

included Dr. S.S.V. Ramakumar, Director (R&D), IOCL; Dr. Sanjeev Katti, Director General, ONGC Energy Centre; Mr. S. Bharathan, Head (R&D) HPCL; Dr. Anjan Ray, Director, CSIR-IIP; Ms. Vartika Shukla, Director (Technical), EIL; and Dr. V. Ravikumar, Head (R&D), BPCL. The panel discussion was moderated by Dr. R.K. Malhotra, Director General, FIPI. The FIPI R&D Conclave proved hugely successful and saw participation from over 500 participants.



A licensing & supply agreement for the worldwide supply of MadeInIndia Drag Reducing Agents (DRA) was signed today between IOCL and M/s Dorf Ketal on the sidelines of FIPI R&D Conclave 2021.



"Geothermal energy is the lowest-cost energy produced commercially anywhere in the world today." - Dr. Sanjeev Katti, Director General, ONGC Energy Centre



"Increasing efficiency & cleaner use of fuels are major focus areas for the Govt of India. There's ample scope for all the energy companies operating in India in these fields."- Shri Tarun Kapoor, Secretary, MoP&NG



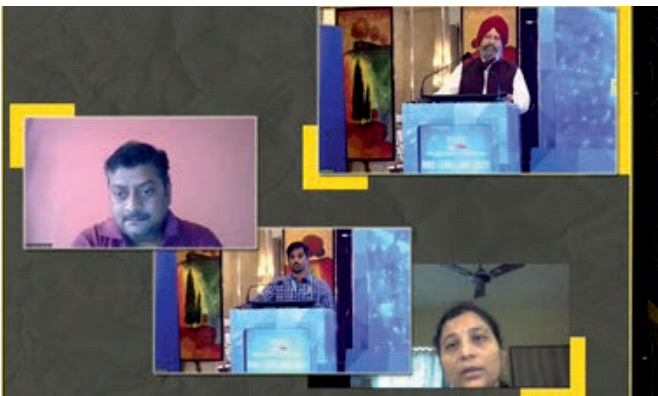
Panel discussion on advances in Refining, Technology & Catalysts



Dr. M.O. Garg, President-Refining & Petchem R&D, RIL hailed the panellist for their in-depth & interesting insights into myriads combination of ongoing & prospective activities on advances in Refining, Technology & Catalysts



Panel discussion on scope of emerging technologies, innovation & way forward for Petrochemicals & Polymers



Panel discussion on advancements & innovation for sustainable use of Petrochemicals & Polymers.



"We need to focus on two 'Es'. One is 'Exploration' & other is 'EOR'(Enhanced Oil Recovery). Unless there is an inter specification in the exploration process, oil reserves for future will not be discovered today"- Dr P. Chandrasekaran, Director(E&D), Oil India Ltd



"The world is going through a transition from a system based on fossils fuels to renewable energy. There has been an expeditious adoption of renewable energy technology during the pandemic"-Mr. Indrajit Barua, ED, Oil India Ltd.



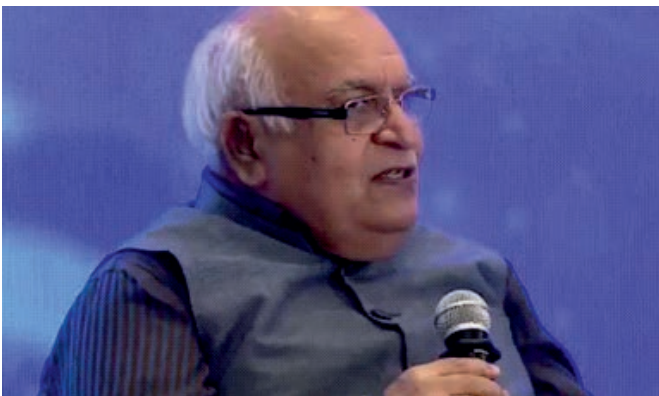
"Refining segment globally contributes to 6% of the total GHG emissions. Carbon footprints reduction in refining sector is important & sooner than later, there will be legislative compulsions for it"- Dr. SSV Ramakumar, Director(R&D), IOCL



Panel discussion on on Biofuels, biotechnological interventions & methane generation



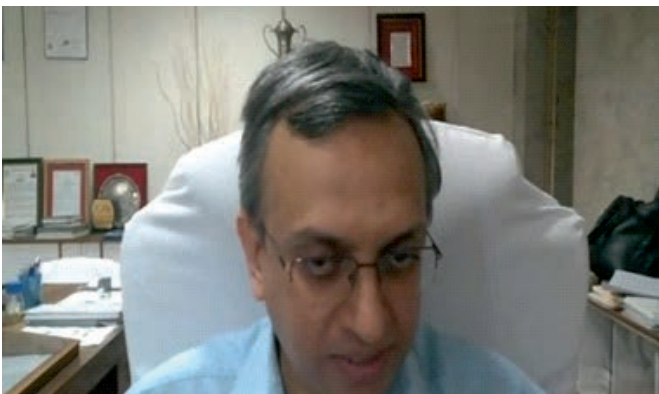
"India has a challenging target to meet its energy requirements while reducing its import dependency & transitioning towards cleaner & affordable energy. Gas based energy supported by renewables & green hydrogen will play prominent role in future"-
Mr K K Jain, ED, CHT



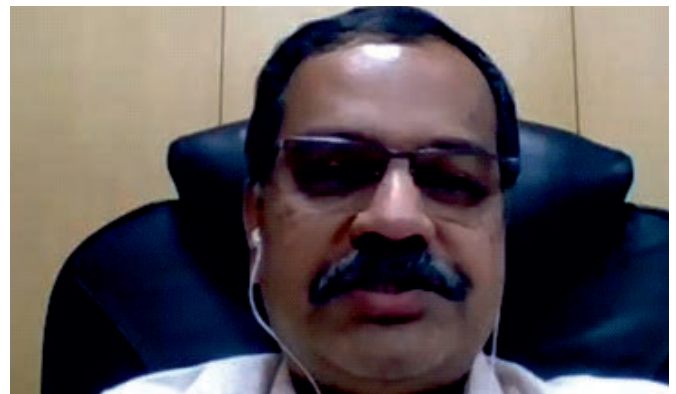
"All the work done by R&D teams need to eventually be commercialised and roadblocks need to be overcome"-Dr. R. K. Malhotra, Director General, FIPI.



"For the commercial technologies in R&D, we must all make consolidated efforts to go local to global."- Ms Vartika Shukla, Director (Technical), EIL.



"There is enormous amount of digital transformation taking place across the oil & gas sector. The pace of digital transformation can be further pushed for greater collaborations" - Dr. Anjan Ray, Director, CSIRIIP



"For most developed countries, Refining has become a sunset industry but it's not the case for India. Thus we must develop our own technologies to be self sustainable"- Mr. S. Bharathan , Head (R&D), HPCL.



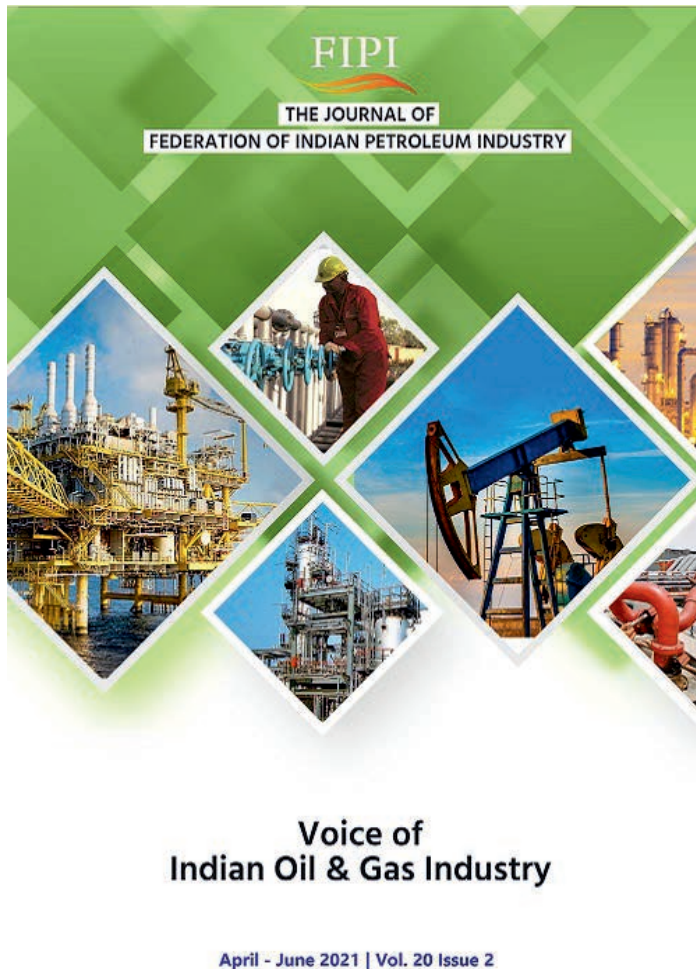
**Membership
Services**

FIPI Journal

The quarterly FIPI Journal is regularly published and has been widely appreciated for its content and contribution by member companies and recipients. The Journal is also available on the website of FIPI. To partially defray expenses of publication we also accept a few advertisements from member companies.

Economic Policy Report

FIPI has started publishing a monthly policy report focusing on Economic and Policy issues pertaining to global as well as national oil & gas sector. This report contains a detailed analysis of the various policy issues and the oil & gas market trends. The report is published on the 1st of every month and is also uploaded on our website.



Website

The FIPI website www.fipi.org.in carries information about the Federation and its activities which is regularly updated. The 'Oil & Gas in Media' section is uploaded daily to provide the latest news and happenings in the global as well as domestic markets. It is proposed to enrich it further with assistance from members and other organizations in the hydrocarbon sector.

FIPI
 ABOUT US | MEMBERSHIP | MEDIA | AWARDS | RECOMMENDATIONS | COMMITTEES | EVENTS | CO2 HELPDESK

We Represent

The Federation of Indian Petroleum Industry (FIPI) is an apex Society of entities in the hydrocarbon sector and acts as an industry interface with Government and regulatory authorities. It helps in resolution of issues and evolution of policies and regulations. It represents the industry on Government bodies, committees and task forces and has been submitting recommendations to the Government on behalf of the industry on various issues.

It aims to be the most effective and influential voice of the oil & gas industry to facilitate its development as a globally competitive industry in India that enjoys the respect and trust of the society.

[View More](#)

What's New

- FIPI organises virtual workshop on 'Road Safety' on June 26, 2020
- FIPI organises webinar on Impact of COVID 19, Lockdown & Depressed Oil Price Scenario on Upstream Operators and Service Providers on May 27, 2020
- FIPI organises Webinar on COVID-19 Crisis Management - Challenges in Oil Marketing on May 15, 2020
- FIPI organises CFO Meeting to discuss liquidity constraints of oil companies on May 11, 2020
- Synergy in Energy, Advantage India - Infographic

Policy Report

Journal

Oil & Gas in Media

- Fossil fuels' price boom isn't the victory it might seem
- U.S. offshore oil recovery begins with ports, refineries restarting
- Green Hydrogen central to energy transition and fight against climate change
- EV-focused financing firm RevFin looks to raise around \$40 million via securities this fiscal

[View More](#)

SOP

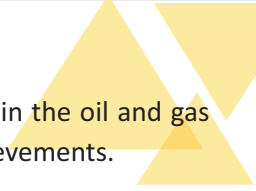
YFP

Our Members

DYNAMIC DRILLING & SERVICES | ExxonMobil Energy lives here | EY Building a better working world | GAIL | GSPC LNG



FIPI Awards



The FIPI Oil and Gas Awards have been created to recognise the leaders, innovators and pioneers in the oil and gas industry. The objective of the FIPI Oil & Gas Awards is to celebrate the industry's most outstanding achievements.

FIPI will select among applicants and reward those companies and individuals who have demonstrated an unparalleled ability to succeed, continually set standards of excellence, and who will be or are the stars of the industry.

All companies operating in India, including those who are not members of FIPI but have significant involvement in the oil & gas sector, are eligible to apply.

In our constant endeavor FIPI had earlier revamped the Awards scheme making it more objective by adopting quantitative parameters to the extent possible. This year the parameters of a few awards have been modified while a few others have been renamed. The 'Pipeline Transportation - Company of the year' award has been split into two categories viz. 'Oil/Petroleum Products Pipeline - Company of the year' and 'Natural Gas Pipeline - Company of the year'. The 'Production and Development - Company of the Year' has been renamed as 'Oil & Gas Production - Company of the Year' and further split into two categories viz. ≤ 1 MMTOE and > 1 MMTOE. The 'Project Management - Company of the Year' has been renamed as 'Best Managed Project of the Year'. The 'Best Start-up in Oil & Gas Sector' has been renamed as 'Best Start-up in the Energy Sector'. One new category of award titled 'Initiatives in Clean Energy - Company of the Year' has also been introduced. There are nineteen categories of awards in which the performance of oil and Gas companies will be judged.

Evaluation

Entries are reviewed and evaluated by an 'Awards Committee' consisting of eminent personalities with vast experience in Oil & Gas Industry and specific domains. The committee presents the evaluation to an eminent Jury and winners are announced as per the verdict of the Jury.

WINNERS OF FIPI AWARDS 2020

Award Category	Winner
Young Achiever of the Year in the Oil & Gas Industry (Female)	D. Rajeshwari Bharat Petroleum Corporation Ltd. & Sayanima Kisku Oil and Natural Gas Corporation Ltd.
Young Achiever of the Year in the Oil & Gas Industry (Male)	Shubham Mishra Schlumberger Asia Services Ltd.
Woman Executive of the Year in Oil & Gas Industry	Rima Kundu Engineers India Ltd.
Innovator of the Year - Team (Special Commendation)	BPCL (team led by Srinivasulu Kaalva, Sr. Manager, R&D)
Innovator of the Year - Team	IOCL (team led by Dr. SSV Rama kumar, Director, R&D)
Best Start-up of the Year	Vasitars Private Ltd.
Digital Technology Provider of the Year	Schlumberger Asia Services Ltd.
Digitally Advanced - Company of the Year	Indian Oil Corporation Ltd.
City Gas Distribution-Growing Company of the Year	IRM Energy Private Ltd.
City Gas Distribution-Established Company of the Year	GAIL Gas Ltd.
Engineering Procurement Construction (EPC) - Company the Year	L&T Hydrocarbon Engineering Ltd.
Service Provider - Company of the Year	Baker Hughes India
Excellence in Human Resources Management - Company of the Year	Oil India Ltd.
Project Management - Company of the Year	Oil and Natural Gas Corporation Ltd.
Oil & Gas Pipeline Transportation - Company of the Year	Indian Oil Corporation Ltd.
Oil & Gas - Exploration Company of the Year	Oil India Ltd.
Refinery of the Year (Capacity up to 9 MMTPA)	Bharat Oman Refineries Ltd.
Refinery of the Year (Capacity higher than 9 MMTPA)	Reliance Industries Limited, SEZ Refinery
Oil Marketing - Company of the Year	Hindustan Petroleum Corporation Ltd.
Sustainably Growing Corporate of the Year	Bharat Oman Refineries Ltd.





Member Organizations (as on September 30 2021)



Corporate - Group A Members: 13

Bharat Petroleum Corp. Limited
BP Exploration (Alpha) Limited
Cairn Oil & Gas, Vedanta Limited
Chennai Petroleum Corp. Limited
GAIL (India) Limited
Hindustan Petroleum Corporation Limited
Indian Oil Corporation Limited
Mangalore Refinery & Petrochemicals Limited
Nayara Energy Limited
Oil & Natural Gas Corporation Limited
Oil India Limited
Petronet LNG Limited
Reliance Industries Limited

Corporate - Group C Members: 6

Bharat Oman Refineries Limited
Engineers India Limited
HPCL-Mittal Energy Limited
Numaligarh Refinery Limited
Pipeline Infrastructure Limited
Shell Companies in India

Ordinary Members: 26

Axens India (P) Limited
Baker Hughes
Deepwater Drilling & Industries Ltd
Dynamic Drilling & Services Pvt. Limited
Ernst & Young LLP
ExxonMobil Gas (India) Pvt. Limited
GSPC LNG Limited
Haldor Topsoe India Pvt. Limited

IHS Markit
IMC Limited
Indian Strategic Petroleum Reserves Ltd
Indraprastha Gas Limited
Invenire Petrodyne Limited
IOT Infrastructure & Energy Services
Jindal Drilling & Industries Pvt. Limited
Lanzatech
Larsen & Toubro Ltd.
Reliance BP Mobility Limited
SAS Institute (India) Pvt Limited
Schlumberger Asia Services Limited
Scottish Development International
South Asia Gas Enterprise Pvt. Limited
Tecnimont Private Limited
Total Oil India Pvt. Limited
UOP India Pvt. Limited
VCS Quality Services Private Limited

Ordinary Members against Cross-membership: 4
(without payment of any fee by either party)

Decom North Sea
IPIECA
World LP Gas Association
International Gas Union

Institutional Members: 6

Chandigarh University
CSIR-Indian Institute of Petroleum, Dehradun
IIT (ISM) Dhanbad
MIT Pune
Rajiv Gandhi Institute of Petroleum Technology
University of Petroleum & Energy Studies

Introductory Member: 11

Antelopus Energy Private Limited

Chi Energie Private Limited

h2e Power Systems Private Limited

HPOIL Gas Private Limited

Indian Gas Exchange Limited

IRM Energy Private Limited

Megha Engineering & Infrastructures Limited

Petrofac International Limited

Secure Meters Limited

SNF Flopam India Private Limited

THINK Gas Distribution Pvt. Ltd.



FIPI



Federation of Indian Petroleum Industry (FIPI)

PHD House, 3rd Floor, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi-110016

Website: www.fipi.org.in