



FIPI

**JULY
2019**



**POLICY & ECONOMIC REPORT
OIL & GAS MARKET**

FEDERATION OF INDIAN PETROLEUM INDUSTRY (FIPI)

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Policy & Economic report – Oil & Gas market

Economy in Focus

1. In GII 2019, India, China Shine as Regional Leaders

In the recently released Global Innovation Index (GII) 2019, released by the U.N. intellectual property agency, singled out India, ranked No. 52, for continuing to be the most innovative economy in central and southern Asia. India consistently ranks among the top countries in the world in “innovation drivers” such as information and technology services exports, graduates in science and engineering, high quality universities, creative goods exports and “gross capital formation, a measure of economy-wide investments,” it said.

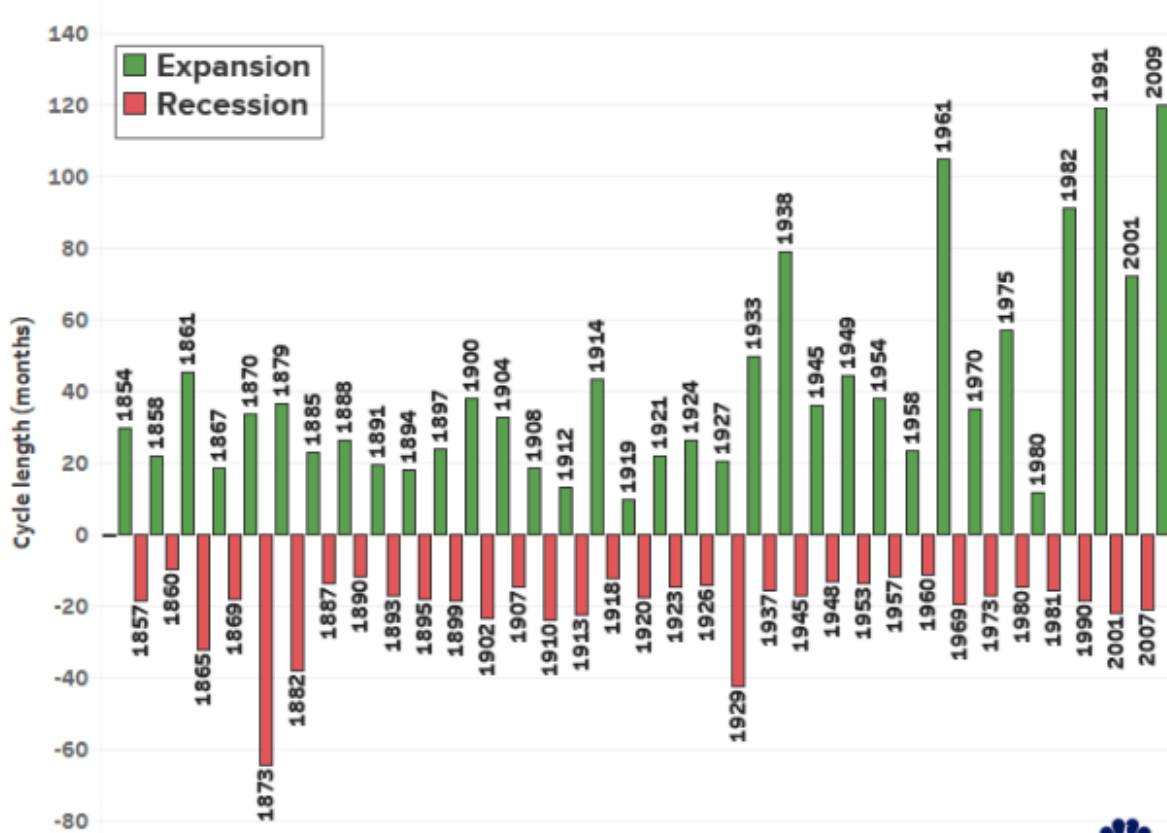
Mr Francis Gurry, Director General, World Intellectual Property Organization that gaining on the index by the two South East Asian economic power houses has transformed the geography of innovation and this reflects deliberate policy action to promote innovation. Other regional leaders in innovation included South Africa, Chile and Singapore with China, Vietnam and Rwanda.

In the recent GII index, while China jumped three positions to 14th, US reclaimed its ranking in the top five countries in the world. The report suggests that China’s continuing rise firmly establishes the country in the group of leading innovative nations. However, the report indicates that there are many countries that still lack innovation in their economy. Some of the countries ranked at the bottom of the index are Nicaragua, Madagascar, Zimbabwe, Benin, Zambia, Guinea, Togo, Niger, Burundi and Yemen.

2. US records the longest run of economic growth; unemployment rate at the lowest since 1969

In the month of June, the US markets recorded 121st month of the economic expansion arising out of the great financial crisis, the longest run on record since 1854.

The longest U.S. expansion in history



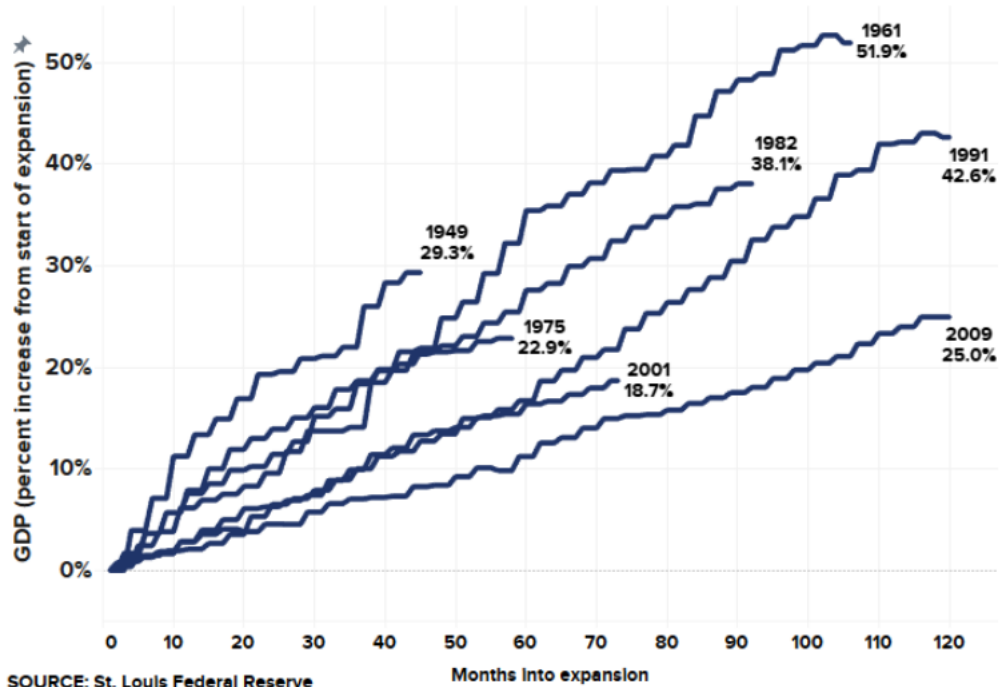
SOURCE: National Bureau of Economic Research (year indicates start of cycle)



The cycle starting in June 2009, has broken the record of 120 months of economic growth through March, 1991 to March, 2001 according to the National Bureau of Economic Research. However, this run has been weaker than past expansions in total due to a weak performance from the housing sector. During the current expansion the cumulative total of quarterly GDP growth figures equals 25 per cent, significantly lower than previous booms.

GDP growth

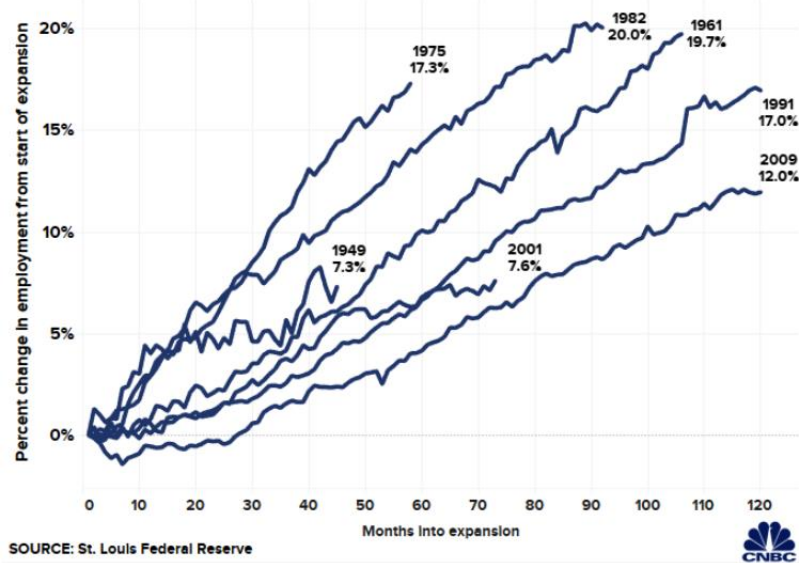
Even though the current economic expansion is the longest, it has not been the strongest in the post-war era. (Label indicates year expansion began)



The unemployment rate in the US has dropped from a peak of 10 per cent in 2009 to 3.6 per cent in June 2019. However, the job growth during this period has been relatively slow compared to previous recoveries.

Job growth

Despite historic low levels of unemployment, job growth has been slower during the current economic expansion than during other post-war recoveries. (Label indicates year expansion began.)



In the US, experts are divided on whether this expansion is going to last. While some are of the opinion that the Federal Reserve will save the day through cutting interest rates some others feel that additional stimulus cannot combat the looming downturn.

3. Ease of Doing Business in Latin America

Today as more and more companies are looking to expand and are in search of new geographies, Latin America is increasingly receiving more attention from investors. With strong trade links, a lucrative geographic position and a growing middle-class market, the territory offers businesses with the right value proposition significant opportunities that can be exploited for high returns.

Latin America is home to over 640 million people and has a collective GDP of USD 5,573,397 million. One of the biggest challenges and barriers to entry facing entrepreneurs and foreign investors is the ease of doing business in Latin America. Some countries with favourable policies and incentives especially designed to attract investors are more investor friendly than others. While others are less welcoming, so businesses must work harder to penetrate and dominate the market.

Argentina

In the World Bank Ease of Doing Business Report 2019, Argentina is ranked 119 among 190 countries. The country's economic growth is expected to hit 3.1% in 2019 and is a major player in the agricultural sector, and the second-largest manufacturing powerhouse in South America. One of the challenges of investing in Argentina is the country's large deficit, and navigating a market that has the sixth highest corporation tax rate in the world – currently at 35%.

Brazil

Ranked 109th in the World Bank Ease of Doing Business Report 2019. Brazil is a popular destination for foreign investors looking to tap into Latin America. One challenge facing entrepreneurs is the high levels of corruption in Brazil.

Chile

Chile ranks 56th in the Ease of Doing Business Report 2019. In 2018, the country carried out various reforms to improve its business climate and encourage FDI, with the introduction of a new electronic system when incorporating a business in Chile, and contract enforcement which allows businesses and individuals to file complaints online. There are still challenges – paying taxes, for example, can be frustrating and time-consuming – however, infrastructure and energy investments mean Chile can provide a strong and stable business environment.

Colombia

Colombia is ranks 65th amongst 190 countries for its ease of doing business and is widely considered to be the most business-friendly country in Latin America. The country scores highly on ease of obtaining credit, protecting minority investments, and resolving insolvency. The country faces challenges regarding paying taxes, which continues to be a slow and time-consuming process. A 2019 tax reform will see corporate

income tax (CIT) rate reduced from 33% in 2018 to 32% for 2020, 31% for 2021 and 30% for 2022 onwards, offering numerous benefits to investors.

Mexico

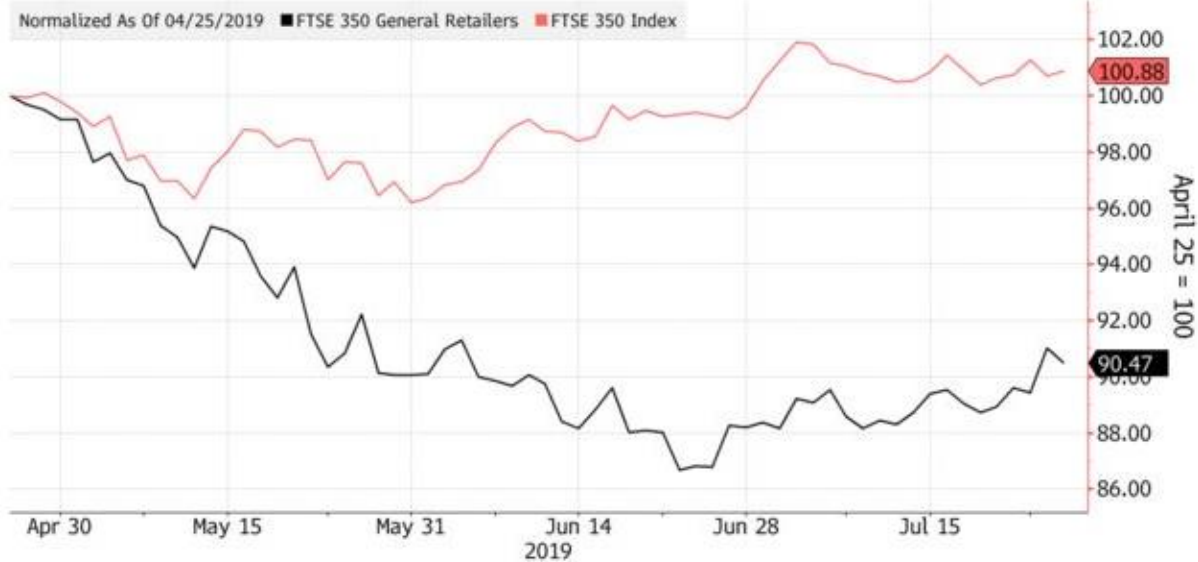
With a population of almost 130 million and a growing middle class, Mexico is a favorite amongst foreign investors, and a strong business environment only increases FDI. The country was ranked 54 among 190 economies on the Ease of Doing Business Report, with improvements the speed and reliability of energy supply in the country, and a reduction in corruption levels thanked for its favourable position. The International Monetary Fund cut the growth forecast for Mexico to 2.1% for 2019 and 2.2% for 2020 because of a reduction in private investment, but with a USD1.5 trillion GDP and a GDP per capita of USD 8,902.83, foreign businesses looking to incorporate in Mexico should do so sooner rather than later.

4. Brexit Woes Continue as Retail Sales in the UK falls

A recent survey by Confederation of British Industry shows that 50 per cent of retailers complained of poor sales for the time of year in the three months through July, the highest figure since the financial crisis a decade ago. A gauge of sales volumes was negative for a third month, with 42% saying they sold less a year earlier. The retail industry in the UK has not witnessed strong growth since July 2018 when a heat wave and the soccer World Cup boosted the sales.

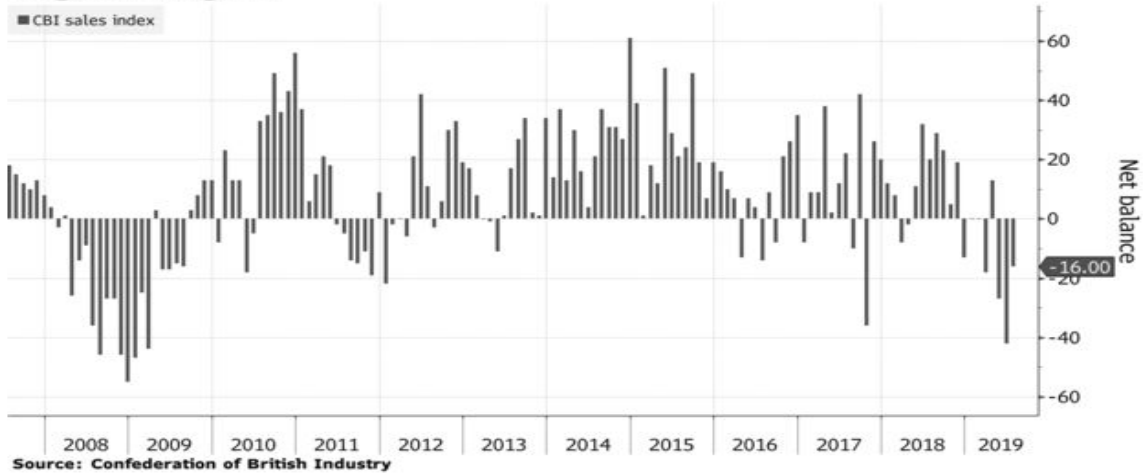
Poor Performer

U.K. retailers are the fourth-worst performer in the FTSE 350 Index since April



The report suggests that the customers, whose spending has driven the economy during the Brexit crisis, are turning more cautious. The report points out that it is hugely concerning that its sales index, the net balance between firms saying sales rose and those reporting a decline, was now negative for the longest stretch since 2011.

Negative Again

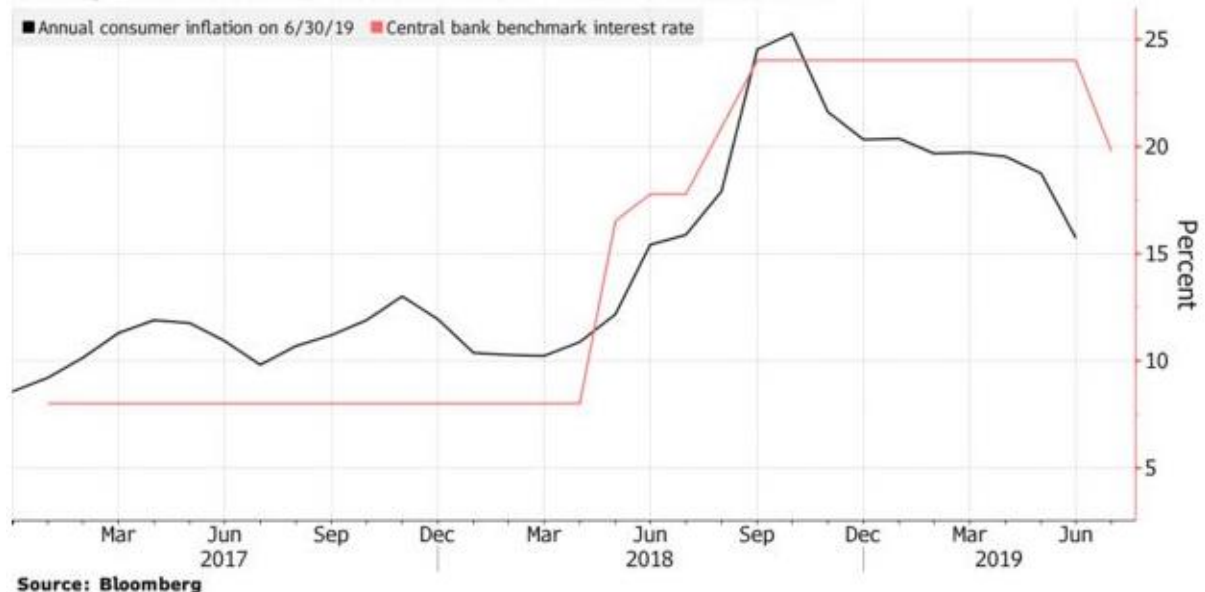


Official figures show retail sales grew 0.7 per cent in the second quarter, less than half the pace of the previous three months. The UK's economy has a whole is said to have contracted since 2012. In this regard, Mr Rain Newton-Smith, Chief Economist, CBI remarked that "Despite the recent pickup we've seen in households' real earnings, the sun is clearly not shining on the British High Street." He further said "The U.K. economy has reached a fork in the road. The new prime minister must now do everything in his power to achieve a good Brexit deal, thus protecting jobs and our economy."

5. Turkey's Central Bank Surprises Investors with Biggest Rate Cut Since 2002

The Turkish Central Bank surprised the markets by delivering the biggest interest-rate cut since a shift to inflation targeting in 2002. Over the last three weeks the Bank has witnessed 425-basis point reduction in Turkey's key rate as the country's Monetary Policy Committee (MPC) lowered it to 19.75% on 25 July. MPC cited weaker global economic activity and heightened downside risks to inflation as the major reason for the rate cut. Since the rate reduction, the lira has plunged as much as 1.1 per cent against the dollar.

Time to Cut Turkey's central bank lowers rates as inflation decelerates



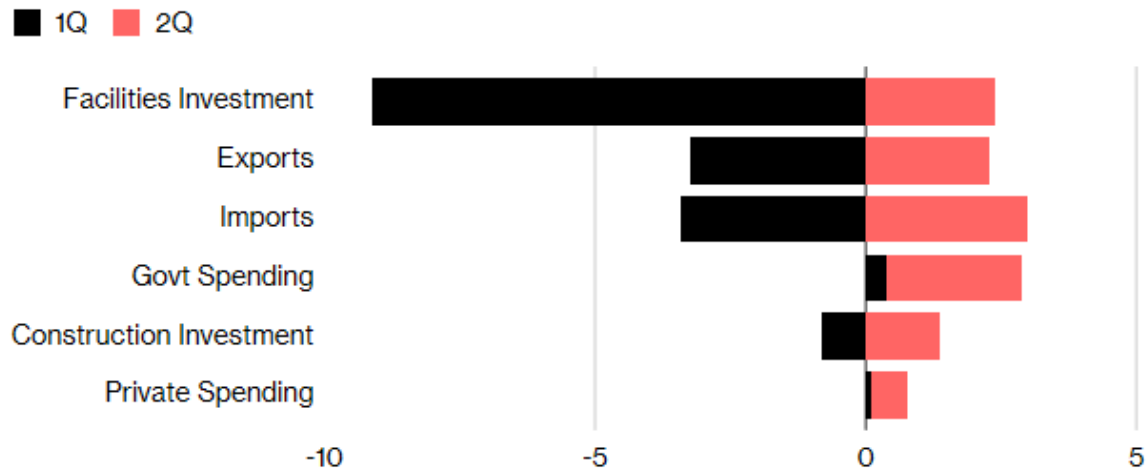
In a statement released by the bank, it suggested that the extent of monetary tightness will be determined by considering the indicators of the underlying inflation trend to ensure the continuation of the disinflation process. The sharp pivot toward monetary easing runs the risk of spooking inflation-wary investors in pursuit of the President's unorthodox theory that high interest rates cause rather than curb price growth. The lira's fortunes have also reversed, especially after President Donald Trump indicated the U.S. may reassess a threat to sanction Turkey over its purchase of a Russian defence system. The currency is the best performer in emerging markets since the start of May.

6. In face of subdued demand of semi-conductors, Government Spending Boosts S Korean Economy

The South Korean economy received the much needed fillip in the second quarter of 2019 through fresh influx of government spending. In 2018-19, South Korea's GDP expanded by 1.1 per cent over the previous year. While that's a rebound from the worst contraction since 2008, private-sector investment shaved 0.5 percentage point off quarterly growth, meaning government investment drove the expansion. In view of recent development, some experts are of the opinion that the smaller than expected contribution of private sector to the GDP is disappointing. They further suggested that it will be difficult of the Korean economy to achieve the Bank of Korea's 2.2% growth forecast for this year.

Where It Made a Difference

Rebound in facilities investment helped put growth back on track



Source: Bank of Korea

*Quarter-on-quarter growth rates

The return to growth was announced as SK Hynix Inc., the nation's biggest semiconductor maker after Samsung Electronics Co., announced that it expected a "significant" cut in its 2020 investment after second-quarter operating profit plunged 89% from a year earlier. That's just the latest evidence that that global demand for semiconductors remains in a slump.

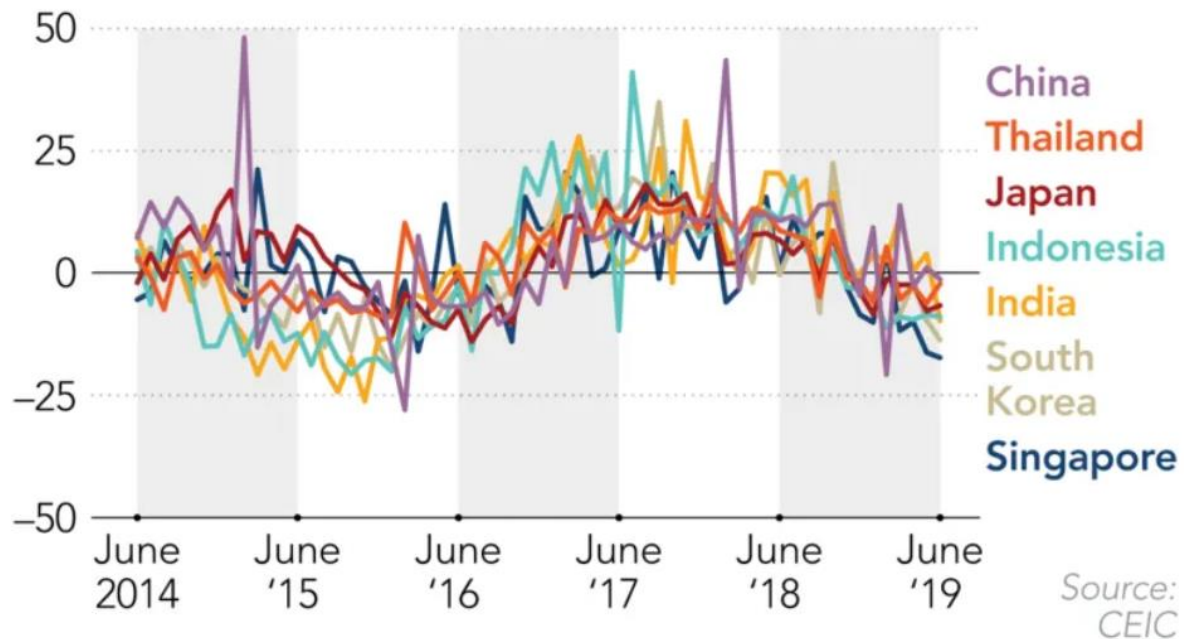
7. Trade War Hits All Asian Markets with Semiconductor Exporters Taking the Worst Hit

Decline in exports in all major Asian economies was recorded in the month of June on account of the of stalled U.S.-China trade talks, weighing heavily on a regional supply chain deeply connected to China. Official data suggests that the five major Asian economies China, Japan, India, Indonesia witnessed a fall in exports from a year ago in June. Other major economies such as Thailand and Singapore experienced a similar trend. China reported a three-decade low GDP growth of 6.2% in the April-June quarter.

The situation continues to worsen, with the current export slump as serious as in 2015, when China's economy was hit by falling stocks. On May 10, the U.S. raised tariffs on \$200 billion worth of Chinese imports from 10% to 25%, with the June figures reflecting the effects on trade. Experts are of the view that the slowdown of the Asian economies is due to a combination of cyclical slowdown in global demand and rising trade tariffs

Asia's export slump worsens in June

(year-on-year change in percent)



The 25% tariff on \$200 billion of Chinese exports has not only hurt China's exports, but also inhibit China's imports. As China is the largest trading partner with many Asian economies, the U.S. tariffs are having a ripple effect on trade in the region.

As result of the trade war, semiconductors and related devices are being hit especially hard. Export of integrated circuits from Singapore fell 33% in June from a year ago as non-oil exports contracted to a six-year low of minus 17 per cent.

Japan's exports fell 7 per cent in June, marking their seventh consecutive monthly drop. Exports to China declined 10 per cent.

In Thailand, a hub for automakers and electronics manufacturers, exports to China in June plunged 15% from a year ago. Chinese end-product assemblers likely cut down production on fears of slowing U.S. demand. This weighed on Thai product manufacturers connected to assemblers and other Chinese trade partners.

8. India has the Least Unemployment Rate: ILO

According to International Labour Organisation (ILO) report, India has the least unemployment rate. The report suggests that the unemployment rate in India stands at 3.5 per cent, against 4.7 per cent in China and 4.2 per cent in Asia Pacific. The Government has been active in creating employment. Over the last few years there has been an increase in jobs by 1 crore each year in the formal sector. The job seekers are getting benefitted after the government removed interview process for some category of government jobs. The Government has set up an institutional mechanism to maintain a consolidated data of vacancies

and potential recruitment in the country. In the last five years under UPSC and SSE, 2,45,470 government jobs were offered. That apart, the government recruiting agencies are also filling up posts.

9. In a Bid to Boost EVs, Government Reduces GST Rates

The GST council has reduced the GST rates on Electric Vehicles (EVs) in a bid to encourage the adoption of eco-friendly mobility solutions. GST rates on EVs were reduced from 12 per cent to 5 per cent, whereas for EV chargers, it was reduced from 18 per cent to 5 per cent. Exemption was also offered on hiring of electric buses by local authorities from the GST, according to an official statement. The new rates will be effective from 1 August.

The 36 Meeting of the GST council after Ms Nirmala Sitharaman took charge as the Finance Minister. The rate reduction is not expected to have a significant impact on the Government's revenues as the sector is yet to take off. Only about 8,000 EVs were sold last year, as against close to 4 million non-EV passenger and commercial vehicles.

The GST rate cut will reduce the gap between EVs and IC (internal combustion) engine vehicles. The GST reduction is certainly a bright spot in the National EV policy. The EV industry now looks forward to the corresponding reduction of the 18 per cent GST on spares batteries. This will help maintain the low running cost of EVs over their lifetime”

10. To Counter low Growth and Weak Inflation, RBI set to cut rates in August

Further skewing the already modest growth forecast for the country downside, the Reserve Bank of India (RBI) is set to cut interest rates in August for the fourth meeting in a row. If the RBI does cut rates next month, it will be the most aggressive amongst dovish central banks in Asia. The last time the RBI delivered so many back-to-back cuts was after the global financial crisis over a decade ago, when most major central banks went on a cutting spree to revive economic growth.

India's inflation has remained below the central bank's medium-term target of 4 per cent for almost a year and is not expected to rise significantly above that until at least 2021. Following next month's expected move, the next rate cut is seen in early 2020, after which the RBI is forecast to keep rates on hold at 5.25 per cent through to end-2020. Yet despite three interest rate cuts this year and expectations for more, India's growth outlook was downgraded in the latest poll compared to the previous quarterly economic survey in April.

In the first quarter of 2019, India, Asia's third largest economy, has expanded at the rate of 5.8 per cent, its slowest pace in five years and losing its title to China as the fastest-growing economy.

Experts are of the opinion that India's economy continues to show weak growth momentum. We believe that while recovery is nascent, maturity is still a far way off. The impact of easy liquidity and dovish monetary policy is gradually flowing through. In the absence of a substantial fiscal push, however, more is needed on the monetary side.

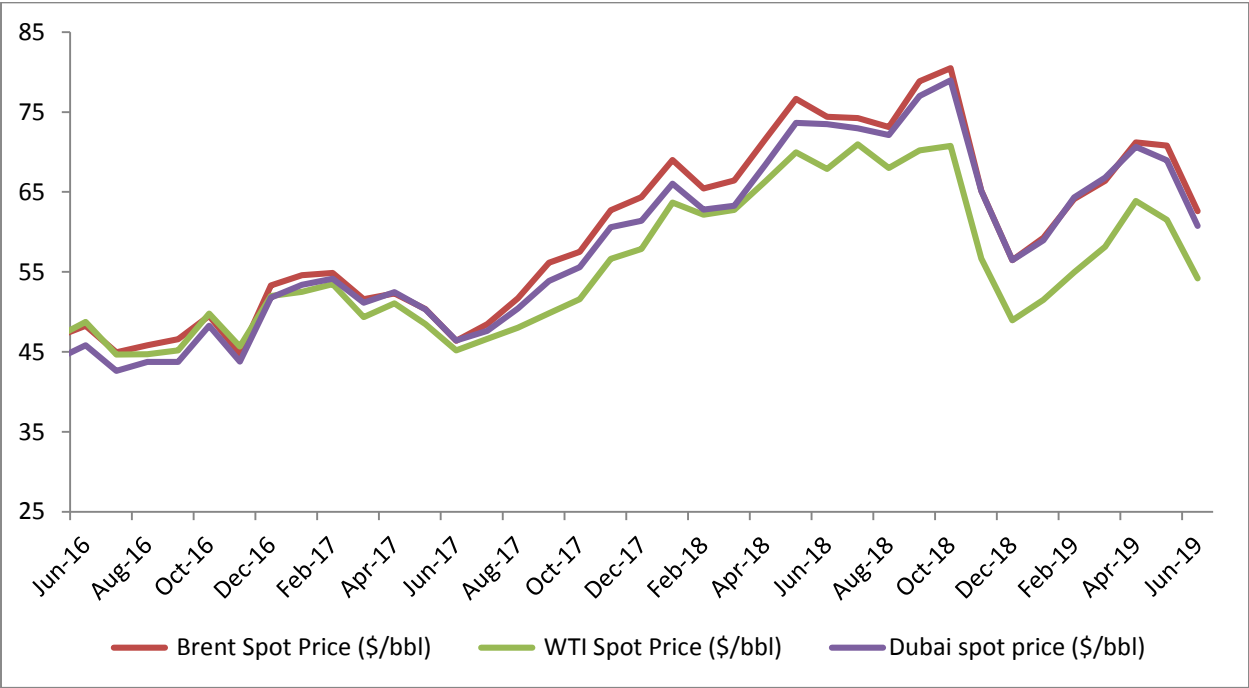
Oil & Gas Market

Crude oil price

Crude prices began with a huge slide in the month of June. Crude prices fell by around 15% in the first week of June due to increase in inventory and global trade issues. United States’ trade issues with China and Mexico erased the gain of crude gathered over the month of May. Escalations from the trade war were further exacerbated by the raising production and inventory levels in the US.

Average Brent, WTI and Dubai basket crude prices went down by around 11.2 %, 10.90 % and 12.1 % respectively from the prices in the month of June.

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



Source: WORLD BANK

- Brent crude price averaged \$62.60 per bbl in June 2019, and was down 11.2 % and down 15.90% on a month on month (MoM) and year on year (YoY) basis, respectively.
- WTI crude price averaged \$ 54.2 per bbl in June 2019, and was down 10.90 % and down 20.14% on a month on month (MoM) and year on year (YoY) basis, respectively.
- Dubai crude price averaged \$60.74 per bbl in June 2019, and was down 12.1 % and down 17.36% on a month on month (MoM) and year on year (YoY) basis, respectively.

Table 1: Crude oil price in June, 2019

Crude oil	Price (\$/bbl) in June 2019	MoM (%) change	YoY (%) change
Brent	62.60	- 11.3 %	- 15.9%
WTI	54.20	- 10.90 %	- 20.14%
Dubai	60.74	- 12.1 %	- 17.36%

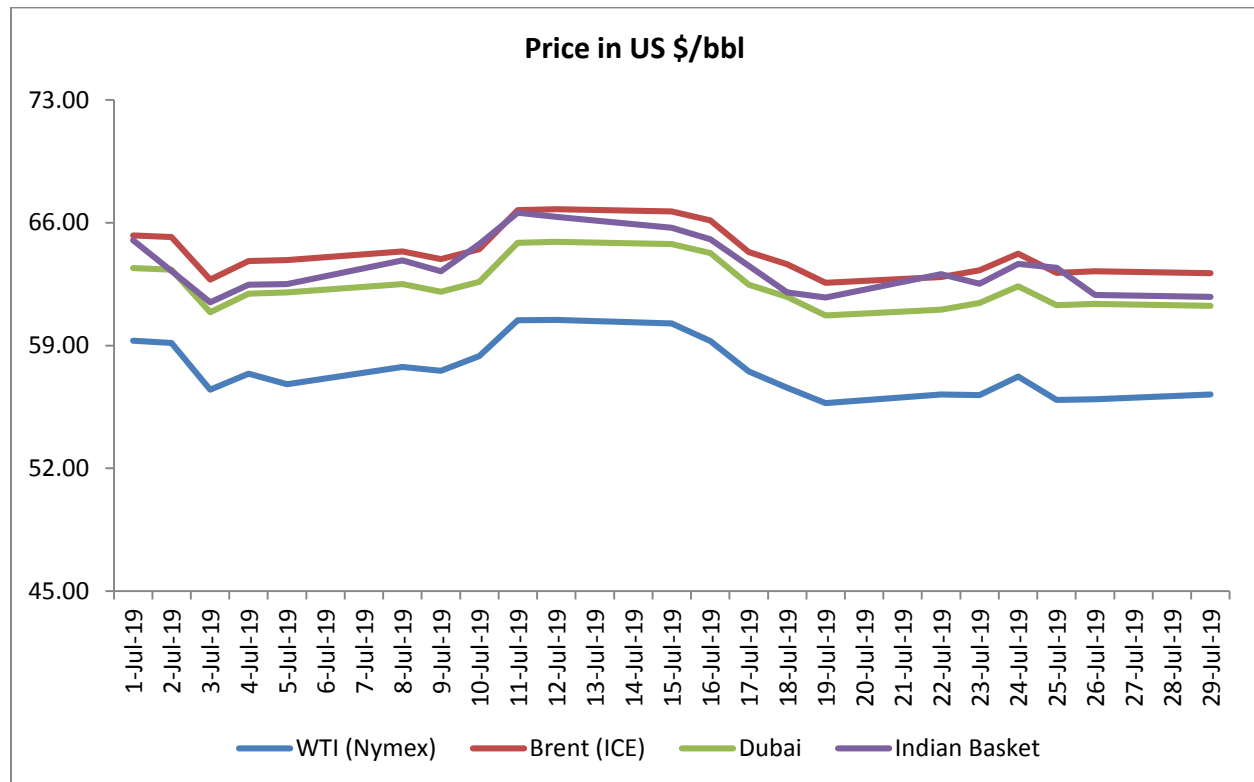
• Source: WORLD BANK

Crude oil price stays volatile in July 2019

Crude prices steadied in the first week of July after going through severe volatility in the month of June. Crude prices were in the range of USD 60-65/barrel throughout the month of July despite the threat of supply interruption in the Strait of Hormuz and ongoing US-China trade issues.

Average Brent, WTI and Dubai basket crude prices went up by 2.72 %, 6.37 % and 2.80 % respectively from the prices in the month of July.

Figure 2: Crude oil price in July 2019

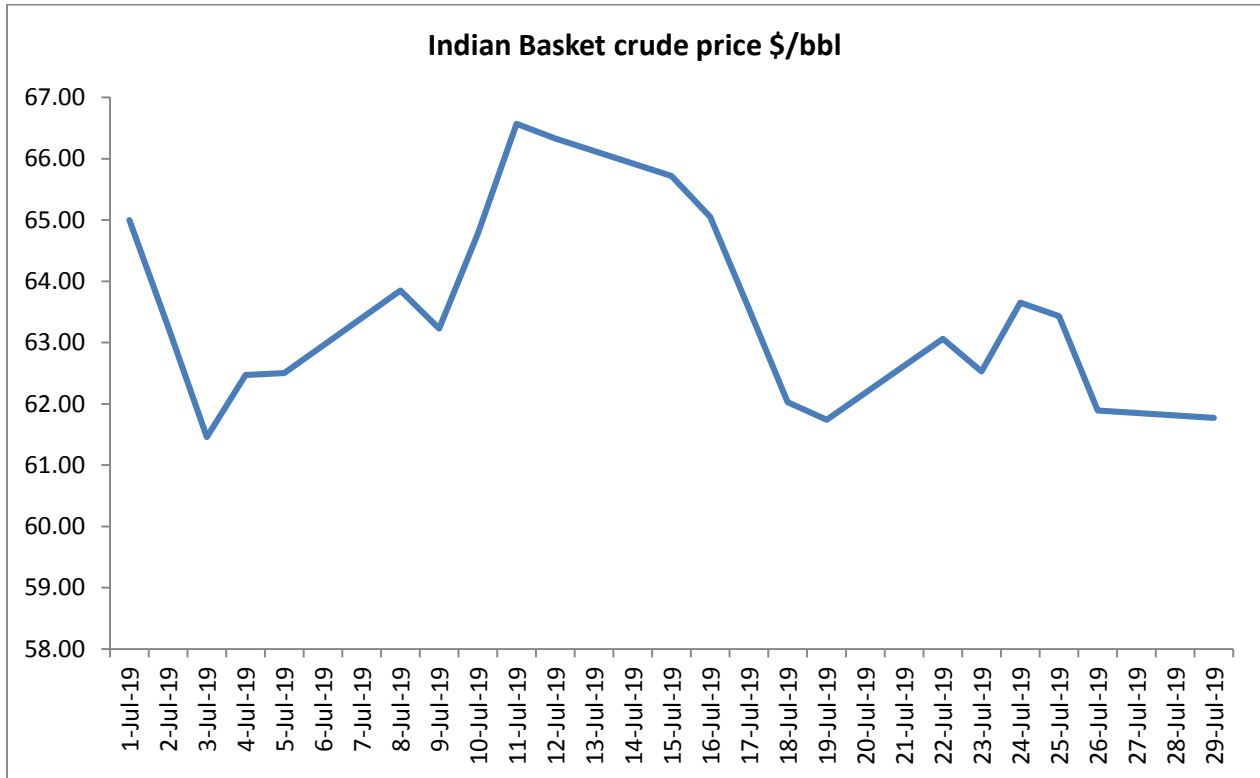


Source: EIA, PPAC

Indian Basket Crude oil price

- The Indian basket of Crude Oil represents a derived basket comprising of Sour grade (Oman & Dubai average) and Sweet grade (Brent Dated) of Crude oil processed in Indian refineries in the ratio of 74.77:25.23 during 2017-18.

Figure 3: Indian crude oil basket price in \$ per bbl



Source: Petroleum Planning & Analysis Cell

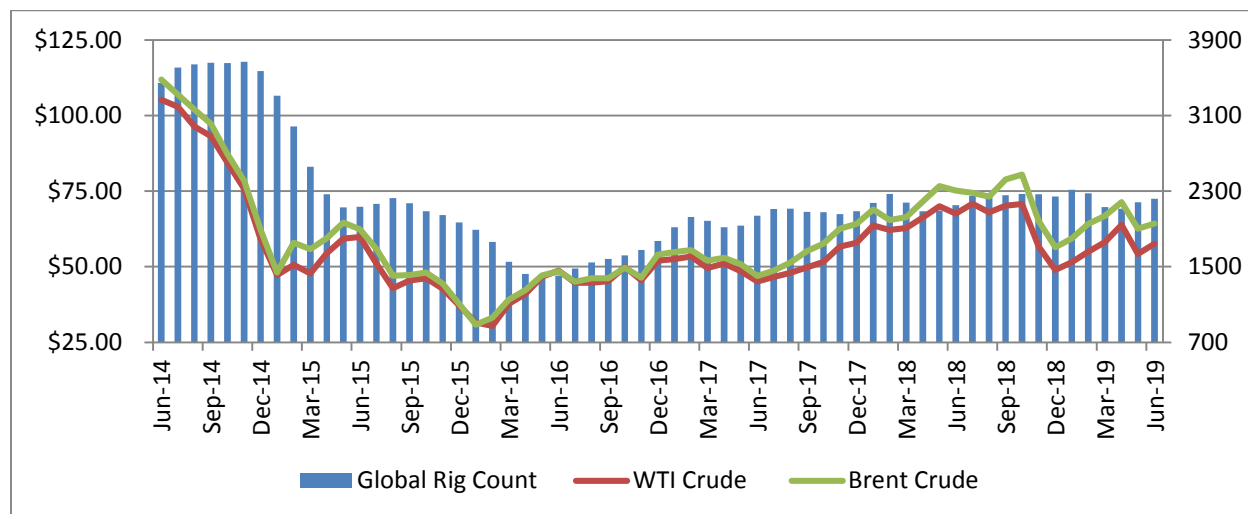
- Indian crude basket price averaged \$ 63.51 per barrel in July, up by 2.42 % Month on Month (M-o-M) basis and down 8.96% on a year on year (Y-o-Y) basis, respectively.

Upstream activity & Rig count

Global rig count

Rig count represents the total number of active drilling rigs in the world. Demand for drilling rig is highly dependent on crude oil price. When the oil price increases, demand for exploration activity increases, resulting in the increase in rig count. A lower oil price could trim the exploration budget of the oil companies, thereby reducing the demand for drilling rig.

Figure 4 Global Rig Count vs. Crude Prices



Source: Baker Hughes

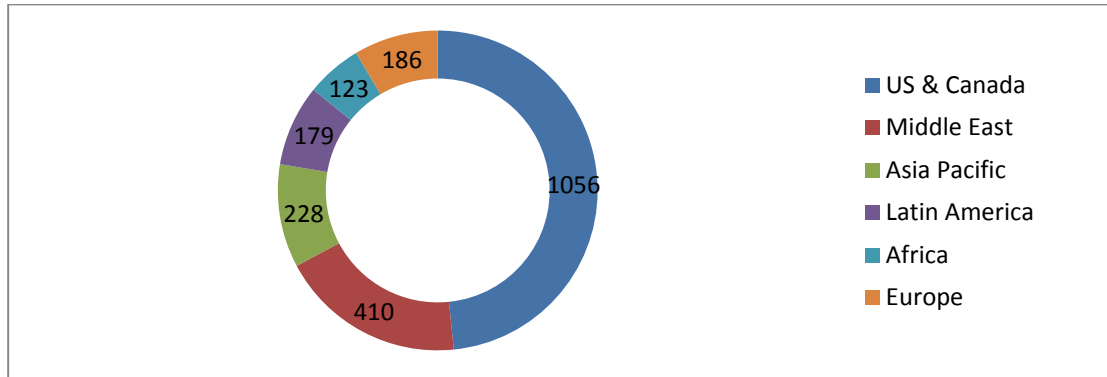
In June 2019, global drilling rig count stood at 2,221, 39 more than May. Onshore rigs went up by 92 and offshore rig count went down by 11. Canada saw a major increase in rig count, as active rigs almost doubled in the month of June to reach 111 from 67 in the previous month due to seasonality. Rig count saw a marginal increase in Latin America, Europe and Middle East, while Africa and Asia-Pacific saw a marginal decrease in rig count. United States is the most active market for drilling industry with a rig count of 969. 945 were onshore rigs and 24 were offshore rigs. US & Canada and the Middle East count for about 2/3rd of the global rig count.

Table 2 : Global Drilling Rig Count

Rig Type	Count in June 2019	MoM (%) change	YoY (%) change
Land	1948	1.56 %	0.67 %
Offshore	273	3.41 %	25.81%
Total	2221	1.79 %	3.21 %

Source: Baker Hughes

Figure 5 Geography-wise Rig count - June 2019



Source: Baker Hughes

Indian Drilling Rig Count

Indian rig count remained unchanged in June 2019. On Y-O-Y basis, Indian rig count was up by 3.45 % in 2019 as compared to 2018. 99 drilling rigs were deployed in oil fields and the rest 21 drillings rigs were deployed in gas fields.

Figure 6 Indian Rig Count vs. Indian Basket Crude Price

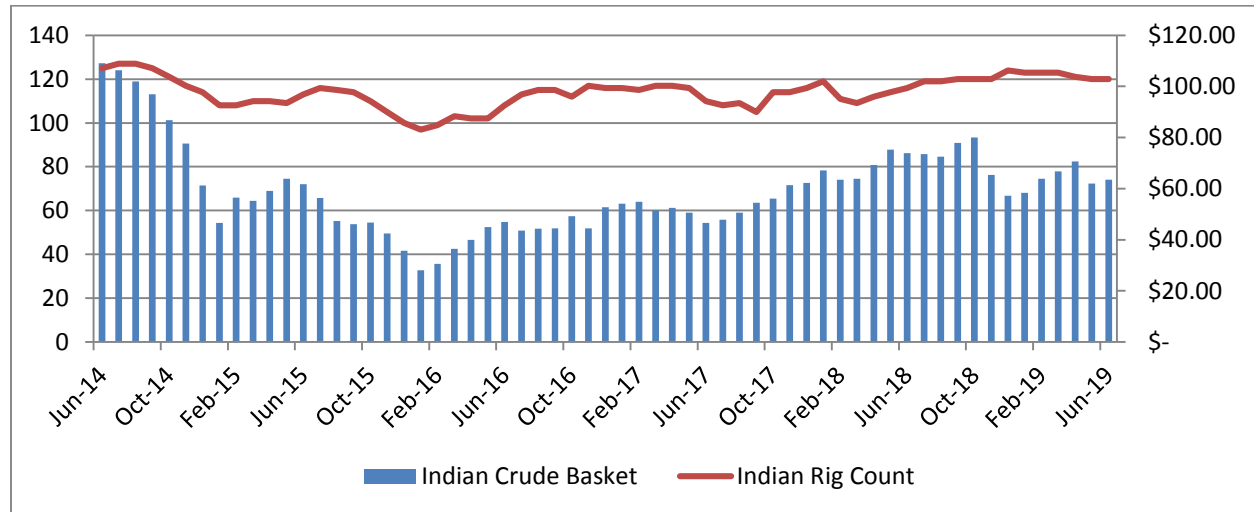


Table 3 : Indian Rig Count

Rig Type	Count in June 2019	MoM (%) change	YoY (%) change
Land	85	0.00 %	0.00 %
Offshore	35	0.00 %	12.90%
Total	120	0.00 %	3.45 %

Source: Baker Hughes

Oil demand & supply

Preliminary data indicates that global oil supply increased slightly by 0.47 mb/d m-o-m to average 98.56 mb/d in June 2019, compared with the previous month. An increase in non-OPEC supply (including OPEC NGLs) of 0.54 mb/d in to average 68.73 mb/d in June was mainly driven by the US, Kazakhstan, Brazil, Russia and China. Overall, there was a total increase in global oil output of 1.97 mb/d y-o-y. The share of OPEC crude oil in total global production was declined by 0.2% to 30.3% in June 2019 compared with the previous month. Estimates are based on preliminary data from direct communication for non-OPEC supply, OPEC NGLs and non-conventional oil, while estimates for OPEC crude production are based on secondary sources.

For 2019, non-OPEC oil supply growth is revised down by 95tb/d to reach 2.05 mb/d y-o-y, standing at 64.43 mb/d, primarily due to production adjustments by OPEC countries and as well as downward revisions for Brazil and Norway.

In 2019, world oil demand growth remains at 1.14 mb/d y-o-y, with total world consumption to reach 99.87 mb/d.

Table 4: World Oil demand in mbpd

	2018	1Q19	2Q19	3Q19	4Q19	2019	Growth	%
Total OECD	47.84	47.66	47.44	48.83	48.36	47.98	0.14	0.29
Dev. Countries	32.62	32.97	33.16	33.40	33.10	33.16	0.54	1.65
~ of which India	4.73	5.03	4.93	4.58	5.15	4.92	0.19	4.05
Other regions	18.27	18.13	18.64	18.78	19.38	18.74	0.46	2.53
~ of which China	12.71	12.63	13.19	13.00	13.43	13.06	0.35	2.77
Total world	98.73	98.76	99.24	100.61	100.84	99.87	1.14	1.15

Source: OPEC monthly report, July 2019

Note: *2018 = Estimate and 2019 Forecast

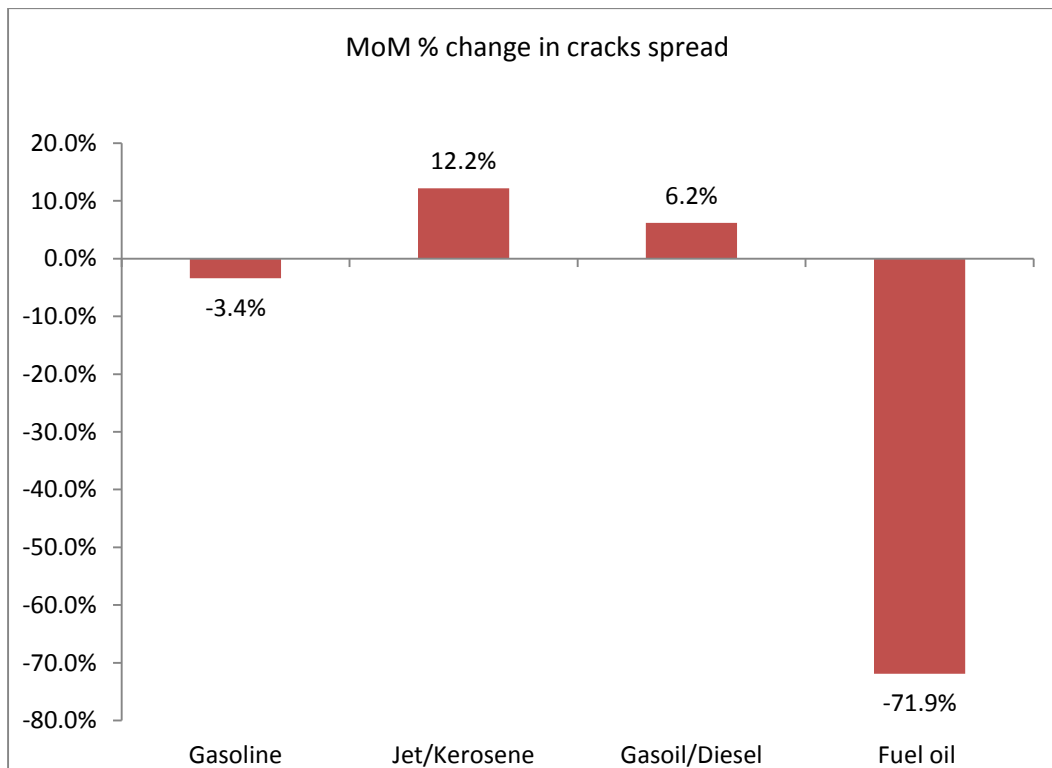
Global petroleum product prices

Prices in the Asian Gasoline-92 market saw a decrease of 11.5% over the previous month. Refinery margins showed a positive performance supported by strong maintenance activities as offline capacity volumes in June stood at 2.4mb/d, higher by 20% y-o-y basis. Singapore Gasoline cracks averaged \$4.29/b against Oman, down by 52¢ m-o-m and by \$3.60 y-o-y. Refinery utilization rates rose in June averaging 78 % in selected Asian markets comprising of Japan, China, India and Singapore due to maintenance and upgrade related shutdowns.

Jet/Kerosene prices declined by 8.4 % in June despite the bullish sentiment in the market due to peak travel leading to increased jet fuel demand. The Singapore jet/kerosene crack spread against Oman averaged \$13.08/b, up \$1.17 m-o-m but down 22 ¢ y-o-y.

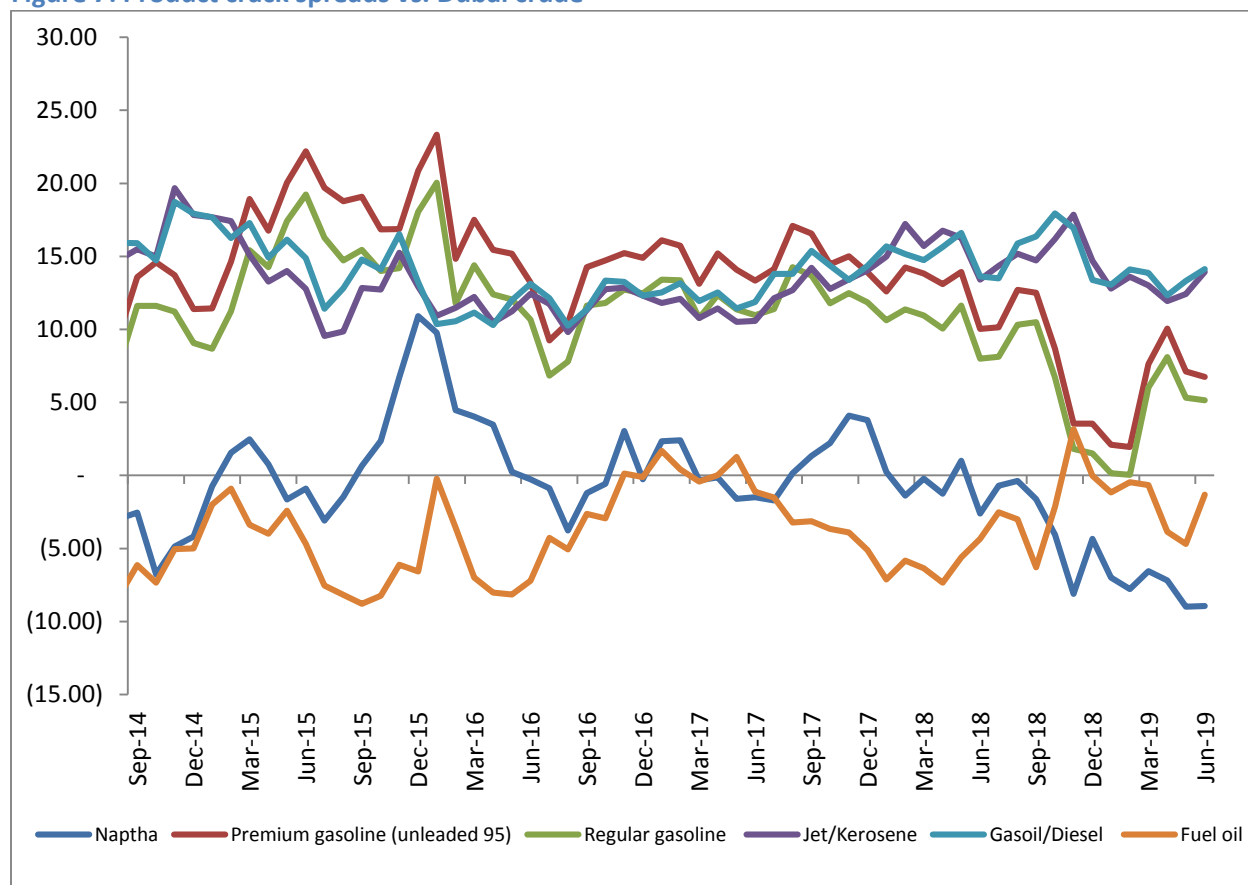
The Singapore gasoil crack spread moved slightly upwards in the month of June on the back of healthy diesel demand. In June, gasoil price decline by 9.2 %. Singapore gasoil crack spread against Oman averaged \$13.28/b, up 48 ¢ m-o-, but down 23 ¢ y-o-y.

The Singapore fuel oil crack spread showed the steepest the across the barrel in the Asian Product market. Singapore fuel oil cracks against Oman averaged minus \$ 2.17/b, up by \$3.04 m-o-m, but up by \$2.29 y-o-y.



Source: OPEC monthly report

Figure 7: Product crack spreads vs. Dubai crude



Source: OPEC, FIPI

Table 5: Singapore FOB, refined product prices (\$/bbl)

Products	Price (\$/b) in June 2019	MoM (%) change	YoY (%) change
Naptha	51.79	-13.9%	-26.9%
Premium gasoline (unleaded 95)	67.49	-11.5%	-19.2%
Regular gasoline (unleaded 92)	65.88	-11.5%	-19.2%
Jet/Kerosene	74.67	-8.4%	-14.1%
Gasoil/Diesel (50 ppm)	74.87	-9.2%	-14.1%
Fuel oil (180 cst 2.0% S)	59.42	-7.8%	-14.1%
Fuel oil (380 cst 3.5% S)	58.25	-7.1%	3.0%

Source: OPEC

Petroleum products consumption in India

- In June, LPG consumption decreased 12.8 % on M-o-M basis.
- Consumption of gasoline increased (10.8% Y-o-Y) driven by higher demand from transport segment.
- Demand for diesel increased by 1.6 % on Y-o-Y basis in the month of June.

Table 6: Petroleum products consumption in India, June 2019

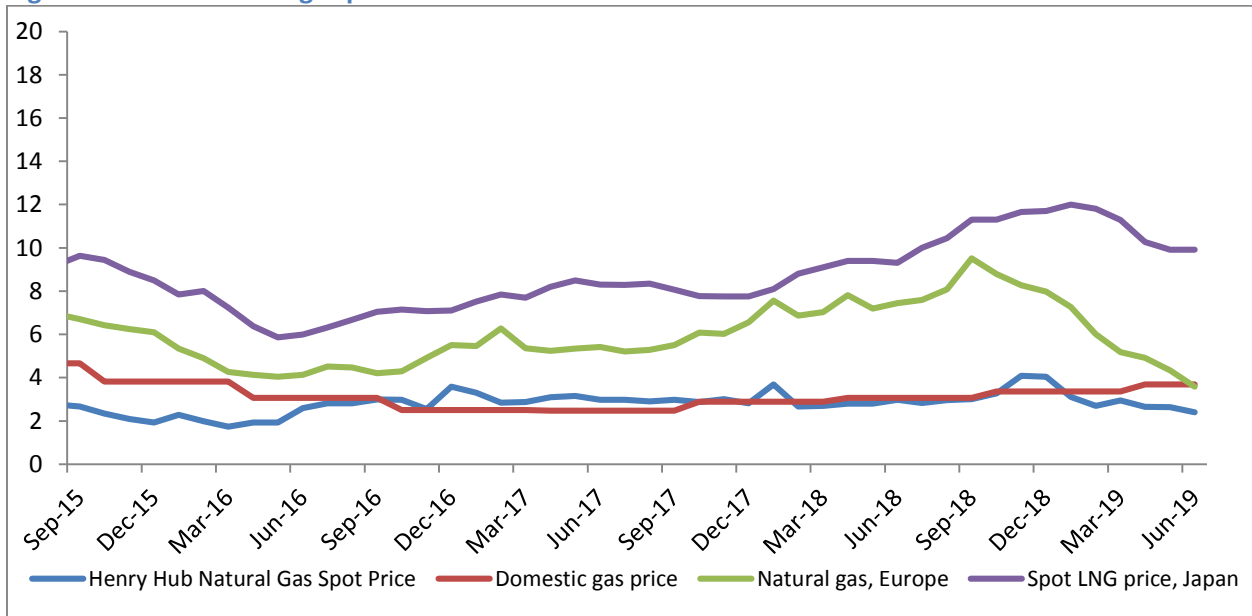
Petroleum products	Consumption in '000 MT June 2019	MoM (%) change	YoY (%) change
LPG	1,794	-12.8%	-7.2%
Naphtha	1,033	-4.8%	-3.7%
MS	2,636	-3.6%	10.8%
ATF	666	-4.6%	-1.9%
HSD	7,445	-4.3%	1.6%
LDO	53	7.3%	20.5%
Lubricants & Greases	312	1.2%	-2.3%
FO & LSHS	501	1.0%	-1.3%
Bitumen	494	-25.2%	-14.8%
Petroleum coke	1,485	1.1%	-32.7%
Others	998	-0.7%	58.2%
TOTAL	17,677	-5.0%	-1.8%

Source: PPAC

Natural Gas Price

In June the Henry Hub natural gas index, decreased by 9.1% to reach \$2.40/MMBtu. Decline in demand for natural gas as a result of onset of summer and higher inventory added during the same period across the United States.

Figure 8: Global natural gas price trends



Source: EIA, WORLD BANK

Table 7: Gas price

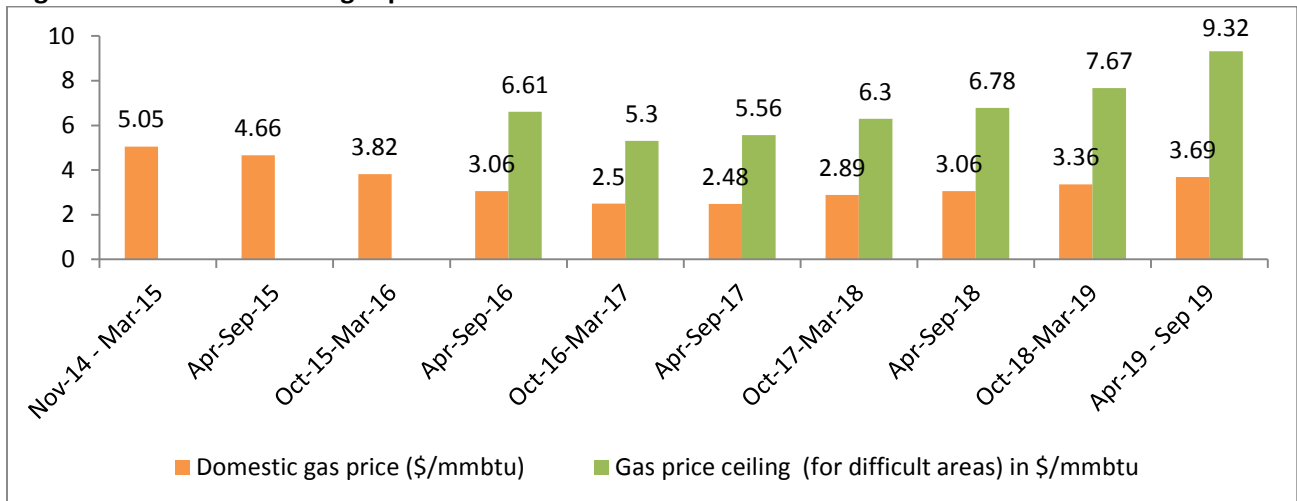
Natural Gas	Price (\$/MMBTU) in June 2019	MoM (%) change	YoY (%) change
India, Domestic gas price	3.69	9.8%	20.6%
India, Gas price ceiling – difficult areas	9.32	21.5%	37.5%
Henry Hub	2.40	-9.1%	-19.2%
Natural Gas, Europe	3.58	-17.5 %	-51.9%
Liquefied Natural Gas, Japan	9.91	0.0%	6.6%

Source: EIA, PPAC, World Bank

Domestic natural gas price which takes into account international benchmarks including Henry Hub, Alberta hub, Russia and UK National Balancing Point, has increased around 23% as compared to a year before, thus capturing the international gas price trends. Gas price for April to September 2019 is \$3.69 per MMBTU

A notification was issued by MoP&NG on 21st March 2016, for marketing including pricing freedom for gas to be produced from discoveries in deep water, ultra-deep water, and high-pressure high temperature areas. For the April to September 2019 period, the price of gas from such areas has been notified at \$9.32 per MMBTU.

Figure 9: Domestic natural gas price

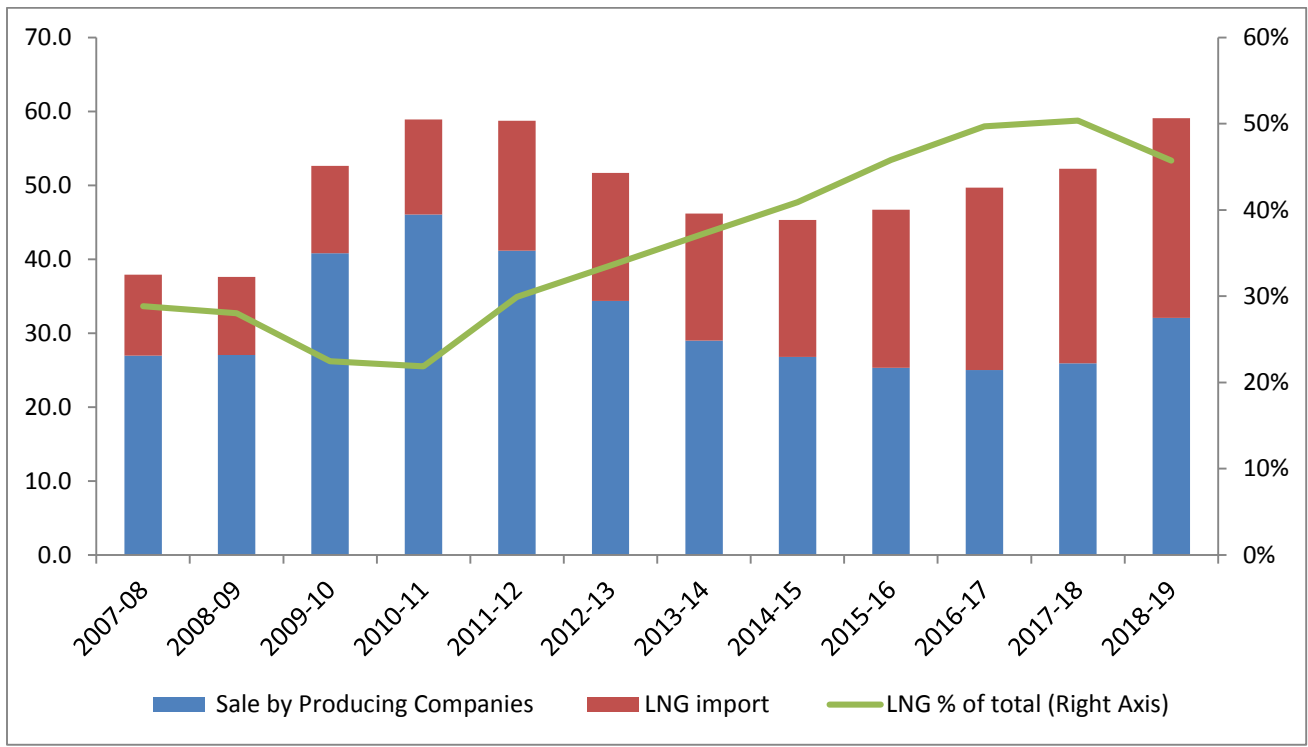


Source: PPAC

Natural gas production, consumption and import in India

- Natural gas constitutes for 6.2% of total energy primary mix of India
- Natural gas consumption in India has grown at a very slow pace in the past 3 – 4 years, with share of LNG imports increasing in the overall consumption mix

Figure 10: Domestic natural gas consumption, domestic production and LNG import in BCM



Source: PPAC

Sale by producing companies includes internal consumption

Key developments in Oil & Gas sector during July 2019

- **Monthly Production Report for June**

Crude oil production during June, 2019 was 2688.06 TMT which is 4.61% lower than target and 6.81% lower when compared with June 2018. Cumulative crude oil production during April-June, 2019 was 8206.57 TMT which is 2.82% lower than target for the period and 6.82% lower than production during corresponding period of last year.

Natural gas production during June, 2019 was 2636.10 MMSCM which is 5.47% lower than the monthly target and 1.56% lower than June, 2018. Cumulative natural gas production during April-June, 2019 was 8441.40 MMSCM which is 4.86% lower than target for the period and 0.47% lower than production during corresponding period of last year.

Refinery production during June, 2019 was 20302.66 TMT which is 3.56% lower than the target for the month and 7.15% lower when compared with June, 2018. Cumulative production during April-June, 2019 was 62583.57 TMT which is 0.13% lower than the target for the period and 2.15% lower than the production during corresponding period of last year.

- **Ethanol in Petrol**

Government is implementing Ethanol Blended Petrol (EBP) Programme through Oil Marketing Companies (OMCs). At present, Public Sector OMCs are selling upto 10% ethanol blended petrol. Government has notified the National Policy on Biofuels-2018 on 8.6.2018 which indicates a target of 20% blending of ethanol in petrol by 2030. Government has fixed prices for ethanol procurement under EBP Programme.

Subsequent to amendment in Industries (Development & Regulation) Act, 1951, Central Government has been regularly interacting with the State/ UT Governments for implementing the amended provisions. Till date, twelve States, viz., Karnataka, Goa, Maharashtra, Gujarat, Bihar, Chhattisgarh, Tamil Nadu, Andhra Pradesh, Punjab, Madhya Pradesh, Himachal Pradesh and Haryana have implemented the amended provisions..

- **Ministry of Petroleum and Natural Gas signs contracts for 32 blocks awarded under Open Acreage Licensing Programme (OALP) Bid Rounds – II & III**

On July 16, Ministry of Petroleum and Natural Gas, signed contracts for 32 blocks awarded under Open Acreage Licensing Programme (OALP) Bid Rounds – II & III. The Government had launched OALP Bid Rounds-II and III on 07th January, 2019 and 10th February, 2019 respectively. While Bid Round-II offered 14 Blocks (covering total area of approx. 30,000 sq. km.), the Bid Round-III offered 23 blocks including 5 CBM blocks (covering total area of approx. 32,000 sq.km.) under International Competitive Bidding (ICB) process. The bidding for both these rounds closed on 15th May, 2019. Subsequent to evaluation, a total of 32 blocks were approved for award to 6 companies, for which the Revenue Sharing Contracts have been signed, in the presence of the Minister of Petroleum and Natural Gas and Steel Shri Dharmendra Pradhan. The total area awarded today in the 32 blocks is 58,998 sq.km. (Onland- 31,551 sq.km; Offshore- 27,447 sq.km.).



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