IN BRIEF

Gems & jewellery export drops 8% in April-Aug.

NEW DELHI

Gems and jewellery export contracted 8.12% to $13.5 billion during April-August, data from the Gems and Jewellery Export Promotion Council showed. This compares with $14.7 billion in the same period last year. The sector contributes about 14% to the country's overall export. The drop in shipments is mainly due to negative growth in export of gold jewellery, medallions and coins and rough diamonds. PTI

TRAI's views on net neutrality by end of Oct.

NEW DELHI

The Telecom Regulatory Authority of India (TRAI) will come out with its views on net neutrality by October-end and also start consultation on "residual" issues around over-the-top applications soon, its chairman R.S. Sharma said. The regulator has already concluded open house discussions around the controversial issue of net neutrality and is in the process of drafting the recommendations. PTI

FPIs take ₹11,000 crore off from equities in Sept.

NEW DELHI

Foreign investors are turning their back on Indian equity market as they pulled out over ₹11,000 crore from stocks in September due to geo-political concerns, slowdown in corporate earnings and higher valuations. The net outflow by foreign portfolio investors (FPIs) follows withdrawal of ₹12,770 crore from equities in August. Prior to that, they had pumped in over ₹62,000 crore February to July. PTI

'No nod for ONGC's ultra deep sea find'

Regulator says technology to produce gas from such water depths not available; explorer demurs

PRESS TRUST OF INDIA
NEW DELHI

Upstream oil regulator DGH has refused to review the commerciality of India's deepest gas discovery made by Oil and Natural Gas Corp (ONGC) on grounds that developing the find poses technological challenges.

ONGC plans to invest ₹21,528.10 crore to develop the ultra deepsea UD-1 discovery in its Bay of Bengal block KG- DWN-98/2 (KG-D5) by 2022-23. The find would have helped double the output from the KG block.

It had earlier this year submitted to the Directorate General of Hydrocarbons (DGH) for approval a declaration of commerciality (DoC) of UD-1 find, sources with direct knowledge of the development said.

DGH, however, refused to review the DoC on grounds there was no technology available to produce gas from such water depths, they said.

Clear path: Discoveries deeper than UD-1 have been put to production, says an ONGC official. • GETTY IMAGES/ISTOCK

A senior ONGC official said it was beyond the mandate of the regulator to not review a discovery and look into technology. "We are the operator and are confident of technology being available to develop the discovery," he said adding the company had replied to the DGH over its concerns.

'Nine wells planned'

ONGC plans to drill nine wells on the discovery that lies in water depths of 2,400-3,200 metres and will produce a peak output of 19 million standard cubic metres per day.

UD-1 holds some 75 billion cubic metres of inplace reserves.

The official said that there were consultants who had showed to ONGC that discoveries deeper than UD-1 have been put to production in recent times, particularly in the Gulf of Mexico.

"An expression of interest (EoI) meeting we had earlier this year for developing the KG finds saw several consultants offering solutions for such water depths," he said.

ONGC is in the process of appointing a consultant who will assist in developing the UD-1 discovery.

The 7,294.6 sq km deep-sea KG-D5 block, which sits next to Reliance Industries' flagging KG-D6 fields, has been broadly categorised into Northern Discovery Area (NDA - 3,800.6 sq km) and Southern Discovery Area (SDA - 3,494 sq km).

The NDA has 11 oil and gas discoveries while SDA has the nation's only ultra-deep-sea gas find of UD-1. These finds have been clubbed into three groups – Cluster-1, Cluster-II and Cluster-III.

Last year, the company had finalised a ₹34,012 crore plan for developing the Cluster-II finds by 2019-20. First gas production is envisaged by June 2019 and oil would start flowing from March 2020, he said.

From Cluster-II, a peak oil output of 77,305 barrels per day is envisaged within two years of start of production.

Easy flow: The shipment is a part of recent commitments to purchase U.S. oil by IOC, BPCL and HPCL. • GETTY IMAGES/ISTOCK

India gets first-ever U.S. crude shipment

'Such supplies will help mitigate risks'

SPECIAL CORRESPONDENT
NEW DELHI

The first ever shipment of U.S. crude oil of 1.6 million barrels, purchased by state-run Indian Oil Corporation (IOC), was received at Paradip Port on Monday.

The shipment is a part of recent commitments to purchase U.S. oil by IOC, Bharat Petroleum (BPCL) and Hindustan Petroleum (HPCL). IOC has placed a cumulative order for 3.9 million barrels from the U.S. while BPCL and Hindustan Petroleum have placed orders for about 2.95 million barrels and one million barrels, respectively.

"This marks the beginning of a new chapter in the history of Indo-U.S. trade, particularly in the oil and gas sector," Sunjay Sudhir Joint Secretary (International Cooperation) in the Ministry of Petroleum and Natural Gas said after he took symbolic delivery of a sample of the oil.

"The inclusion of the U.S. as a source for crude oil imports by India's largest refiner will go a long way in mitigating the risks arising out of geo-political disruptions.

"I hope that the new arrangement will also usher in price stability and energy security for India, which is witnessing robust growth in demand for petroleum products," added Mr.Sudhir.

Bilateral trade boost

U.S. crude oil shipments to India have the potential to boost bilateral trade by up to $2 billion, according to a U.S. Embassy release. The crude oil shipment was delivered by MT New Prosperity, a Very Large Crude Carrier (VLCC) of capacity 2 million barrels of crude, which left the U.S. Gulf Coast on August 19.

"This event marks a significant milestone in the growing partnership between the United States and India," MaryKay Carlson, Chargé d'Affaires at the U.S. Embassy in Delhi said in the release.

"The United States and India are elevating our cooperation in the field of energy, including plans for cleaner fossil fuels, renewables, nuclear and cutting edge storage and energy efficiency technologies. "We look forward to working together on further sales of U.S. crude and exploring opportunities to expand the role of natural gas in India." Ms. Carlson added.

Global fund managers to explore opportunities in India in November

To meet PM Narendra Modi to learn about potential for long-term investments

VARGHESE K GEORGE
WASHINGTON

Some leading asset owners and managers from around the world will gather in India for what U.S.-based organisers call a "deep dive" into the country, to figure out the promises and risks of investing in India, firsthand. The Pacific Pension Institute or PPI, organisers of the event, is a platform of 111 pension funds, endowments and sovereign funds from around the world that collectively have $15 trillion in assets.

"We will be looking at various sectors, the geopolitical situation, India's position in the global economy and the neighbourhood," Lionel C. Johnson, president, PPI told *The Hindu* in an interview. PPI is partnering with SEBI, the National Stock Exchange (NSE) and the BSE for two separate but complementary events, the executive seminar and the Asia Roundtable, between Mumbai and New Delhi, from November 5-10.

Lionel C. Johnson

'Candid conversations'

The investors are scheduled to meet Prime Minister Narendra Modi, Finance Minister Arun Jaitley and other Union Ministers, Chief Ministers, and leaders of Indian banks and corporations.

All interactions will be under a 'no marketing policy' and non-attributable, to ensure candid conversations, he said. "The executive seminar will have 20 of our asset owners, CEOs or active trustees of major pension funds coming for a deep dive into India. To see for themselves what are the drivers – people are keen to know in greater detail, what are the opportunities, the challenges," he said.

"The highlight of the meeting will be the meeting with PM Modi. It is a group that is keen to hear from the Prime Minister and his Ministers about the long-term opportunities for investments in the country. Infrastructure is one of the priorities of the government.

"Other sectors our investors appear to be keen include IT, agriculture, and health services."

'India GDP to hit $6 trillion by 2027'

PRESS TRUST OF INDIA
NEW DELHI

India is likely to be the world's fastest-growing large economy in the next 10 years, driven by digitisation, favourable demographics, globalisation and reforms, predicts a Morgan Stanley report.

According to the global financial services major, the trend line in India's annual GDP growth has been accelerating to 6.9% in 2000s, from 5.8% in the 1990s, and this momentum is likely to continue in the next decade as well. Morgan Stanley expects digitisation will provide a boost of 50-75 bps to GDP growth and forecast that India will grow to a $6-trillion economy by 2026-27.

'Good start with EVs, but many more miles to go'

Industry watchers flag government support as critical need

K.T. JAGANNATHAN
CHENNAI

"Congratulations @TataMotors ! A terrific price. Delighted the revolution in the EV (electric vehicle) market has begun. With more players, the market will expand." That was a tweet by industrialist Anand Mahindra on the Tatas landing the government order for supply of 10,000 electric vehicles against international competition.

Indeed, it is a small step in a long journey towards making India an abode for green vehicles. Wishes notwithstanding, the path is strewn with thorns. Clearing the road ahead is easier said than done. "We see major government support, investment and intervention as necessary to push electrification. Policy frameworks, battery capacity and charging infrastructure are crucial for EV adoption," said a report by Goldman Sachs Global Investment Research.

Bumpy ride: An ambitious EV sales ratio target of 40% by 2032 may be difficult to achieve, says a Goldman Sachs report.

Impact on oil demand

India's transition to EVs could have far-reaching implications for the global oil economy. "India, the world's third-largest consumer and fastest-growing major market, could see a cut of 8%-20% of current annual oil demand," the report said. Affordability challenge could be addressed with an India-specific EV, it felt.

The government has set an ambitious EV sales ratio target of 40% in 2032 with almost 100% in commercial applications (compares with China's EV target of 20% by 2025). "We believe this target will be difficult to achieve; our base case (moderate adoption) forecasts an EV sales ratio of 13% for cars in 2032, 25% for 2-wheelers and 55% for buses," the report said. "If the government is able to learn from the examples of other countries and use incentives (EV purchase subsidies, support for charging station installation, etc.) and prohibitions (deadlines for phasing out conventional internal combustion engines (ICE sales, etc.) effectively, it may be possible to achieve a rapid EV uptake scenario (hyper adoption) with 40% electrification for cars, 55% for 2-wheelers and 75% for buses," the report said.

"From building a policy framework to drive EV adoption (including standards and regulations around interfaces such as specifications for charging points) to kick-starting the EV ecosystem by investing in infrastructure and public transportation, the move toward electric mobility in India requires everything to be done," the report said.

'Late mover' advantage

Nevertheless, according to Goldman Sachs, the late mover advantage may help India in its endeavour. "This should enable it to benefit from lessons learnt in other countries," it added.

According to Ashok Jhunjhunwala, Principal Advisor, Ministry of Power & New and Renewable Energy, Government of India, the key challenge for development of electric vehicles would yet be the issue of subsidy. "The world over, electric vehicles are made possible with 30-40% federal/state subsidy. India cannot afford such a subsidy." According to him, India should look at an alternative route for development of electric vehicles. "The focus has to be on increasing the efficiency of the vehicles by using better quality motors and tyres, better aerodynamics and reducing the weight," he said at a recent meeting in Chennai.

A report by Feedback Business Consulting Services said, "the future of Indian mobility towards EV is an ideal one and care should be taken to take the Indian auto industry to the next level." There was an urgent need for a strong policy framework to promote Indian manufacturing and support from the Government to nudge Indian stakeholders move towards EV gradually, it said. "There is an urgent need also to help Indian auto ancillaries move towards making EV components in India. A series of support initiatives are also required to develop products, creating infrastructure and also to reskill the workforce in this area," it said.

The fact of the matter, however, is that green has become a hot subject of debate and 'EV' has become the new buzz word – a fancy one, at that, in the world of Indian automobiles.

RCom elevates executives to board

SPECIAL CORRESPONDENT
MUMBAI

The Anil Ambani-led Reliance Communications (RCom) has expanded its board by elevating executives a day after it called off a merger with rival Aircel.

Punit Garg, president, telecom business, has been appointed as executive director of RCom while Manikantan V, who is the chief financial officer, is now a director in the company.

The decision to elevate Mr. Garg and Mr. Manikantan was taken at a meeting of the board held on Monday, the company said in a BSE filing.

Mr. Garg had been part of the company's leadership team since the last 17 years and had held several positions in the company, including as the Chief Executive Officer(CEO) of Indian and global enterprise business, corporate strategy and regulatory affairs.

Mr. Manikantan had been with the company for the last 22 years, holding several senior positions, the statement said.

Changes in subsidiaries

Meanwhile, Suresh Rangachar, director of Reliance Infratel Limited (RITL), a subsidiary of the company, who heads the fibre and tower business, had been elevated as executive director of RITL, it said.

Similarly, Gurdeep Singh, co-CEO of the company and CEO of the mobility business, has been elevated as executive director of Reliance Telecom Limited, another subsidiary of the company. Mr. Singh had been with the company for the last six years.

Mr. William (Bill) Barney, co-CEO of the company, and who serves as CEO and director of Global Cloud Xchange, a subsidiary, has also been elevated to the board.