

India's gasoline demand seen hitting record as COVID curbs ease

- India's gasoline demand is set to hit a record this fiscal year, with consumption accelerating as more people hit the road for business and leisure travel after easing of COVID-19 curbs.
- Shunning trains, buses and planes, safety-conscious Indians are buying more cars and increasingly using personal vehicles to commute, flocking to tourist destinations after months of restrictions, despite record high fuel prices.
- Annual passenger vehicle sales in India rose by 45% to 264,442 units in July, driven by pent-up demand, according to data from the Society of Indian Automobile Manufacturers.
- The stronger-than-expected gasoline consumption growth could prompt Indian refiners to import the fuel or boost gasoil exports in coming months. Indian refineries are traditionally configured to maximize production of diesel, where demand is still below pre-COVID levels, result of an uneven economic recovery.
- The expected rise in India's gasoline imports could support Asian refiners' margins for the fuel. The country, which has a refining surplus, has shunned gasoline imports since May and raised gasoil exports by a fifth in July from April, government data showed.
- Credit rating agency Moody's India unit ICRA expects India's gasoline consumption to rise 14% to a record 31.9 million tonnes (739,000 bpd) in the fiscal year to March 2022, higher than the 12.2% growth estimates by the Petroleum Planning and Analysis Cell of the oil ministry.
- Consultancy FGE now forecasts quarterly gasoline demand will rise by 20,000 barrels per day (bpd) to 760,000 bpd for October to December, up from an earlier estimate of 740,000 bpd. This brings FGE's annual forecast to March 2022 to 725,000 bpd, up 11% from the previous year.
- On the other hand, gasoil consumption - which accounts for two-fifths of refined fuel use in the country and is a barometer of industrial activity - is expected to take well into the fourth quarter or even next year to recover to pre-pandemic levels.

Refiners to get 4.3 mn barrels from strategic reserves by Dec

- India's strategic petroleum reserves have begun supplying crude oil to state-owned refiners, implementing its strategy to buy and stock up crude when prices are low, and release it in the domestic market when prices are high.
- The Indian Strategic Petroleum Reserves Ltd (ISPRL) plans to sell 2.17 million barrels each of crude oil to HPCL and (MRPL by December, totaling 4.34 million barrels. Of this, ISPRL has already sold 439,000 barrels to MRPL and 113,000 barrels to HPCL in August.
- Last year, India bought crude oil at \$19 a barrel to fill up its 5.3 million tonnes (mt) of strategic reserves, saving \$685.11 million in the process. The strategic reserves are typically state-funded and meant to tackle emergency situations. ISPRL stocks 5.3 mt of crude oil at three locations for the country, which is the world's third-largest oil importer.
- The new playbook also involves state-owned oil refiners and private sector companies drawing up a coordinated approach for sourcing crude oil. India also plans to construct an additional 6.5 mt of strategic crude oil reserves.
- India has an existing crude storage capacity of 5.3 mt, including 1.33 mt in Visakhapatnam, 1.5 mt in Mangaluru and 2.5 mt in Padur. Built at a cost of \$600 million, these reserves are operational, and sufficient to meet around nine-and-a-half days of India's crude oil requirements.

LNG regasification capacity expected to rise by 12 mmtpa: Motilal Oswal

- India's LNG regasification operable capacity is expected to rise by 12 mmtpa due to removal of constraints at existing LNG terminals, according to Motilal Oswal Financial Services.
- Nearly 24 mmtpa of capacity additions are underway at Dahej and greenfield terminals at Chhara, Jafrabad, Dhamra and Jaigarh over the next few years. Just the KG Basin is expected to result in 45 mmscmd of incremental domestic gas.
- India currently has an LNG regasification capacity of 42.5 mmtpa. However, the capacity is 30 mmtpa, said the report by Motilal Oswal.
- With the completion of major pipelines like Jagdishpur-Haldia, Mehsana-Bhatinda, Kochi-Bangalore and upcoming northeast gas grid, India's total trunk pipeline network is expected to grow to 32,600 km from 17,126 km, increasing the reach of gas to a larger number of consumers.
- A blanket ban on coal gasifiers had resulted in a doubling of gas consumption in Morbi in CY19. With easing of Covid-related lockdowns, stricter actions may be in store for these polluting clusters, thereby encouraging adoption of natural gas.
- The National Green Tribunal (NGT) is focused on reducing pollution and 90 per cent rise in length of trunk pipelines is expected over the next few years. Besides, there is increased availability of LNG operable capacity (57 per cent) and availability of domestic gas (30 percent).

Petronet eyes fresh foray into petchem business; plans LNG import facility on east coast

- Petronet LNG Ltd, India's largest gas importer, is looking to reclaim the lost opportunities of the past decade as it seeks fresh foray into the petrochemical business and plans to set up an LNG import facility on the east coast.
- Oil Secretary Tarun Kapoor, who is also the Chairman of Petronet, in the firm's latest annual report said the company is looking at setting up a floating terminal at Gopalpur port in Odisha and is embarking upon a major diversification drive to broad base its business activity and is exploring to have an ethane/ propane import facility at Dahej terminal.
- Petronet had some years back planned to set up a terminal at Gangavaram in Andhra Pradesh for import of supercooled gas in ships. The company management stopped pursuing that terminal in 2015-16 on grounds that there isn't enough demand to justify a 5 million tonnes a year import facility.
- Gangavaram would have been the first terminal on the east coast as Petronet owns and operates facilities at Dahej in Gujarat and Kochi in Kerala. Soon after that Adani Group began work to set up a 5 million tonnes a year import terminal at Dhamra port in Odisha.
- Petronet now sees that there is demand for gas in the eastern region and despite the Dhamra LNG terminal, it is now looking for a facility at Gopalpur. Its long-term contract for import of liquefied natural gas (LNG) from Qatar provided for supply of 5 million tonnes a year of rich gas or gas containing ethane and propane - compounds used to make petrochemicals.
- It has also planned for setting up of a petrochemical complex based on imported propane at Dahej LNG Terminal.

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