

India turns to spot gas, petro duty cut

US, Oman, Nigeria step up with supplies as Qatar facility reels

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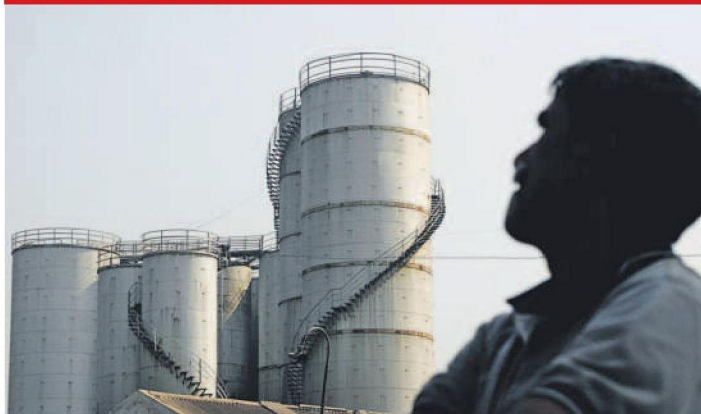
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NEW DELHI

India has turned to costly spot gas and slashed duties on petrochemicals to keep home fires burning and manufacturing humming, even as it fast-tracks strategic petroleum reserves amid an unfolding global energy crisis.

Ever since Iran's strikes on Qatar disabled India's prime sources of natural gas, New Delhi has leaned toward a range of countries to secure the clean fuel that powers cooktops to industrial burners in India. While purchases from Qatar crashed 93% and from the UAE fell by half, the US, Oman and Nigeria stepped up as key suppliers in March, data from ship-

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tracking firm Kpler showed. Imports from the US jumped 371% in March, while Oman, Nigeria and Angola chipped in with increases of 66%,

62% and 47%, respectively.

There's a catch, though. Emer-

TURN TO PAGE 6

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FROM PAGE 1

agency purchases come with a higher price tag, unlike long-term contracts that run for years. The benchmark spot price of natural gas in Asia averaged at \$20 per million metric British thermal units (MMBtu) in March, its highest since January 2023.

Qatar accounted for a large chunk of India's gas imports, said Prashant Vasisht, senior vice-president and co-group head, corporate ratings, Iera Ltd. "Efforts for diversification from other geographies would be beneficial over the long run. Also, globally, it is not an issue of LNG availability; rather, pricing is the issue. Prices are very high," Vasisht said.

Iran's strike on Qatar's Ras Laffan gas liquefaction plant and its closure of the Strait of Hormuz have blown a hole in India's energy security, with Doha warning that repairs could take up to five years, triggering force majeure declarations.



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Meanwhile, India has prioritized domestic use of LPG and nudged households to move to piped cooking gas, as it battles its worst energy crisis in decades. Vasisht, however, noted that it would take long to diversify and make up for the shortfall from Qatar.

The attacks have reduced Qatar's LNG export capacity by 17% and caused a loss of \$20 billion in annual revenue.

Alongside, New Delhi is

fighting another battle to secure petrochemicals, used in a wide range of sectors from paints to pharmaceuticals and adhesives to electronics. On Thursday, the Centre exempted 40 critical petrochemical feedstocks and intermediates from duties to cushion the domestic industry from supply disruptions. The relief, which will be in place until June end, covers key inputs such as ammonia used in fertil-

izer production, a critical component for food security.

The finance ministry described the move as a "targeted relief" aimed at ensuring the availability of essential inputs, easing cost pressures on downstream sectors, and maintaining supply stability.

The exemption, which follows recent cuts to petrol and diesel duties, is expected to have a fiscal impact of ₹1,800 crore. The move also seeks to limit the conflict's impact on domestic inflation.

The government also partially eased a month-long mandate requiring all refinery byproducts to be used for cooking gas production, allowing some essential components, such as propane, polypropylene, and butane, to return to pharmaceuticals, food, distribution, and petrochemicals. The decision balances an increasing regional

energy crunch with the survival of critical manufacturing sectors. Petroleum ministry joint secretary Sujata Sharma said the government will ensure that supplies to the domestic consumers are not affected. India is also looking at expanding its strategic crude reserve capacity, she added.

Separately, petroleum secretary Neeraj Mittal urged state governments to manage and prioritize LPG distribution to ensure uninterrupted supply for domestic consumers and essential sectors.

Addressing the media, Sujata Sharma, joint secretary, petroleum ministry said that the government is "actively looking" at increasing India's strategic reserve capacity. Currently, New Delhi maintains it has crude oil supplies sufficient for two months.

Even as the energy crisis rages, fuel stations have com-

plained that oil marketing companies have tightened fuel on credit, despite assurances from the Centre.

Dealers said credit was extended for up to five days under a revolving system till about the first week of March, but now OMCs are "insisting on advance payments for all supplies" or allowing only a day's credit for fuel purchases in some places.

United Petroleum Dealers Association, which represents dealers from 14 states, wrote to the petroleum ministry, "We earnestly request you to kindly intervene and direct the OMCs to immediately restore the day end credit limit and holiday credit facilities and strictly implement the government's directive of providing at least three days' credit to dealers."

A petroleum ministry official who didn't want to be named, however, said that OMCs have resumed supplies to retailers on credit.

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