

Natural gas may play a game changer for energy

Recent city gas rounds to bring in ₹1.2 trillion investments in next 10 years

SHINE JACOB
New Delhi, 9 March

In 2012-13, the share of natural gas in India's energy mix was around 10.5 per cent. Surprisingly, despite the fact that the Narendra Modi-led government had set a goal of taking this share to 15 per cent by 2022, the contribution of natural gas in the country's energy basket has declined to almost 6.5 per cent now.

The global average is 24 per cent and even within the country, in Gujarat, it is 25 per cent. With these dismal numbers, the target of becoming a gas-based economy appears a distant dream. A major reason for this is an almost static domestic natural gas production, which has risen only 0.7 per cent in the past 10 years, from 32,416.97 million metric standard cubic metre (mmscm) in 2007-08 to 32,649.31 mmscm in 2017-18.

As part of its effort to improve this, the ministry of petroleum and natural gas has taken several steps in the past few years to improve domestic production, increase consumption and give a push to infrastructure development. The recent thrust on city gas distribution networks through the ninth and tenth round of auctions of new geographical areas (GA) can be seen as a step towards this. The two rounds are expected to fetch investments worth about ₹1.2 trillion in the next ten years.

Hence, the move can be seen as a significant initiative to leapfrog to higher gas usage and address India's urban pollution. With the completion of the tenth round, CGD would be available in 228 GAs consisting of 402 districts spread over 27 States and Union territories, covering approximately 70 per cent of India's population and 53 per cent of the country's geographical area. The success of the last two rounds can be calculated looking into the fact that the first eight rounds covered only 11 per cent of India's geographical area and barely 19 per cent of its population. Around 30 companies, including Adani Gas, Indian Oil Corporation



INDIA'S GAS NEEDS

- **Total gas consumption during January 2019 was 4,653 mmscm**, of which the share of liquefied natural gas (LNG) was about 52 per cent
- **Major consumers of gas in India include fertiliser (29%), power (22%), city gas distribution (18%), refinery (11%), and petrochemicals (6%)**
- **According to a recent study by EY**, India's energy consumption is expected to grow by 4.2% a year and gas consumption by 5% till

2040, to account for 11 per cent of global energy consumption

■ **As of now, coal constitutes 58% of the country's energy basket**, followed by oil (29%), natural gas (6%), renewables and hydro-electricity (6%) and nuclear energy (1%)

■ **The number of LPG consumers in the country has also risen 77% from 148 million on March 31, 2015, to 261.6 million now**, reaching out to 90% of households

(IOC), Hindustan Petroleum Corporation (HPCL), Gujarat Gas, Atlantic Gulf & Pacific Company (AG&P) and Gail Gas turned winners in the two rounds so far.

According to P P G Sharma, Managing Director of AG&P, the current CGD rounds are going to be a game-changer in India's move towards increasing its share of gas in energy basket. "This will bring in more investments to the sector. Availability of gas is not going to be an issue. For domestic consumers, the gas is being allocated on a priority basis, while for industrial players more LNG will be available in the pool in the near future," Sharma told Business Standard. Total gas consumption during the month of January 2019 was 4,653 mmscm, of which the share of liquefied natural gas (LNG) was about 52 per cent. Major consumers of gas in India

include fertiliser (29 per cent), power (22 per cent), CGD (18 per cent), refinery (11 per cent), and petrochemicals (six per cent).

According to a recent study by Ernst & Young, India's energy consumption is expected to grow by 4.2 per cent a year and gas consumption by 5 per cent till 2040, to account for 11 per cent of global energy consumption. As of now, coal constitutes 58 per cent of the country's energy basket, followed by oil (29 per cent), natural gas (six per cent), renewables and hydro-electricity (six per cent) and nuclear energy (one per cent).

Interestingly, the push for clean energy by the petroleum ministry has also got a boost since the launch of Pradhan Mantri Ujjwala Yojana in May 2016. Owing to the success of this, the number of LPG consumers in the country also risen 77 per cent

from 148 million on March 31, 2015 to 261.6 million now, reaching out to 90 per cent of Indian households. As of today, 69.5 million new consumers were added only under PMUY.

Despite the skepticism, the petroleum ministry expects natural gas production to double to 71.92 billion cubic metre by 2021-22, from a mere 35.07 bcm now. India is pushing for gas to meet the country's COP21 commitments on carbon emissions. It is also cheaper than liquid fuels such as petrol and diesel.

Despite the focus on CGD and steps to increase production, industry experts such as R S Sharma, former chairman and managing director of Oil and Natural Gas Corporation (ONGC) believe that in the most optimistic scenario, by 2040, the share of natural gas in India's energy basket will reach about 12 per cent only.

REALITY CHECK ON INDIA'S POLITICS: ONLY 9% WOMEN MLAs AND MPs ACROSS NATION

ADR and NEW's empirical study of MPs and MLAs reveals how skewed the gender representation is in the states and parties

While politicians across India are keen to talk about women empowerment and the political legacies of India's female politicians like Indira Gandhi, Sushma Swaraj or Nirmala Sitharaman, these women remain largely anomalies in the political landscape. The fact remains – women are underrepresented in state and national decision-making bodies. According to a report by the Association of Democratic Reforms (ADR) and National Election Watch (NEW), the state of representation of women in the country's decision-making process continues to be dismal, with only 9% women MLAs and MPs across the country in 2019.

STATE-WISE REPRESENTATION OF WOMEN IN INDIA

ADR and NEW's empirical study of MPs and MLAs reveals how skewed gender representation is in the states.

None of the country's state Assemblies had more than 10% women candidates, barring exceptions like Jharkhand (10%), West Bengal (10.30%), Sikkim (10.30%) and Chhattisgarh (10%), which had the highest percentage of women candidates. Delhi had 9.8% women candidates in the fray. The lowest number of women candidates is in Nagaland and Arunachal Pradesh (3% each) and Jammu & Kashmir and Manipur (4% each).

16TH LOK SABHA STATUS

As of 2014, women make up only 11.8 per cent of the Lok Sabha and 11.4 per cent of the Rajya Sabha, according to the Inter-Parliamentary Union.

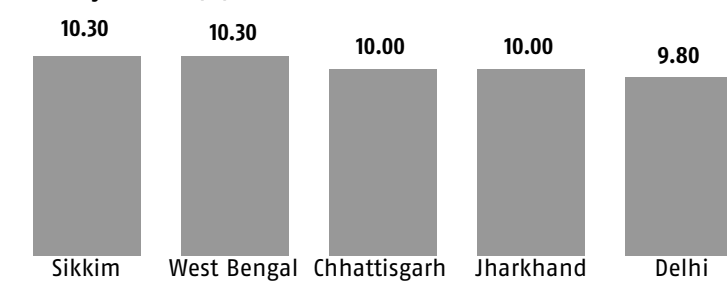
In the 16th Lok Sabha elections, the BJP gave only 38 of 428 tickets to women candidates, while the Congress gave 60 tickets. Other national parties like the BSP fielded 21 women, the CPI fielded six, the CPI(M) fielded 11 and the NCP four.

Politically, women have been making their presence felt in voter turnouts. According to the Election Commission, the female voter turnout was higher than male turnout in 16 states and union territories out of 35 in the 2014 general elections.

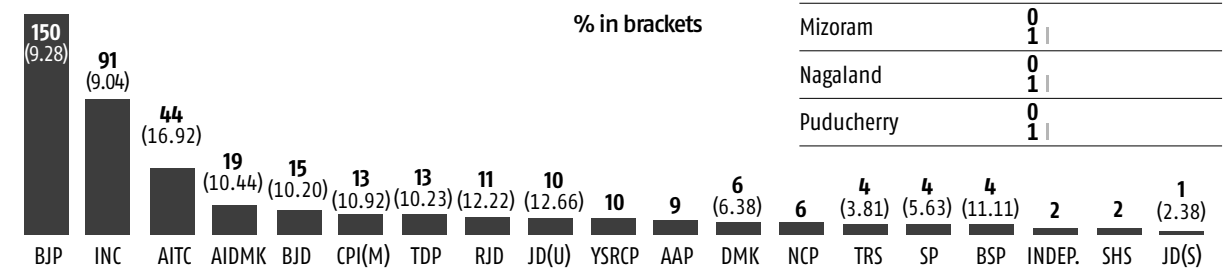
SURBHI GLORIA SINGH

LEADING THE PACK

Top 5 states with the Highest Percentage of Women Candidates in state Assembly elections (%)



PARTY-WISE NUMBER OF WOMEN MPs/MLAs



Rahul vows minimum income plan if elected

PRESS TRUST OF INDIA
Hyderabad, 9 March

Congress chief Rahul Gandhi on Saturday said the party would implement the minimum income guarantee scheme and deposit money in bank accounts of all the poor in the country if voted to power in the Lok Sabha polls.

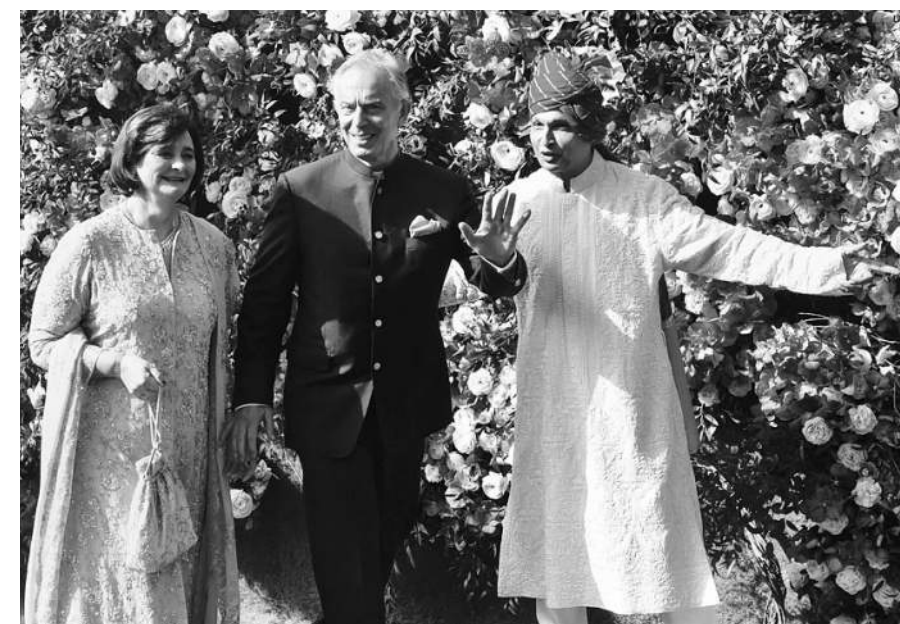
"We have taken a decision that Congress party will give guaranteed minimum income to every poor person in India. After the 2019 polls, the Government of India will fix minimum income. It will not be below any of the income levels (below poverty line) of people," he said.

People will get money under the scheme if their income is less than the minimum income (fixed), irrespective of whoever they are, whichever state they lived in or religion they followed and whatever language they spoke, he said.

"We will not leave even a single person. We will search for people whose income is less than the Minimum Income, we will deposit money in their accounts, the congress chief said. Gandhi was addressing a meeting of Congress functionaries where he kick started the party's campaign for the coming Lok Sabha polls.

Continuing his tirade against Prime Minister Narendra Modi, he alleged that Modi was creating two Indias - one in which only the rich benefited and the other in which farmers seeking loan waiver are let down. "The congress party will not let this happen," he said Referring to the Doklam.

WEDDING SEASON IS HERE



Former British prime minister Tony Blair and wife Cherie being escorted by Anil Ambani as they arrive for the wedding ceremony of industrialist Mukesh Ambani's son Akash with Shloka Mehta at Jio World Centre, in Mumbai, on Saturday

PHOTO: PTI

Modi slams Cong's handling of terror attacks

PRESS TRUST OF INDIA
Noida, 9 March

Prime Minister Narendra Modi on Saturday again hit out at those seeking proof of India's air strike at Balakot in Pakistan and slammed the previous Congress government for its handling of terror attacks like the one in Mumbai in 2008.

Addressing a public meeting in Greater Noida, Modi said the "corrupt" are opposing and abusing him in order to get votes.

Modi said today India works on 'nayi reeti, nayi neeti' (new methods, new policies), asserting that after the terror attack in Uri (Jammu and Kashmir) in 2016, the country for the first time taught terrorists a lesson "in a language they understand" with surgical



PM Narendra Modi with Uttar Pradesh Chief Minister Yogi Adityanath at the inauguration of Pandit Deendayal Upadhyaya Institute of Archaeology in Greater Noida on Saturday

PHOTO: PTI

strikes.

"Is it okay for you to have a government that does nothing? A chowkidar (referring to himself) who sleeps?" he asked the gathering of thousands, after inaugurating several development projects.

He said the country can never forget the 26/11 terror attack in Mumbai. India should have responded then and the whole world would have supported the country, he said.

"But that required

courage. All evidence was against terrorist handlers in Pakistan which proved them guilty. But how did India respond? There are reports that our forces were ready to avenge the terror attack even then, but Delhi remained cold. The forces were not allowed to take any action," he said.

Stating that there were repeated terror attacks in India after 2008 whose links were found across the border, Modi questioned the previous government's response. They did not change their policy, they only changed their home ministers, he said.

"Had the previous government shown some courage and taught terrorists a lesson in their own language, terrorism would not have emerged as the menace it is now," he said.

Power generation remains the only pain point for Adani Group

SAI MANISH
New Delhi, 9 March

In a single stroke during the last week of February, Gautam Adani-led Adani Enterprises started on the journey to become the largest airport operator in India when it bagged contracts to operate five airports in the country. The company will operate more airports than any other private player in India. In perspective, the Adani Group will be the largest private airport operator in one of the world's fastest growing aviation markets. It is already one of India's largest coal traders, the largest private port operator, largest edible oil company, largest solar cell manufacturer and largest private player in piped gas distribution across Indian cities. In 2014, Adani Group consisted of 80 subsidiaries. Now it has 99 subsidiaries and associate companies.

In 2013-2014, Adani Enterprises, the flagship of the group earned consolidated revenues of ₹56,226 crore. This included all its business, including its much profitable ports enterprise. In 2017-18, the last full financial year for which figures are available, the group's

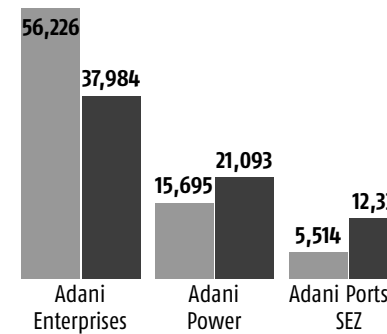
revenues (including its ports, power and transmission businesses which were spun off into separate entities in 2015) stood at ₹74,332 crore — a growth of over 33 per cent over four years. According to BSE 200 index data analysis provided by AceEquity, the revenue of companies that comprise the BSE200 index grew 16 per cent during the same period.

While Adani Enterprises which drives most of its revenues from coal mining and trading is the group's biggest revenue generator, the ports business is its most profitable venture. After being restructured in 2015-16, Adani Enterprises' total profits have declined from a little over ₹1,000 crore to ₹757 crore in 2017-18. The entire group's profits have increased from a little above ₹2,200 crore in 2013-14 to ₹3,438 crore in 2017-18. This growth is bigger than the BSE200 index companies whose profits grew just about 13 per cent.

Since 2014, Adani Enterprises has more than doubled its domestic coal production. In 2017-18 it produced over eight million metric tonnes of coal. The cancellation of licences by the Supreme Court in 2014 seems to have had little impact on Adani Enterprises' operations. The Coal Mines (Special Provisions) Act, 2015 introduced by the government

GROUP FINANCIALS

Revenues ■ 2013-14 ■ 2017-18 (₹ crore)



ensured that private players weren't hurt badly. Adani Enterprises regained Mine Developer cum Operator (MDO) contracts for Parsa and Kente Extension blocks in Chhattisgarh. According to the company's annual reports, it got MDO contracts for three more blocks in Chhattisgarh (one at Gare Palma and two at Talabira) in 2017. Adani Enterprises also includes the group's defence businesses

which, among other things, opened an unmanned aerial vehicle (UAV) manufacturing facility in Hyderabad in December 2018.

Adani Group has also come to dominate India's growing ports sector. In 2014, Adani operated three ports in Gujarat, including Mundra, which was India's largest private port. By 2015-16, according to the company, it operated eight ports in five states and was developing two more. With the central government



Gautam Adani-led Adani Enterprises is the largest airport operator in India

revising the model concession agreements for port development as part of its Sagarmala scheme, Adani Ports could get a shot in the arm in times to come. Under new rules, port developers can exit a project by selling their entire stake within two years of commercial operation. Adani Ports and Special Economic Zone Ltd recorded profits of ₹3,683 crore in 2017-18 — a rise of 59 per cent since 2014-15. With the central government approving another ₹14,000 crore power sector SEZ by the group in Jharkhand to export all power generated there to Bangladesh, the coming few years could further add to Adani Power and SEZ's financial muscle.

Adani's power businesses haven't been as successful as the other ventures. Adani Power Ltd ran losses since 2014 except in 2015-16. Its losses widened to more than ₹6,000 crore in 2016-17. In 2017-18, its losses were more than ₹2,000 crore. While Adani's power generation businesses may be hit badly, its electricity transmission business is also turning into a money spinner. Adani Transmission's net profits more than tripled to over ₹1,100 crore in 2017-18 ever since it was spun off as a separate entity in 2015-16.