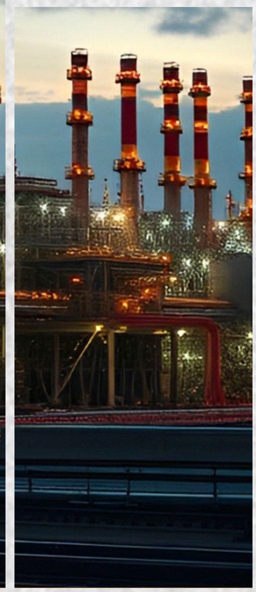
FIPI

Federation of Indian Petroleum Industry



# March 2025

# POLICY & ECONOMIC REPORT

## OIL & GAS MARKET

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# Executive Summary

According to OECD Economic Outlook published in March 2025, global output growth remained resilient in 2024, with robust expansions in the United States and several large emerging-market economies, including China.

However, with uncertain global circumstances, softening of global growth prospects have been witnessed in some countries. Business and consumer sentiment have weakened in some countries, and indicators of economic policy uncertainty have risen markedly around the world.

Global GDP growth is projected to moderate from 3.2% in 2024, to 3.1% in 2025 and 3.0% in 2026, with higher trade barriers in several G20 economies and increased geopolitical and policy uncertainty weighing on investment and household spending.

Annual GDP growth in the United States is projected to slow from its strong recent pace, to be 2.2% in 2025 and 1.6% in 2026. Euro area GDP growth is projected to be 1.0% in 2025 and 1.2% in 2026, as heightened uncertainty keeps growth subdued. Growth in China is projected to slow from 4.8% this year to 4.4% in 2026.

In case of India, according to NSO's Second Advance Estimates, India's GDP is projected to grow by 6.5% in FY 2024-25. Quarter 3 GDP growth was 6.2%, rebounding from 5.6% in Q2 due to higher private consumption and government spending. Real GDP has been estimated to grow by 6.5% in FY 2024-25. Nominal GDP is expected to witness a growth rate of 9.9% in FY 2024-25. Both the growth rates are revised upward from their respective First Advance Estimates.

'Construction' sector is estimated to observe a growth rate of 8.6%, followed by 'Financial, Real Estate & Professional Services' sector (7.2%) and 'Trade, Hotels, Transport, Communication & Services related to Broadcasting' sector (6.4%) during 2024-25.

Inflation- CPI Inflation- India's CPI inflation fell to a 7-month low of 3.6% in February 2025 due to a substantial decline in food and beverage prices.

Food Inflation- Year-on-year inflation rate based on All India Consumer Food Price Index (CFPI) for the month of February, 2025 over February, 2024 is 3.75% (Provisional).

Fuel and light- Deflation is continued for 18 months at -1.33%. It is combined inflation rate for both rural and urban sector.

CPI inflation is expected to decline to 3.9% in Q4 FY25 and average 4.7% for FY25. FY26 inflation is projected in the range of 4.0-4.2%, while core inflation may range between 4.2-4.4%. The Reserve Bank of India (RBI) may implement successive rate cuts in April and August 2025, with an overall expected cumulative rate cut of at least 75 basis points. The cycle of rate cuts may continue from October 2025, following an intervening gap in August 2025.

The Quick Estimates of Index of Industrial Production (IIP) are released on 12th of every with a six weeks lag and compiled with data received from source agencies, which in turn receive the data from the producing factories/ establishments. The IIP growth rate for the month of January 2025 is 5.0 percent which was 3.2 percent (Quick Estimate) in the month of December 2024. The growth rates of the three sectors, Mining, Manufacturing and Electricity for the month of January 2025 are 4.4 percent, 5.5 percent, and 2.4 percent respectively.

On external front, India's foreign exchange reserves saw an increase of USD 305 million, reaching USD 654.271 billion in the week ending March 14, according to the latest data from the Reserve Bank of India (RBI). Foreign currency assets (FCA)—the largest component of India's forex reserves—stand at USD 557.186 billion, while gold reserves are valued at USD 74.391 billion. SDRs for the above-mentioned week increased by $51 million to stand at $18.26 billion. Reserve position in the IMF was up by $283 million to $4.4 billion.

India's foreign trade position- Exports (Merchandise + Services) for February 2025 stood at $ 71.95 billion, registering a growth of 3.16% YoY growth compared to February 2024. Imports (Merchandise +Services) for February 2025 amounted to $ 67.52 billion, registering a negative growth of (-11.34) % YoY increase over February 2024.

As far as oil and gas industry is concerned, benchmark crude oil prices fell in February and early March as concerns mounted over the outlook for the economy and global oil demand growth amid escalating trade tensions and as OPEC+ announced it would start unwinding production cuts in April. Against this backdrop, discussions started on the potential for an initial ceasefire and an eventual peace deal in Ukraine. ICE Brent futures declined by $11/bbl over the past eight weeks, trading near three-year lows around $70/bbl.

Hedge funds and other money managers closed a large volume of bullish futures and options positions in the ICE Brent and NYMEX WTI futures markets, while sharply increasing short positions related to NYMEX WTI to their highest in more than a year. This fuelled volatility and accelerated a decline in oil futures prices. Combined futures and options net long positions in ICE Brent and NYMEX WTI dropped to their lowest level since last December.

Crude spot prices averaged lower in February, reversing previous gains in part, pressured down by heavy selling in the oil futures market and an easing of the supply risk premium. The decline in prices was more pronounced in the light sweet Brent benchmark, as a speculator selloff was seen in both ICE Brent and NYMEX WTI contracts. Spot prices of light sweet crude declined more than futures prices amid a well-supplied crude market, specifically for prompt loading volumes in the Atlantic Basin.

Natural gas spot prices at the US Henry Hub benchmark averaged $4.19 per million British thermal units (MMBtu) in February 2025. Henry Hub's natural gas prices rose for a third consecutive month in February, albeit at a significantly lower rate compared with the previous month. Prices rose by 3.0%, m-o-m, supported by colder weather across the US and steeper declines in underground storage. According to data from the US Energy Information Administration (EIA), weekly average underground storage decreased in February by 27.5%, m-o-m. Henry Hub prices were up by more than 100%, y-o-y, underscoring above-average seasonal demand.

# Economy in Focus

## 1. A snapshot of the global economy

### Global economic growth

According to OECD Economic Outlook published in March 2025, global output growth remained resilient in 2024, with robust expansions in the United States and several large emerging-market economies, including China.

However, with uncertain global circumstances, softening of global growth prospects have been witnessed in some countries. Business and consumer sentiment have weakened in some countries, and indicators of economic policy uncertainty have risen markedly around the world.

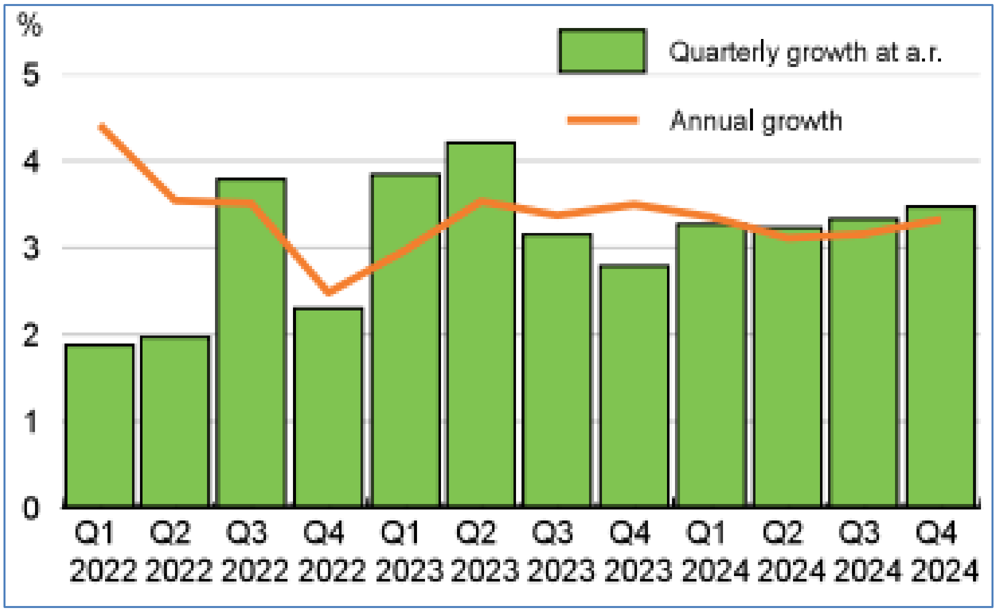
***Figure 1: Global GDP growth projections for 2025 and 2026***

| | 2024 | 2025 | | 2026 | |
|---|---|---|---|---|---|
| | | Interim EO projections | Difference from December EO | Interim EO projections | Difference from December EO |
| World | 3.2 | 3.1 | -0.2 | 3.0 | -0.3 |
| G20[1] | 3.3 | 3.1 | -0.2 | 2.9 | -0.3 |
| Australia | 1.1 | 1.9 | 0.0 | 1.8 | -0.7 |
| Canada | 1.5 | 0.7 | -1.3 | 0.7 | -1.3 |
| Euro area | 0.7 | 1.0 | -0.3 | 1.2 | -0.3 |
| Germany | -0.2 | 0.4 | -0.3 | 1.1 | -0.1 |
| France | 1.1 | 0.8 | -0.1 | 1.0 | 0.0 |
| Italy | 0.7 | 0.7 | -0.2 | 0.9 | -0.3 |
| Spain[2] | 3.2 | 2.6 | 0.3 | 2.1 | 0.1 |
| Japan | 0.1 | 1.1 | -0.4 | 0.2 | -0.4 |
| Korea | 2.1 | 1.5 | -0.6 | 2.2 | 0.1 |
| Mexico | 1.5 | -1.3 | -2.5 | -0.6 | -2.2 |
| Türkiye | 3.2 | 3.1 | 0.5 | 3.9 | -0.1 |
| United Kingdom | 0.9 | 1.4 | -0.3 | 1.2 | -0.1 |
| United States | 2.8 | 2.2 | -0.2 | 1.6 | -0.5 |
| Argentina | -1.8 | 5.7 | 2.1 | 4.8 | 1.0 |
| Brazil | 3.4 | 2.1 | -0.2 | 1.4 | -0.5 |
| China | 5.0 | 4.8 | 0.1 | 4.4 | 0.0 |
| India[3] | 6.3 | 6.4 | -0.5 | 6.6 | -0.2 |
| Indonesia | 5.0 | 4.9 | -0.3 | 5.0 | -0.1 |
| Russia | 4.1 | 1.3 | 0.2 | 0.9 | 0.0 |
| Saudi Arabia | 1.2 | 3.8 | 0.2 | 3.6 | -0.2 |
| South Africa | 0.6 | 1.6 | 0.1 | 1.7 | 0.0 |

*Source- OECD Interim Economic Outlook*

Global GDP growth is projected to moderate from 3.2% in 2024, to 3.1% in 2025 and 3.0% in 2026, with higher trade barriers in several G20 economies and increased geopolitical and policy uncertainty weighing on investment and household spending.

***Figure 2: Global GDP growth***




*Source- OECD Interim Economic Outlook*

Annual GDP growth in the United States is projected to slow from its strong recent pace, to be 2.2% in 2025 and 1.6% in 2026. Euro area GDP growth is projected to be 1.0% in 2025 and 1.2% in 2026, as heightened uncertainty keeps growth subdued. Growth in China is projected to slow from 4.8% this year to 4.4% in 2026.

In Japan, robust corporate profits and strong wage growth are expected to be a tailwind for economic activity this year, with growth projected to rise from 0.1% in 2024 to 1.1% in 2025 before slowing to 0.2% in 2026.

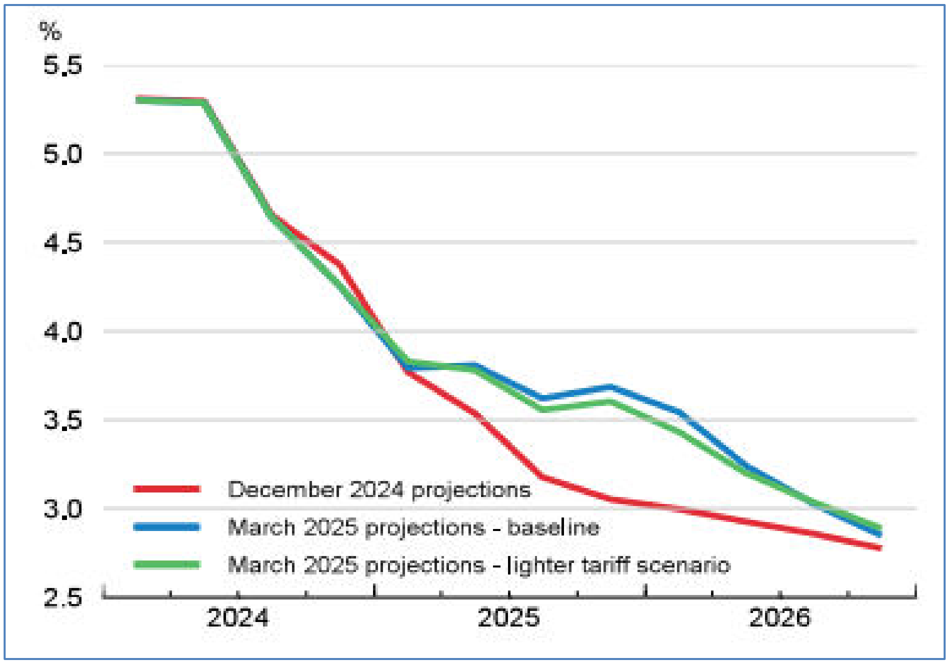
In India, GDP growth is projected to be 6.4% in FY 2024-25 and 6.6% in FY 2025-26, while Indonesia is projected to grow by 4.9% in 2025 and 5.0% in 2026. The expansion in Brazil is expected to slow from its recent rapid pace as the impact of monetary policy tightening and higher tariff rates on steel and aluminum exports to the United States dampen growth from 3.4% in 2024 to 2.1% in 2025 and 1.4% in 2026.

## Global Inflation

According to OECD, inflation is projected to be higher than previously expected, although still moderating as economic growth softens. Headline inflation is projected to fall from 5.3% in 2024 to 3.8% in 2025 and 3.2% in 2026 in the G20 economies.

Core inflation is now projected to remain above central bank targets in many countries in 2026, including the United States. Core inflation in the advanced G20 economies projected to be 2.7% in 2024, 2.6% in 2025 and 2.4% in 2026.

***Figure 3: G20 headline inflation***




*Source- OECD*

These projections assume that bilateral tariffs between Canada and the United States and between Mexico and the United States are raised by an additional 25 percentage points on almost all merchandise imports from April. Activity would be stronger and inflation lower in all three economies if these tariff increases were lower or confined to a smaller range of goods, but global growth would still be weaker than previously expected.

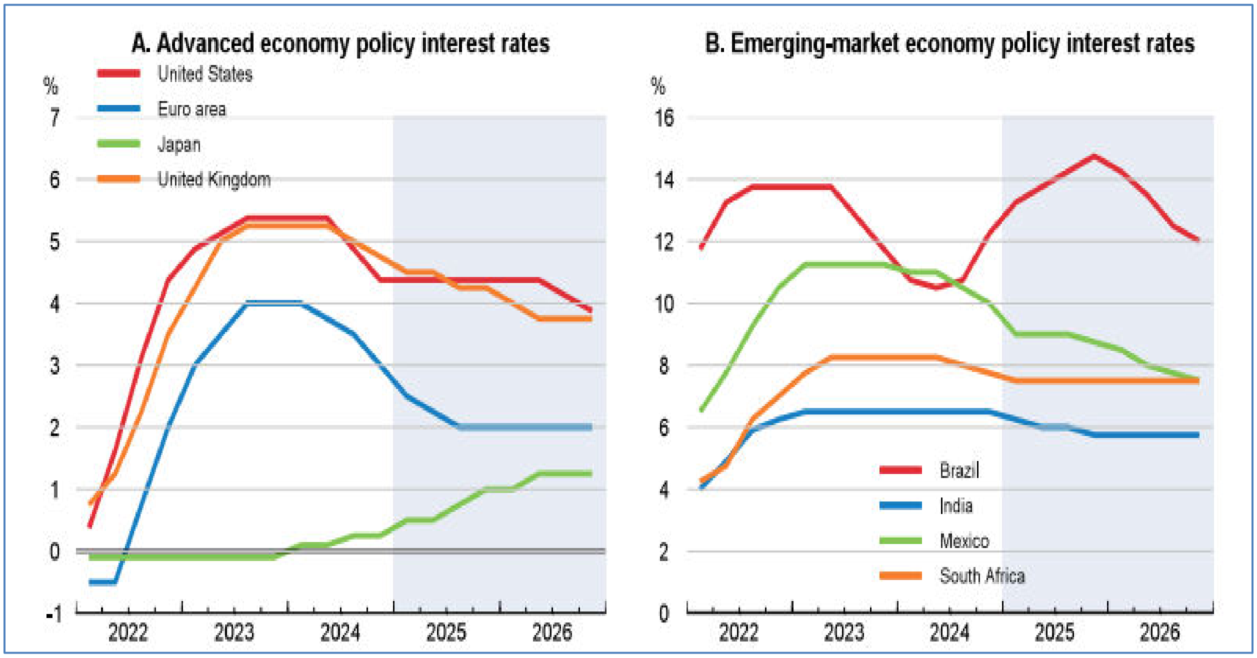
**Monetary Policy initiatives**

Policy interest rates have continued to decline in most major economies in recent months. There are a few exceptions, notably Japan, where policy interest rates are being raised gradually, and Brazil where the policy rate has been raised again to ensure that inflation expectations remain well-anchored.

Provided inflation expectations remain well anchored, and trade tensions do not intensify further, policy rate reductions can continue in economies in which inflation is projected to moderate. In the euro area, policy interest rates are projected to ease to 2% by the latter half of 2025, with gradual easing also occurring over the next two years in Australia and the United Kingdom.

In contrast, policy rates are projected to remain unchanged in the United States until well into 2026 in the baseline projection and ease only slightly earlier in 2026 in the lighter tariff scenario, with inflation projected to remain above target in both cases. Policy rates are projected to increase in Japan as monetary policy accommodation continues to be gradually withdrawn. In Canada, policy rates are projected to be lowered further, but to a greater extent in the lighter tariff scenario, with stronger pressures from higher import costs offset by the weaker economy.

***Figure 4: G20 headline inflation***




*Source- OECD*

**Global trade**

According to the latest Global Trade Update by UN Trade and Development (UNCTAD), covering data through early March, signals a shifting landscape. In 2024, world trade saw record expansion to $33 trillion in 2024 – up 3.7% from 2023 – driven by developing economies and strong services trade. But looking ahead, new risks loom, including trade imbalances, evolving policies, and geopolitical tensions.

Key trade facts and figures: -

- Global trade hit a record $33 trillion in 2024, growing by 3.7% ($1.2 trillion). Most regions saw growth, except for Europe and Central Asia.
- Services led the expansion in 2024, growing 9% annually and adding $700 billion (nearly 60% of the total growth). Trade in goods grew at a slower 2%, contributing $500 billion. However, growth in both sectors slowed in the second half of 2024, with services growing just 1% and goods less than 0.5% in the fourth quarter.
- Developing economies' trade grew faster. Their imports and exports rose 4% for the year and 2% in the fourth quarter, driven mainly by East and South Asia. Meanwhile, developed economies saw their trade stagnate for the year and drop by 2% in the fourth quarter.

- Merchandise trade imbalances widened. The United States trade deficit with China reached -$355 billion, widening by $14 billion in the fourth quarter, while the US deficit with the European Union increased by $12 billion to -$241 billion. Meanwhile, China's trade surplus reached its highest level since 2022. And the EU reversed previous deficits, posting a trade surplus for the year.

- Trade remained stable in early 2025, but uncertainty looms. Mounting geoeconomic tensions, protectionist policies and trade disputes signal likely disruptions ahead. Recent shipping trends also suggest a slowdown, with falling freight indices indicating weaker industrial activity, particularly in supply chain-dependent sectors.

The following key takeaways on tariffs were mentioned in the UN report: -

- About two-thirds of international trade occurs without tariffs, either because countries have chosen to reduce duties under most-favoured-nation (MFN) treatment or through other trade agreements.

- However, tariff levels applied to the remainder of international trade are often very high, with significant differences across sectors. Agriculture remains highly protected, manufacturing still encounters trade barriers in key industries, while raw materials generally benefit from low tariffs.

- Developing countries face higher duties that limit market access. Agricultural exports from these nations face import duties averaging almost 20% under (MFN) treatment. Meanwhile, textiles and apparel remain subject to some of the highest tariff rates (import duties average close to 6%), limiting developing countries' competitiveness in these industries.

- South-South trade (trade between developing countries) still faces high tariffs. For example, trade between Latin America and South Asia faces an average tariff of about 15%.

- Tariff escalation discourages developing economies from exporting value-added goods, hindering industrialization. This refers to the practice of applying higher tariffs on finished goods than on raw materials or intermediate inputs. Designed to protect domestic industries, this tariff structure also discourages manufacturing in countries that produce raw materials, creating a disincentive to move up the value chain.

**2. The Launch of the Human Capital Data Portal**

In a significant move towards enhancing national development, the World Bank has launched the Human Capital Data Portal. This innovative platform is designed to provide policymakers and researchers with critical insights into education, health, labor, and other vital sectors, emphasizing the importance of investing in human capital for a nation's future.

**Key Takeaways**

- The Human Capital Data Portal offers comprehensive data on education, health, and labor.
- It aims to empower policymakers and researchers to make informed decisions.
- The initiative underscores the World Bank's commitment to investing in people as a pathway to sustainable development.

**The Importance of Human Capital**

Investing in human capital is essential for fostering economic growth and improving living standards. The new data portal serves as a resource for understanding how education, health, and labour markets interact and influence each other.

- **Education**: Access to quality education is fundamental for developing a skilled workforce. The portal provides data on enrolment rates, educational attainment, and learning outcomes.
- **Health**: Health indicators are crucial for assessing the productivity of a population. The portal includes statistics on healthcare access, nutrition, and disease prevalence.
- **Labor**: Understanding labour market dynamics helps in crafting policies that promote job creation and economic stability. The portal offers insights into employment rates, wage levels, and workforce participation.

**Features of the Human Capital Data Portal**

The Human Capital Data Portal is equipped with various features that enhance its usability and accessibility:

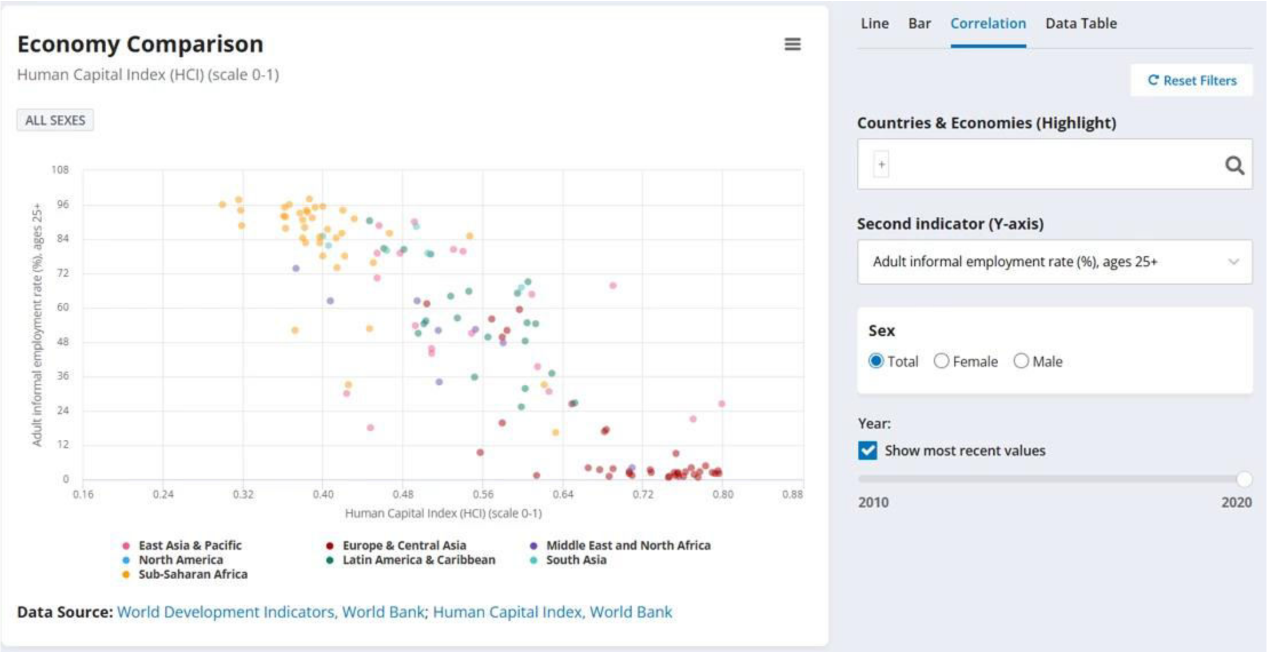
1. **User-Friendly Interface**: Designed for ease of navigation, the portal allows users to quickly find relevant data.
2. **Interactive Visualizations**: Data is presented through interactive charts and graphs, making it easier to interpret complex information.
3. **Customizable Reports**: Users can generate reports tailored to specific needs, facilitating targeted policy analysis.
4. **Regular Updates**: The portal will be regularly updated with the latest data, ensuring that users have access to current information.

**One of the instances of using the portal and helping in informed decision making**: -

***Compare countries across multiple indicators***

The portal's comparison feature allows you to select countries and indicators for side-by-side analyses, helping policymakers spot trends and disparities that need attention. This tool is especially valuable for evidence-based policymaking or making the case for new investments. For example, one can track how countries with similar income levels perform on human capital outcomes or explore correlations between different indicators, such as the relationship between the Human Capital Index (HCI) and informal employment. These insights can inform targeted strategies to close development gaps.

***Figure 5: Interactive graph tool: Correlation between HCI and adult informal employment rate***




*Source- World Bank*

Thus, the Human Capital Data Portal goes beyond data access—it's a catalyst for evidence-based policies and targeted investments in human capital. The new portal illustrates the World Bank Group's long-term commitment to supporting informed human capital investments locally and globally, building healthier, more resilient, and prosperous societies.

**3. 134 years to go- in achieving gender equality- World Bank**

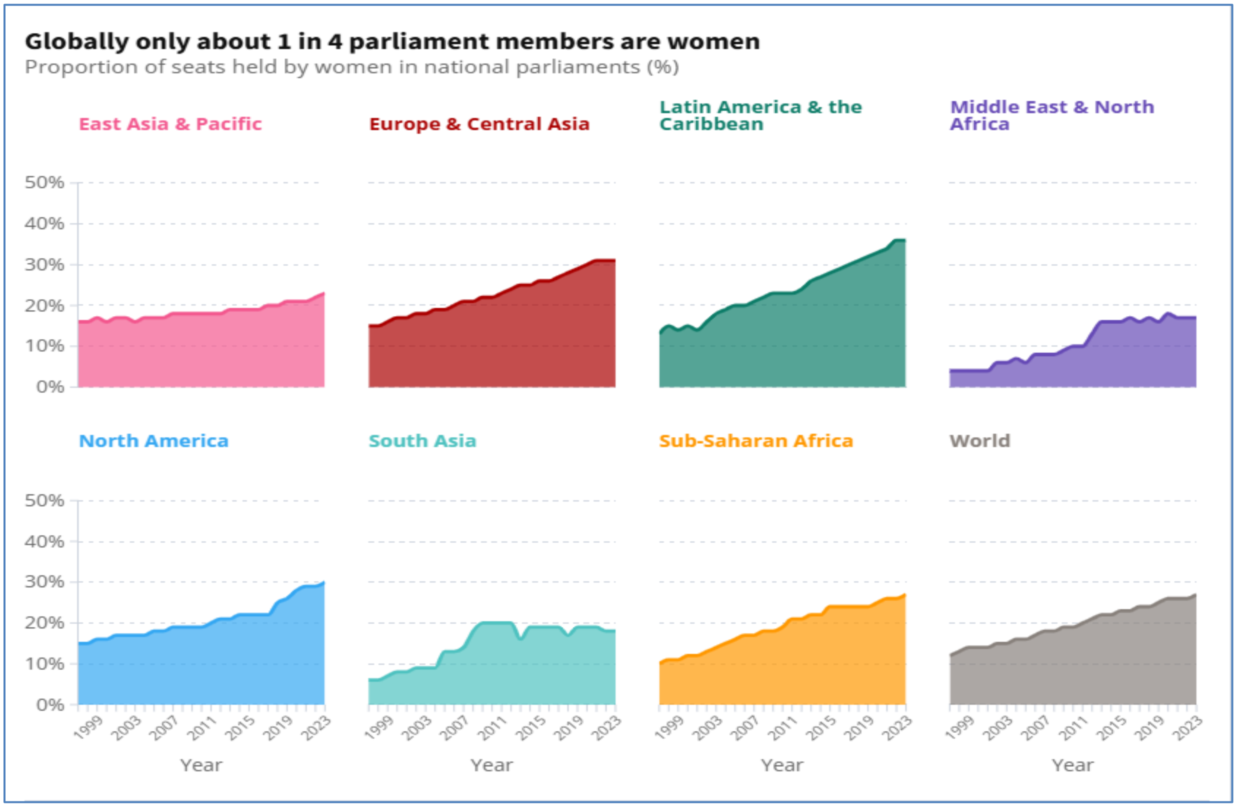
The World Economic Forum recently estimated that with current rates of improvement, full gender parity will be reached in 134 years, or around the year 2158.

The theme of the International Women's Day 2025 is "For ALL Women and Girls: Rights. Equality. Empowerment." The theme underlines the importance of empowering the next generation as catalysts for lasting change. Empowering youth, particularly young women and adolescent girls is central to the vision of a future where no one – irrespective of gender – is left behind.

The World Development Indicators database of the World Bank provides detailed analysis of different dimensions of gender parity, how much (or little) progress has been made, and whether differences exist across regions, for instance. The charts below highlight two key areas where progress has been made over the past decades, but where very large gaps remain.

For instance, the share of seats in national parliaments held by women has more than doubled in the period from 1997 to 2023. Still, only about 1 in 4 seats (27 %) were held by women in 2023 and women took up at least half the seats of parliament in only six countries; Rwanda, Cuba, Nicaragua, Andorra, Mexico, and the United Arab Emirates. According to UN Women, it will take another 40 years to reach gender parity in national legislative bodies given current trajectories.

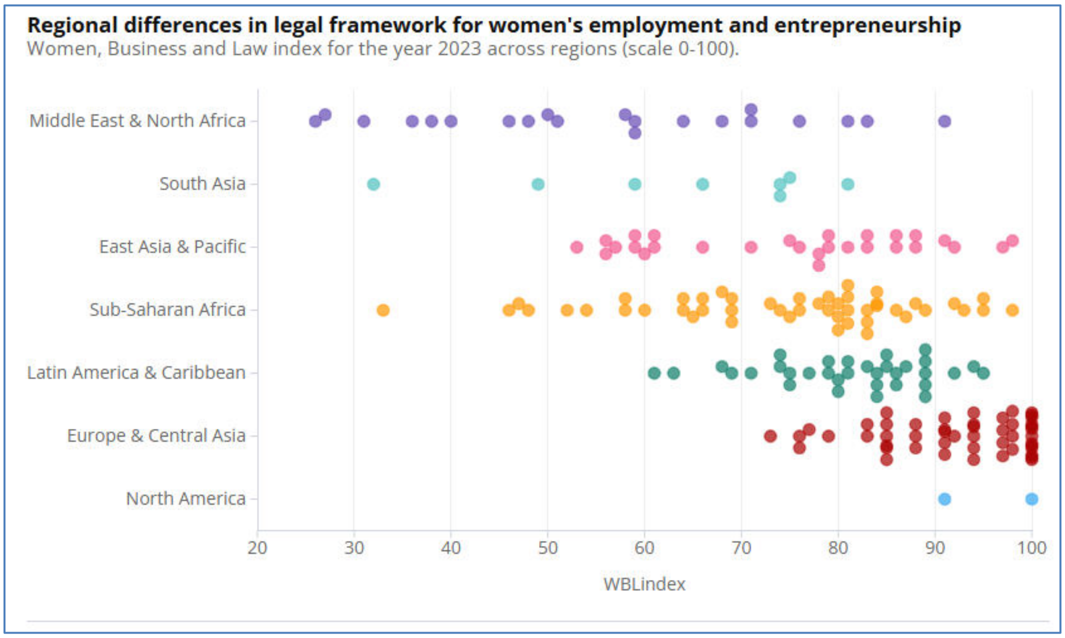
***Figure 6: Proportion of seats held by women in national parliaments (%)***




*Source- World Development Indicators*

Looking at women's opportunities in the economy more generally, the World Bank has developed a Women, Business, and the Law index. The index combines indicators of the legal environment for women within employment and entrepreneurship on a scale from 0 to 100. Globally, the index stood at 78.9 in 2023 covering regional averages ranging from 54.7 percent in the Middle East and North Africa to 95.6 in North America. Looking at individual countries, only 14 of them received the perfect score of 100, ensuring equal rights for women and men across the dimensions investigated. At the other end of the spectrum 14 other countries received a score below 50, signaling the need for significant reforms to improve the legal framework surrounding women's economic opportunities.

***Figure 7: Women, Business and Law Index for the year 2023 across regions (scale 1-100)***




*Source- World Development Indicators*

**4. First G20 Energy Transition Working Group (ETWG) Meeting held virtually in South Africa**

The Energy Transition Working Group (ETWG) convened the inaugural meeting on 27 – 28 February 2025, virtually. The meeting held at the Department of International Relations and Cooperation (DIRCO), was co-chaired by Mr Jacob Mbele and Mr Subesh Pillay, Directors-General of Department of Mineral Resources and Energy (DMRE) and Department of Electricity end Energy, respectively.

The opening remarks were delivered by the Minister of Electricity and Energy Dr. Kgosientsho Ramokgopa who outlined that significant global developments underscore the complex relationship between energy policies, geopolitical realities, and economic imperatives. The political economy of energy continues to shape global stability, environmental sustainability, and economic resilience, compelling a need to strike a delicate balance between national sovereign interests and our shared global commitments.

The meeting outlined South Africa's vision for the ETWG that seeks to leverage the collective strength of G20 nations to forge innovative pathways towards inclusive, sustainable, and resilient energy futures guided by the principles of solidarity, equality, and sustainability, recognizing the unique needs of developing nations while fulfilling our global responsibilities.

The meeting also provided a platform for G20 members to engage and build consensus on the priorities proposed by South Africa for this Working Group during its presidency. These priorities include:

**Priority 1: Energy Security, Affordability and Reliable Access**

- Development of a comprehensive G20 Energy Security Framework, with innovative financial models and technologies to bridge the existing energy access gap.
- Focus on enhancing global energy access and affordability by promoting resilient and sustainable energy systems.

**Priority 2: Just, Affordable and Inclusive Energy Transitions**

- Roadmap and action plan for establishing Green Industrialisation Hubs in Africa, Socio-economic safeguards, and support initiatives for coal-dependent regions, targeting job preservation, workforce reskilling, and economic diversification.

**Priority 3: African Interconnectivity and Power Pools**

- Ten-year Infrastructure Investment Plan for key African cross-border energy projects, identifying significant regional energy interconnection initiatives and establishing robust financing mechanisms with international partners.

Invited guest countries and international organizations in attendance were also afforded an opportunity to comment on the presidency's priorities.

South Africa was congratulated for the comprehensive and ambitious plan and vision, with a commitment of support from all delegations, particularly with regards to priority 1 on Energy Security, Affordability and Reliable Access.

The next G20 ETWG meeting will take place in person from 30 April – 2 May 2025 in the Western Cape. The co-chairs welcomed the valuable contribution and inputs made by delegation as well as the appetite for collaboration and further input from international organization and partners.

## 5. Indian Economy

### India's economic growth

According to NSO's Second Advance Estimates, India's GDP is projected to grow by 6.5% in FY 2024-25. Quarter 3 GDP growth was 6.2%, rebounding from 5.6% in Q2 due to higher private consumption and government spending.

***Key Highlights of Second Advanced Estimates released by NSO: -***

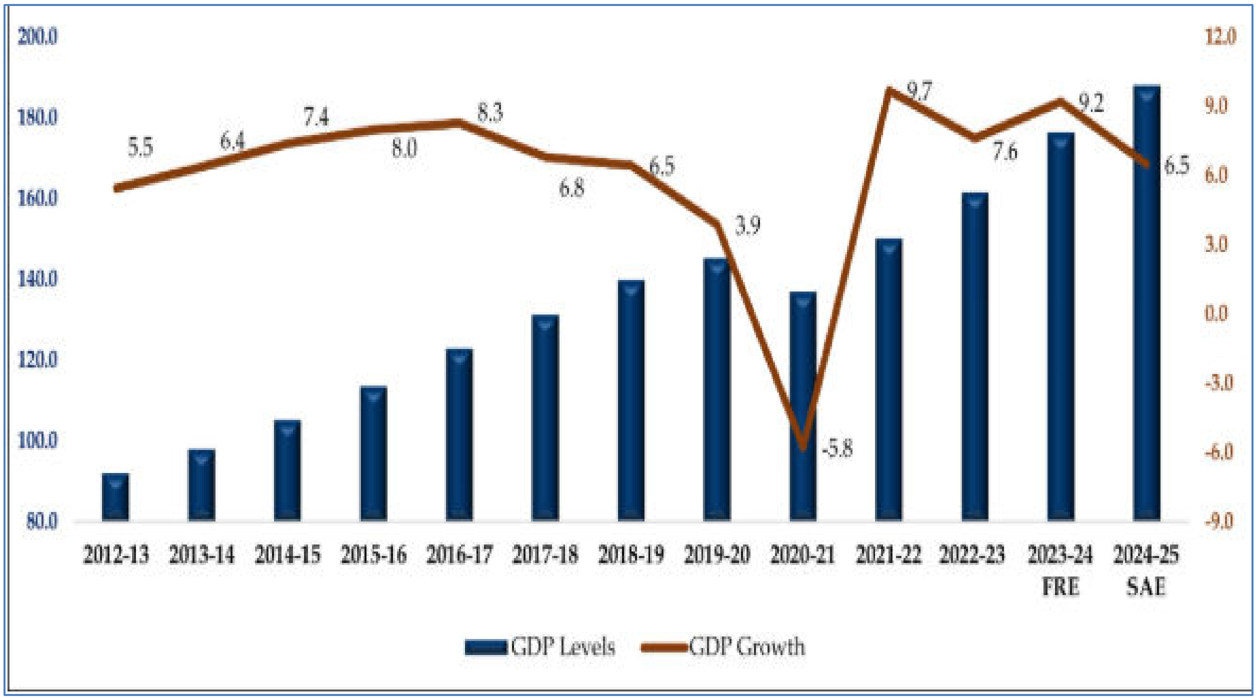
- Real GDP has been estimated to grow by 6.5% in FY 2024-25. Nominal GDP is expected to witness a growth rate of 9.9% in FY 2024-25. Both the growth rates are revised upward from their respective First Advance Estimates.

- Real GDP is estimated to attain a level of ₹187.95 lakh crore in the financial year 2024-25, against the First Revised Estimate (FRE) of GDP for the year 2023-24 of ₹176.51 lakh crore. The growth rate in Real GDP during 2024-25 is estimated at 6.5% as compared to 9.2% in 2023-24. Nominal GDP is estimated to attain a level of ₹331.03 lakh crore in the year 2024-25, against ₹301.23 lakh crore in 2023-24, showing a growth rate of 9.9%.

- Real GVA is estimated at ₹171.80 lakh crore in the year 2024-25, against the FRE for the year 2023-24 of ₹161.51 lakh crore, registering a growth rate of 6.4% as compared to 8.6% growth rate in 2023-24. Nominal GVA is estimated to attain a level of ₹300.15 lakh crore during FY 2024-25, against ₹274.13 lakh crore in 2023-24, showing a growth rate of 9.5%.

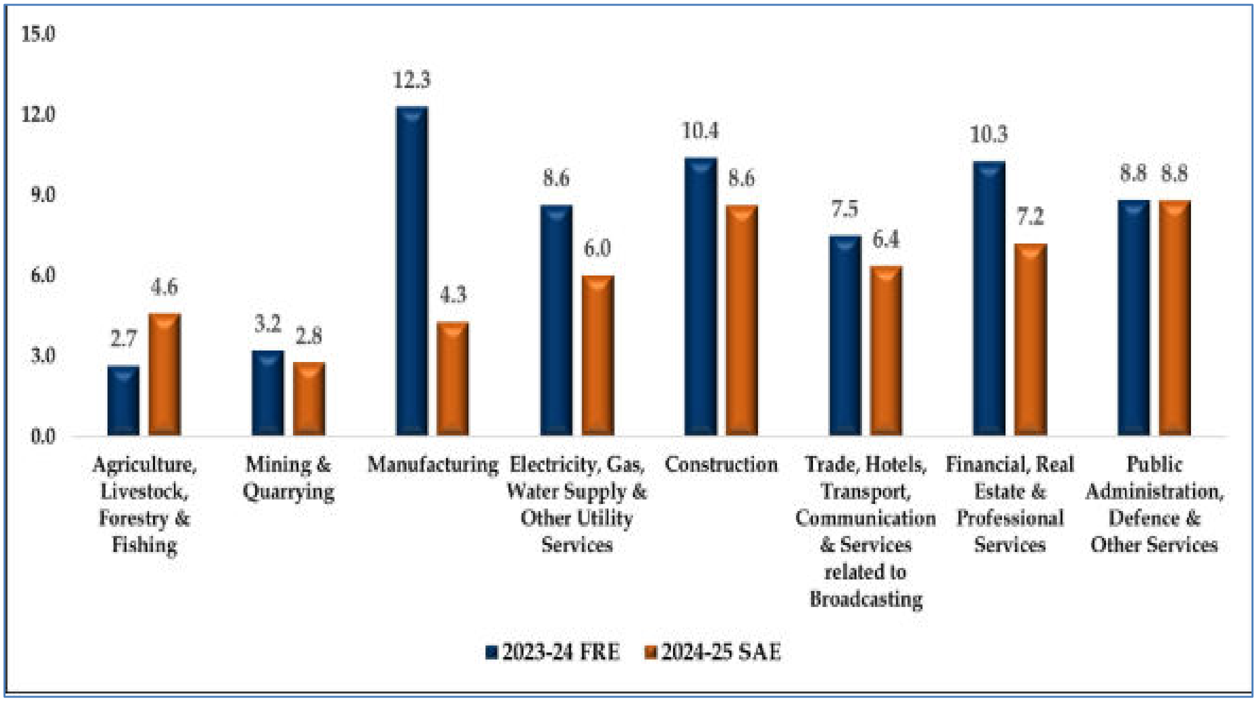
- 'Construction' sector is estimated to observe a growth rate of **8.6**%, followed by 'Financial, Real Estate & Professional Services' sector (**7.2**%) and 'Trade, Hotels, Transport, Communication & Services related to Broadcasting' sector (**6.4**%) during 2024-25.

***Figure 8: Annual GDP Estimates along with Y-o-Y Growth Rates at Constant Prices***




*Source- RBI*

*Figure 9: Sector-Wise growth rates (%) of Real GVA in FY 2023-24 & FY 2024-25*

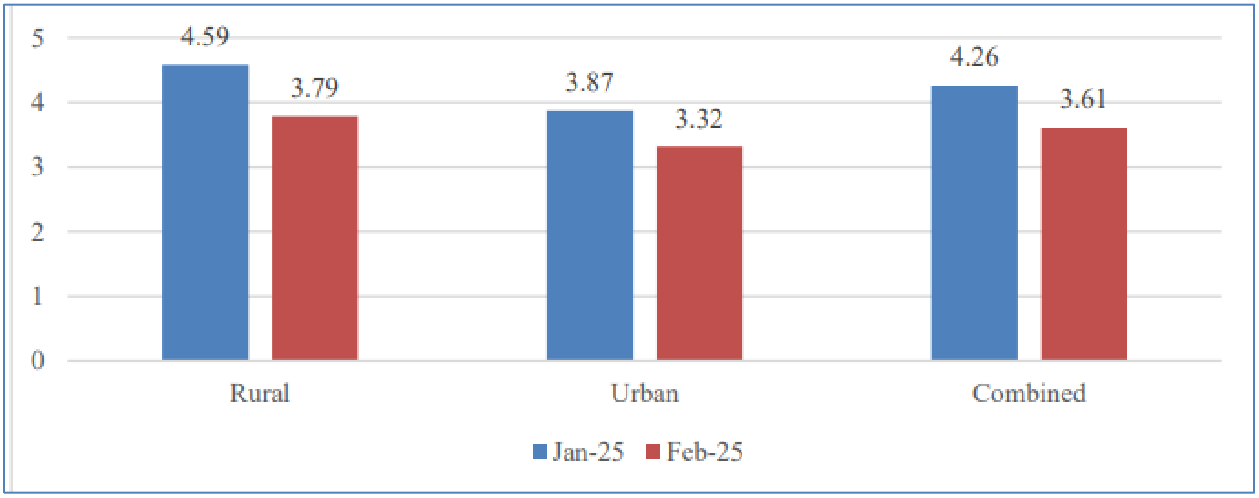



*Source- RBI*

**Inflation in India**

- CPI Inflation- India's CPI inflation fell to a 7-month low of 3.6% in February 2025 due to a substantial decline in food and beverage prices.

*Figure 10: Year on Year Inflation rate based on CPI*




*Source- MoSPI*

- Food Inflation- Year-on-year inflation rate based on All India Consumer Food Price Index (CFPI) for the month of February, 2025 over February, 2024 is 3.75% (Provisional).

- Corresponding inflation rate for rural and urban are 4.06% and 3.20%, respectively.
- Food & Beverages inflation eased by 185 basis points (m-o-m) to 3.84%, mainly due to a sharp decline in vegetable prices.
- Vegetable CPI declined sharply, entering negative territory (1.07%) for the first time in 20 months. Approximately 80% of this decline was attributed to garlic, potatoes, and tomatoes.
- Fruit inflation surged to a 10-year high of 14.8%, potentially due to increased demand during fasting periods associated with the Maha Kumbh.

- Fuel and light- Deflation is continued for 18 months at -1.33%. It is combined inflation rate for both rural and urban sector.
- Urban Inflation: Significant decline from 3.87% in January, 2025 to 3.32% (Provisional) in February, 2025 is observed in headline inflation of urban sector.
- Housing Inflation: Year-on-year Housing inflation rate for the month of February, 2025 is 2.91%. Corresponding inflation rate for the month of January, 2025 was 2.82%. The housing index is compiled for urban sector only.
- Health Inflation: Year-on-year Health inflation rate for the month of February, 2025 is 4.12%. Corresponding inflation rate for the month of January, 2025 was 3.97%. It is combined health inflation for both rural and urban sector.
- Transport & Communication: Year-on-year Transport & communication inflation rate for the month of February, 2025 is 2.87%. Corresponding inflation rate for the month of January, 2025 was 2.76%. It is combined inflation rate for both rural and urban sector.

***Future CPI Inflation Trends***

- CPI inflation is expected to decline to 3.9% in Q4 FY25 and average 4.7% for FY25.
- FY26 inflation is projected in the range of 4.0-4.2%, while core inflation may range between 4.2-4.4%.
- The Reserve Bank of India (RBI) may implement successive rate cuts in April and August 2025, with an overall expected cumulative rate cut of at least 75 basis points.
- The cycle of rate cuts may continue from October 2025, following an intervening gap in August 2025.

***State-wise Inflation Analysis***

- 12 states recorded rural inflation above the national rural average.
- 10 states reported urban inflation higher than the national urban average.

- Rural inflation continued to outpace urban inflation due to higher food prices and a larger food basket share (54.2% for rural areas vs. 36.3% for urban areas).
- The highest inflation rates were recorded in Kerala (7.3%) and Chhattisgarh (4.9%).

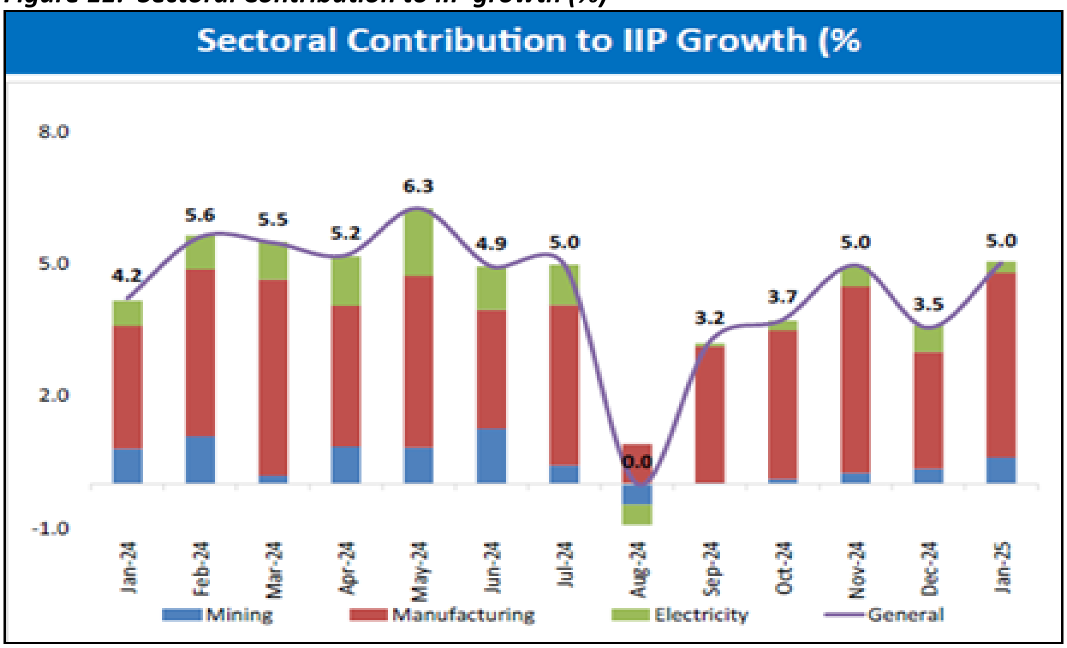
**India's Index of Production (IIP)**

The Quick Estimates of Index of Industrial Production (IIP) are released on 12th of every with a six weeks lag and compiled with data received from source agencies, which in turn receive the data from the producing factories/ establishments.

***Key Highlights:***

- The IIP growth rate for the month of January 2025 is 5.0 percent which was 3.2 percent (Quick Estimate) in the month of December 2024.
- The growth rates of the three sectors, Mining, Manufacturing and Electricity for the month of January 2025 are 4.4 percent, 5.5 percent, and 2.4 percent respectively.

***Figure 11: Sectoral Contribution to IIP growth (%)***




*Source- MoSPI*

- The Quick Estimates of IIP stands at 161.3 against 153.6 in January 2024. The Indices of Industrial Production for the Mining, Manufacturing and Electricity sectors for the month of January 2025 stand at 150.7, 159.1 and 201.9 respectively.

- In the industry group "Manufacture of basic metals," item groups "Flat products of Alloy Steel ", "Pipes and tubes of Steel"," MS blooms/ billets/ ingots/ pencil ingots" have shown significant contribution in growth.
- In the industry group "Manufacture of coke and refined petroleum products," item groups "Diesel," "Petrol/ motor spirit," "Liquefied Petroleum Gas (LPG)" have shown significant contribution in growth.
- In the industry group "Manufacture of electrical equipment" item groups "Transformers (Small) ", "End facing connector for optical fibres and cables," "Electric heaters" have shown significant contribution in growth.
- As per the use base classification, the indices stand at 162.8 for Primary Goods, 116.8 for Capital Goods, 172.3 for Intermediate Goods and 199.6 for Infrastructure/ Construction Goods for the month of January 2025. Further, the indices for Consumer durables and Consumer non-durables stand at 130.2 and 164.5 respectively.

***Figure 12: Monthly Indices and Growth Rate (in %) of IIP for the last 13 months***


*Source- MoSPI*

## India's external position

### *India's forex reserves*

- India's foreign exchange reserves saw an increase of USD 305 million, reaching USD 654.271 billion in the week ending March 14, according to the latest data from the Reserve Bank of India (RBI).
- foreign currency assets (FCA)—the largest component of India's forex reserves—stand at USD 557.186 billion, while gold reserves are valued at USD 74.391 billion.

- SDRs for the above-mentioned week increased by $51 million to stand at $18.26 billion.
- Reserve position in the IMF was up by $283 million to $4.4 billion.

***India's foreign trade position***

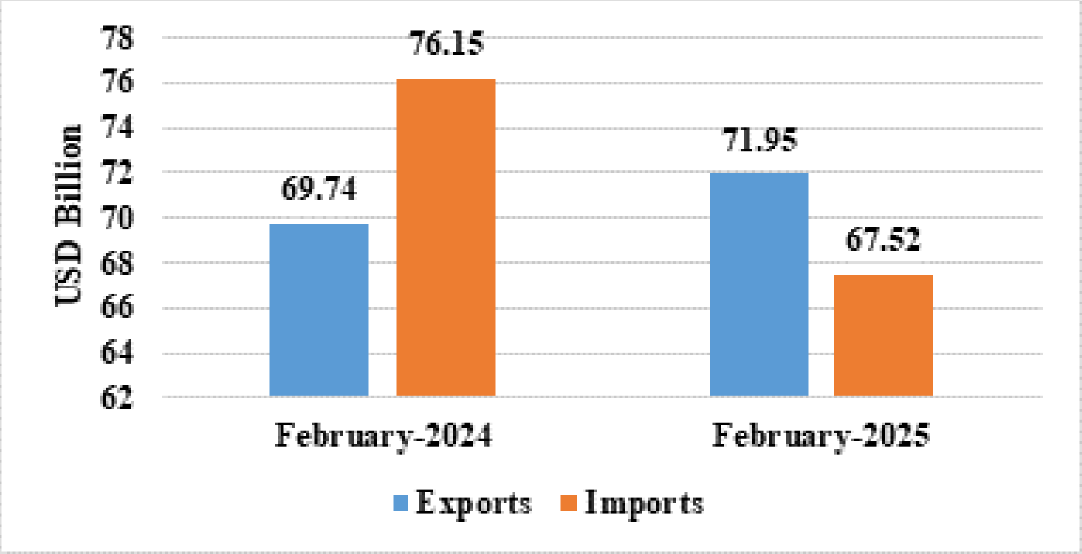
- Exports (Merchandise + Services) for February 2025 stood at $ 71.95 billion, registering a growth of 3.16% YoY growth compared to February 2024.
- Imports (Merchandise +Services) for February 2025 amounted to $ 67.52 billion, registering a negative growth of (-11.34) % YoY increase over February 2024.

***Table 1: Trade during February 2025***

| | | February 2025 (USD Billion) | February 2024 (USD Billion) |
|---|---|---|---|
| **Merchandise** | Exports | 36.91 | 41.41 |
| | Imports | 50.96 | 60.92 |
| **Services** | Exports | 35.03 | 28.33 |
| | Imports | 16.55 | 15.23 |
| **Overall Trade (Merchandise + Services)** | Exports | 71.95 | 69.74 |
| | Imports | 67.52 | 76.15 |
| | Trade Balance | **4.43** | **-6.41** |

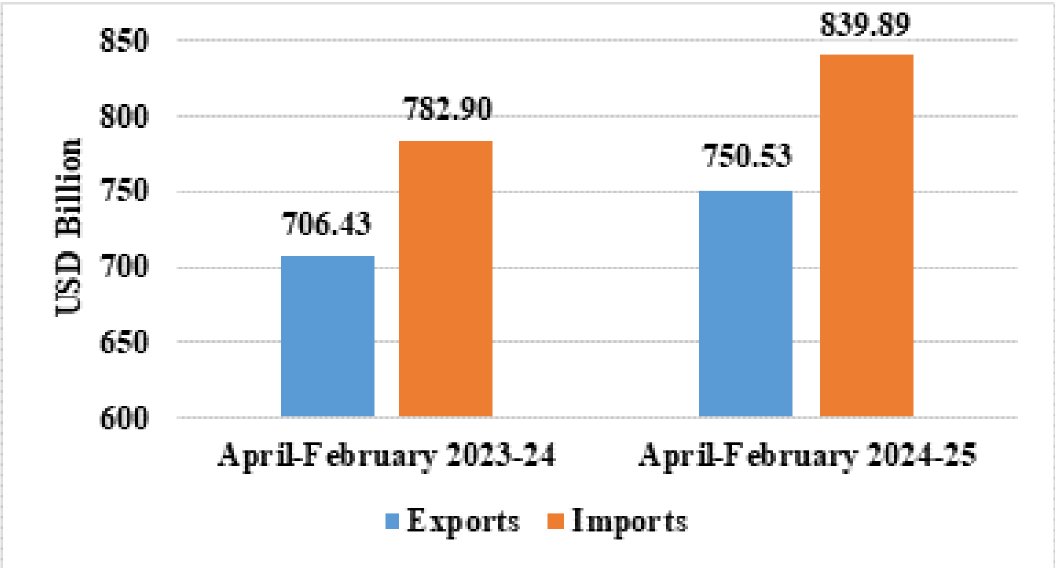
*Source- Ministry of Commerce & Industry*

***Figure 13: Overall Trade during February 2025***




*Source- RBI*

*Figure 14: Total Trade during April- February 2025*




*Source- RBI*

- **India's Foreign Trade – April 2024 to February 2025**

  **Overall Trade Performance**

  - Total Exports (Merchandise + Services): $750.53 billion, registering a 6.24% YoY growth.
  - Total Imports (Merchandise + Services): $839.89 billion, growing by 7.28% YoY.

  **Sector-wise Export Growth (February 2025 vs. February 2024)**

  **High Growth Categories:**

  - Cereals: 11.65%
  - Electronic Goods: 26.46%
  - Tobacco: 26.76%
  - Coffee: 22.32%
  - Meat, Dairy & Poultry Products: 6.7%
  - Marine Products: 3.4%
  - Handicrafts & Carpets: 4.87%

  **Declining Import Categories:**

  - Precious Stones & Pearls: -41.61%
  - Coal, Coke & Briquettes: -35.63%
  - Crude Petroleum & Products: -29.59%

  Services Sector Growth: Estimated growth in services exports (April 2024 - February 2025): 14.10 % YoY.

**Top Export Destinations (Growth in Value Terms)**

**February 2025 vs. February 2024:**

- USA: 10.37%
- Australia: 76.19%
- Japan: 26.55%
- Brazil: 10.85%
- Nigeria: 10.75%

**April 2024 - February 2025 vs. April 2023 - February 2024:**

- USA 9.1%
- U Arab Emts 5.19%
- U K 12.47%
- Japan 21.67%
- Netherland 3.68%

**Top Import Sources (Growth in Value Terms)**

**February 2025 vs. February 2024:**

- Thailand 145.45%
- China P Rp 7.83%
- Brazil 162.18%
- Ireland 117.17%
- Oman 30.24%

**April 2024 - February 2025 vs. April 2023 - February 2024:**

- U Arab Emts 29.21%
- China P Rp 10.41%
- Thailand 42.4%
- U S A 7.23%
- Russia 4.9%

### 6. India's GDP to Reach $5.7 Trillion, Becoming Third Largest by 2028: Morgan Stanley

Morgan Stanley predicts that India's GDP will expand to $5.7 trillion by 2028, making it the third-largest economy globally, surpassing Germany and Japan. Currently ranked fifth, India is set to overtake Japan by 2026 to become the fourth-largest economy.

The country's share in global GDP is set to rise from 3.5% in 2023 to 4.5% in 2029, driven by strong macroeconomic policies, improved infrastructure, and a growing consumer market. The report also outlines different growth scenarios, with GDP potentially reaching $10.3 trillion by 2035 in a bullish case.

Key Highlights of forecasts made by Morgan Stanley

**Projections**

- **India's Current Position**: The fifth-largest economy after the US, China, Germany, and Japan in 2023.

- **Growth Projection:** GDP is expected to rise from \$3.5 trillion in 2023 to \$4.7 trillion in 2026, overtaking Japan to become fourth-largest.
- **By 2028:** India will surpass Germany, reaching \$5.7 trillion, making it the third-largest economy after the US and China.

**Historical Position**

- 1990 – 12th largest economy
- 2000 – 13th position
- 2020 – 9th position
- 2023 – 5th position

**Global Share of GDP**

Expected to increase from 3.5% in 2023 to 4.5% in 2029.

**Projected GDP Growth by 2035**

- Bear Case: India's GDP grows from \$3.65 trillion in 2025 to \$6.6 trillion by 2035.
- Base Case: GDP reaches \$8.8 trillion by 2035.
- Bull Case: India's economic expansion accelerates to \$10.3 trillion by 2035.

**Per Capita GDP Projection (2025–2035)**

- 2025 – \$2,514
- 2035 (Bearish) – \$4,247
- 2035 (Base) – \$5,683
- 2035 (Bullish) – \$6,706

**Factors Driving Growth**

- Demographic Advantage: A growing workforce and expanding middle class fuelling consumption.
- Policy Reforms: Macroeconomic stability driven by proactive fiscal and monetary policies.
- Infrastructure Development: Better transport, digital connectivity, and logistics boosting productivity.
- Manufacturing and Services: Growth in both sectors contributing to higher GDP output.
- Financial Inclusion: Expanding credit access and rising private investments.

**Short-Term Growth**

- FY 2025 GDP growth – Expected at 6.3%
- FY 2026 GDP growth – Expected at 6.5%

**7. India's GDP growth to surpass 6.5% in FY26, driven by Sitharaman's tax cuts: Moody's**

India's real Gross Domestic Product (GDP) growth is projected to exceed 6.5% in the fiscal year ending March 2026, said Moody's Ratings in its latest Banking System Outlook – India report. The agency attributed this growth to increased government capital expenditure, tax cuts, and interest rate reductions.

Moody's report highlighted that India's economy is set to recover from a cyclical slowdown. The Union Budget 2025-26, presented by Finance Minister Nirmala Sitharaman, introduced significant tax relief under the new tax regime, exempting income up to Rs 12 lakh from taxation. The measures are expected to boost consumption and contribute to overall economic expansion.

***Banking sector outlook***

Moody's maintained a stable outlook for India's banking sector, stating that while the operating environment will remain favourable, asset quality may deteriorate slightly after significant improvements in recent years. Stress is expected in unsecured retail loans, microfinance, and small business loans.

However, banks' profitability is likely to remain adequate, with only marginal declines in net interest margins (NIMs) despite modest rate cuts. Loan growth across the banking sector is expected to moderate to 11-13% in FY26, compared to an average of 17% between March 2022 and March 2024. Banks are expected to align loan growth with deposit expansion.

***Inflation and monetary policy***

Moody's stated that India's average inflation rate will decline to 4.5% in FY26 from 4.8% in the previous fiscal year.

To control inflation, the Reserve Bank of India (RBI) raised its policy rate by 250 basis points between May 2022 and February 2023. Subsequently, in February 2025, the central bank lowered its policy rate by 25 basis points to 6.25%.

The ratings agency expects further rate cuts to be gradual, citing global economic uncertainties, including potential shifts in U.S. trade policies and currency market volatility.

## 8. AI's presence within Indian organizations has witnessed notable growth: NASSCOM AI Adoption Index 2.0

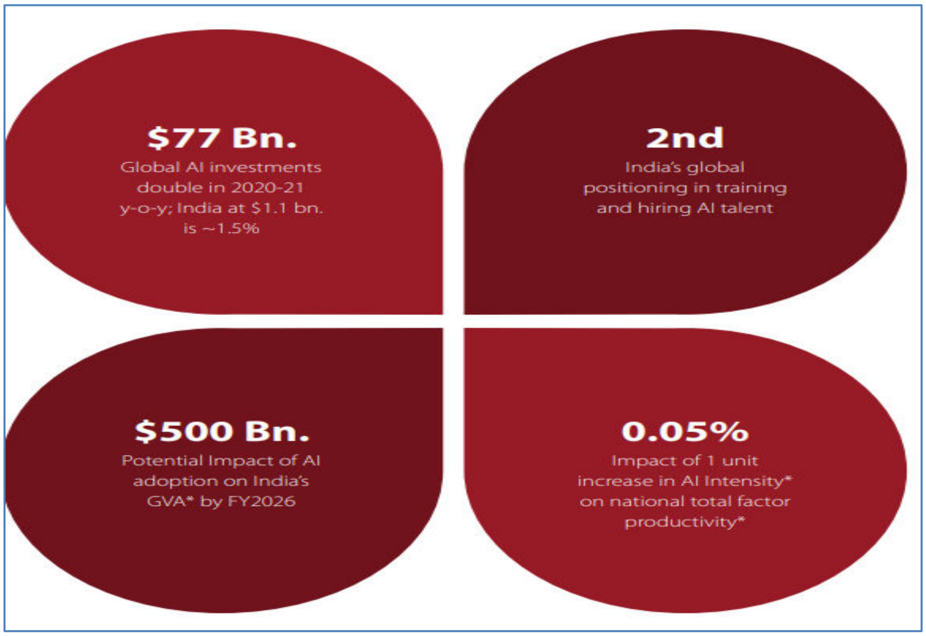
2024 AI Adoption Index 2.0 has been released by NASSCOM highlights the significant advancements and opportunities in India's AI landscape. The growth in the Indian AI market is expected to mirror the global AI market growth rate of 25-35% over the next 3-4 years with AI technologies evolve rapidly driven by the transformative impact of Generative AI. The Index 2.0 study provides in-depth insights into the AI adoption trends across seven sectors and 500 surveyed companies covering BFSI, CPG and Retail, Healthcare, Telecom, Media and Entertainment, Energy and Utilities, Manufacturing, and Transport and Logistics—covering 75% of India's GDP.

The report remarks that AI is rapidly emerging as an integral part of India's digital economy transformation. Integrating AI technologies is revolutionizing organizational functions and bringing about automation-led productivity enhancements. From ubiquitous virtual assistants to seamless integration with processes and decision systems, AI's presence within Indian organizations has witnessed notable growth.

Strong national-scale support pillars have emerged – the centrally-funded IndiaAI mission, supportive policy framework, AI and GenAI-ready tech services industry and startup ecosystem, and India's 2nd largest installed AI talent base.

The report states that India's 2024 AI adoption index score is 2.47 on a 4-point scale, compared to 2.45 in 2022, and 87% companies are in the middle stages of Enthusiast and Expert AI adopters. There is a 2X rise in the number of companies in the Expert stage in 2024 compared to 2022, the next maturity stage after Enthusiast, where scaled AI adoption is observed.

***Figure 15: India's Digital Economy in this Tech age Depends on World-Leading AI Focus***




*Source- NASSCOM AI Adoption Index*

Factors that have improved since 2022 are a strong focus on data standardization, IT stack and application portfolio modernisation, and embracing Cloud over on-premise. Companies have also taken measures to formalize AI risk, ethics, and governance frameworks.

Furthermore, the report also highlights the factors that need urgent attention. These factors include leadership commitment to AI being inconsistent, which is reflected in ad-hoc, budgeting, and execution; use case selection is a major challenge; and AI-led innovation—self- or partner-led—being very nascent and lagging.

**9. India to drive 6% of world trade growth in 5 yrs, 3rd to US, China: Report**

India is estimated to contribute 6 per cent to global trade growth over the next five years, according to the 'DHL Trade Atlas 2025' report, jointly published by New York University’s Stern School of Business and German logistics brand DHL.

The report, which gives an analysis of trade patterns for nearly 200 countries and territories worldwide, states that India’s share in global trade expansion will follow that of China, which is expected to contribute 12 per cent, and the United States, projected at 10 per cent.

India also stands out as the country with the third-largest absolute amount of forecast trade growth (6 per cent of additional global trade), behind only China (12 per cent) and the United States (10 per cent) according to the report. It noted that globally, trade growth has continued to show resilience amid geopolitical tensions and trade policy uncertainty.

According to the report, India is expected to retain its third spot on the scale dimension, which it achieved due to its trade growth that was much faster than other large economies. India is also expected to rise to 17th place on the speed dimension metric, up from its current position at 32.

The report highlights that while India was ranked only as the 13th largest participant in international trade in 2024, its trade volume grew at a compound annual rate of 5.2 per cent between 2019 and 2024, significantly outpacing the global trade growth rate of 2.0 per cent during the same period.

According to the report, India's rapid trade growth reflected both its swift macroeconomic growth and its increasing participation in international trade. While China is often viewed as a more trade-oriented economy than India, India’s goods trade-to-GDP ratio was almost as high as China’s in 2023, and India’s trade intensity exceeded China’s when considering trade in both goods and services.

On future global trade growth leaders, the report states that during the next five years, India, Vietnam, Indonesia, and the Philippines are forecasted to rank among the top 30 for both speed and scale of trade growth.

**Indian Economy in FY 2024-25: A brief review of the past year**

During the year, Indian economy went through various developments as we approach to close this year. Below is a collection of all major events and occurrences affecting the Indian economy during the year.

**March**

**NSO's Second Advance Estimates**

NSO's Second Advance Estimates projects India's GDP to grow by 6.5% in FY 2024-25. Quarter 3 GDP growth was 6.2%, rebounding from 5.6% in Q2 due to higher private consumption and government spending. Real GDP is estimated to attain a level of ₹187.95 lakh crore in the financial year 2024-25, against the First Revised Estimate (FRE) of GDP for the year 2023-24 of ₹176.51 lakh crore. The growth rate in Real GDP during 2024-25 is estimated at 6.5% as compared to 9.2% in 2023-24. 'Construction' sector is estimated to observe a growth rate of **8.6**%, followed by 'Financial, Real Estate & Professional Services' sector (**7.2**%) and 'Trade, Hotels, Transport, Communication & Services related to Broadcasting' sector (**6.4**%) during 2024-25.

**February**

**Union Budget 2025-26**

Union Minister for Finance and Corporate Affairs Smt. Nirmala Sitharaman presented the Union Budget for fiscal year 2025-26 on 1st February 2025. The budget focuses on stimulating economic growth, supporting the middle class, and promoting inclusive development. Key measures include- income tax exemption limit raised to ₹12 lakh; reduction in corporate tax rates; rationalization of Tax Deduction at Source (TDS); Introduction of a scheme for determining arm's length price of international transaction for a block period of three years; launched- Prime Minister Dhan-Dhaanya Krishi Yojana to enhance agricultural productivity; Nuclear Energy Mission for Viksit Bharat; setting up of 'BharatTradeNet' (BTN) for international trade for trade documentation and financing solutions; FDI limit for the insurance sector to be raised from 74 to 100 per cent etc.

**January**

**India at 2nd spot in future of work skills in emerging tech**

India has secured the second position in the QS Skills Index 2025, which assesses how well countries are preparing their job markets for future demands. With a score of 99.1 percent in the Future of Work Indicator, the country has shown a strong commitment to readying its workforce for emerging skills. This places India among the top countries globally in terms of recruitment preparedness for new in-demand roles. The QS World Future Skills Index, developed by Quacquarelli Symonds (QS), ranks countries on their readiness to meet evolving global job market demands emphasizing innovation, sustainability, and talent development.

India's ranking reflects the country's ongoing efforts to develop a skilled workforce capable of meeting the needs of tomorrow's job market. The government has implemented several initiatives aimed at enhancing the skills of its population, such as the National Skills Development Corporation (NSDC), which helps bridge the gap between the demand for skilled professionals and the available talent pool.

**December**

**Market Capitalization**

The BSE stock market capitalization to GDP ratio stood at 136%, significantly higher than that of China (65%) and Brazil (37%), reflecting a robust equity market relative to the size of the economy. The total resource mobilisation from primary markets (equity and debt) stands at ₹11.1 lakh crore from April to December 2024, five per cent more than the amount mobilised during FY24.

**India Manufacturing PMI- Strongest growth rate for past 4 months**

The HSBC Flash India Composite Output Index – a seasonally adjusted index that measures the month on-month change in the combined output of India's manufacturing and service sectors registered 60.7 at the end of the 2024 calendar year. Rising from a final reading of 58.6 in November, the latest reading highlighted the strongest growth rate for four months. There were quicker increases in output at both goods producers and service providers. Demand for Indian goods and services continued to improve in December, as seen by a sharp increase in new orders that was the most pronounced since July 2024.

**November**

**India leads climate action indicatives at CoP29 UN Climate Change Conference in Baku**

India collaborated with various agencies to organize side events on several aspects of climate action during the CoP29 UN Climate Change Conference at Baku, Azerbaijan, from 11th-22nd November, 2024. India participated in these side events and shared experiences/initiatives to deal with the climate challenges. The important side events include - Integrating Disaster Resilient Infrastructure into the Adaptation Strategies; India-Sweden Industry Transition Partnership (ITP); Energy Transitions for the Global South: Unleashing the role of solar for the global south.

**India's renewable capacity reaches 203 GW, solar grows 28%: MNRE**

According to the Central Electricity Authority, the total renewable energy-based electricity generation capacity now stands at 203.18 GW. India's total renewable energy installed capacity surged by an impressive 24.2 GW (13.5%) in just one year, reaching 203.18 GW (46.3% of the country's total installed capacity) in October 2024, up from 178.98 GW in October 2023. Additionally, when including nuclear energy, India's total non-fossil fuel capacity rose to 211.36 GW in 2024, compared to 186.46 GW in 2023.

**October**

**India's forex reserves remain resilient**

India's forex reserves stand at $ 690 billion as of 11th October, 2024 according to RBI. According to the Weekly Statistical Supplement released by the RBI, foreign currency assets (FCAs) fell by $10.5 billion to $602 billion. Gold reserves decreased by $98 million, bringing the total down to $65.6 billion. The

Special Drawing Rights (SDRs) dipped by $86 million, now totaling $18.3 billion, while the reserve position in the International Monetary Fund (IMF) contracted by $20 million, now standing at $4.3 billion.

**September**

**ADB retains India's GDP growth projection for FY25 at 7%**

The Asian Development Bank (ADB) retained its projection on India's GDP growth for the current financial year at 7% and for 2025-26 at 7.2% and said geopolitical shocks that could disrupt global supply chains and commodity prices pose near-term risks. According to ADB, agricultural improvements will enhance rural spending, which will complement the effects of robust performance of the industry and services sectors. ADB has pegged retail inflation for the current financial year at 4.7%. It said the food prices are likely to remain elevated despite higher agriculture output expectations.

**August**

**Net FDI in India more than doubles in Apr-Aug 2024- RBI**

Net Foreign Direct Investment (FDI) in India i.e. inflows minus outflows—more than doubled in April–August this year to $6.62 billion from $3.26 billion in the same period last year. Gross inward FDI during April–August 2024 increased to $36.1 billion from $27.4 billion a year ago, according to the Reserve Bank of India's data. Repatriation/disinvestment by those who made direct investments in India rose to $20.76 billion in the five months of FY25, up from $18.88 billion in April–August 2023. Around two-thirds of the gross FDI inflows were directed towards manufacturing, financial services, communication services, and electricity and other energy sectors. About three-fourths of the flows were sourced from Singapore, Mauritius, the UAE, the Netherlands, and the US.

**India's inflation falls below RBI's monetary target**

India's retail inflation in August 2024 falls below the RBI's 4% target for the second time in about five years. India's retail inflation was 3.65% in August 2024, according to the All-India Consumer Price Index (CPI) data released on September 12, 2024. The combined inflation (rural and urban) fell to 3.65% in August 2024, compared to 6.83% in August 2023. However, it has increased by 110 basis points when compared to the previous month's 3.54%. This was the second time in nearly five years that overall retail inflation fell below the Reserve Bank of India's 4% inflation target. The last time was July 2024. Urban inflation fell to 3.14% in August 2024, compared to 6.59% in August 2023. Rural inflation fell to 4.16% in August 2024, compared to 7.02% in August 2023.

**July**

**Union Budget 2024-25**

The Union Minister of Finance and Corporate Affairs Smt. Nirmala Sitharaman presented the Union Budget 2024-25 in Parliament on 23rd July 2024. The focus of budget is on employment, skilling, MSMEs, and the middle class. Nine Budget Priorities in pursuit of 'Viksit Bharat':

- Productivity and resilience in Agriculture
- Employment & Skilling
- Inclusive Human Resource Development and Social Justice
- Manufacturing & Services
- Urban Development
- Energy Security
- Infrastructure
- Innovation, Research & Development and
- Next Generation Reforms

**June**

**India remains world's fastest growing major economy globally: World Bank**

The World Bank predicted that India is set to remain the fastest-growing major economy globally, though its growth rate is expected to slow. The June 'Global Economic Prospects' report maintained the GDP growth forecast for India at 6.6 per cent for FY25. After a robust performance in FY24, the World Bank projected an average growth rate of 6.7 per cent (6.7 per cent in FY26 and 6.8 per cent in FY27) annually over the three fiscal years starting from FY25, as outlined in its Global Economic Prospects for June 2024. According to World Bank, India, the largest economy in South Asia, has significantly contributed to regional growth, particularly through its manufacturing and services sectors. The country's growth rate for FY24 is estimated at 8.2 per cent, a notable increase of 1.9 percentage points from earlier projections, the report said.

**May**

**Unemployment in India saw a significant drop in May; lowest recorded since September 2022**

According to the data available from the Centre for Monitoring Indian Economy (CMIE), unemployment rate in India saw a significant drop in May 2024 to 7 per cent, which was its lowest recorded since September 2022. In April 2024, the unemployment rate was at a much higher 8.1 per cent.

**April**

**India's outward FDI rises to $3.91 billion in March, shows RBI data**

According to Reserve Bank of India (RBI) data, India's outward foreign direct investment (FDI) commitments rose significantly to $3.91 billion in March 2024, compared to $2.63 billion in March 2023. Sequentially, they were also higher than $3.67 billion in February 2024. Outbound FDI, expressed as a financial commitment, comprises three components: equity, loans, and guarantees. The equity commitments grew more than twofold to $2.03 billion in March 2024 from $758.22 million in March 2023. It was also higher than the $616.46 million recorded in February 2024. Debt commitments almost doubled to $1.04 billion in March 2024, from $517.98 million a year ago. However, it was much higher than $254.24 million in February 2024. Guarantees for overseas units declined to $839.16 million in March 2024 from $1.36 billion in March 2023. They were down substantially compared to $2.80 billion in February 2024, RBI data showed.

# Lessons from Economics

**Congestion Pricing**

The term congestion pricing refers to a dynamic pricing strategy designed to regulate demand by increasing prices without increasing supply. The strategy is based on the economic theory of pricing and is a common strategy in the transportation industry. It aims to decrease congestion and air pollution by charging more for entering especially congested areas of major metropolitan cities.

Congestion pricing is also used in the hospitality industry and by the utilities sector in which demand varies depending on the time of day or the season. Electricity rates may be higher in warmer months because of air conditioning. Hotel rooms may be more expensive during major holidays. The idea behind congestion pricing is that consumers will use and waste more of a free or negligibly priced resource than an expensive one.

Nobel laureate economist William Vickrey first proposed adding a distance- or time-based fare system to manage congestion on the New York City subway in 1952 but it wasn't adopted, in part due to inadequate technology. This is why Vickrey is considered to be the father of congestion pricing.

**Types of Congestion Pricing**

Economists break down types of congestion pricing based on functionality.

- **Dynamic, Peak, or Surge Pricing**

Dynamic pricing is a congestion pricing strategy where the price isn't firmly set. It instead fluctuates based on changing circumstances such as increases in demand at certain times, the type of customers being targeted, or evolving market conditions. Dynamic pricing strategies are especially common in businesses that provide a service such as the hospitality, transportation, and travel industries.

- **Segmented Pricing**

The segmented pricing structure charges customers based on their willingness to pay more for a given service. Some may be willing to pay a premium for faster service, greater quality, or extra features such as amenities.

For instance- A vendor may offer a product without a warranty at a low price but you'll pay a higher price if you want the same product to come with a warranty. Business travelers may be willing to pay a higher price for an airline ticket that allows them to fly midweek.

- **Peak-User Pricing**

Peak-user pricing is also referred to as “peak-load” or “time-of-use” pricing. It is based on peak travel times and is common in transportation.

Airline and train companies often charge a higher price to travel during rush hour on Monday through Friday than at other times. They may also have different prices for weekends or trips that include a weekday plus a weekend.

**Advantages of Congestion Pricing**

- The benefit of congestion pricing is that it controls congestion on the roads, reducing stress and delays.
- Higher prices also lead to an increase in revenue. Money collected from tolls can be used for road and public transport improvement and this can give commuters other options for transit to and from the city.
- Congestion pricing also helps to reduce pollution and the consumption of energy. Pulling cars off the roads means fewer exhaust fumes. Charging more for electricity when resources are already strained during peak times can influence consumers to spread out their usage to other times.

**Disadvantages of Congestion Pricing**

- Critics of congestion pricing argue that it puts a heavy burden on people who drive and may financially impact those who fall into lower-income ranges more than others.
- It may increase revenue but the cost to oversee and administer congestion-pricing plans can be hefty. "Transfer" costs are common such as those charged for processing payments and moving the funds to other government entities. Authorities may have to pay for new technology and salaries for new workers as well as financing billing needs and other ways to account for those who evade payment.

**Example of Congestion pricing**

Rideshare companies such as Uber (UBER) aggressively apply surge pricing during peak hours. The companies say that this pricing structure is in response to the high demand during rush hour, periods of bad weather, and during times of special events. It aims to reduce traffic congestion and improve air quality while helping to boost the city’s public transit system.

# Oil Market

## Crude oil price – Monthly Review

Benchmark crude oil prices fell in February and early March as concerns mounted over the outlook for the economy and global oil demand growth amid escalating trade tensions and as OPEC+ announced it would start unwinding production cuts in April. Against this backdrop, discussions started on the potential for an initial ceasefire and an eventual peace deal in Ukraine. ICE Brent futures declined by $11/bbl over the past eight weeks, trading near three-year lows around $70/bbl.

The macroeconomic conditions that underpin oil demand projections deteriorated over the past month as trade tensions escalated between the United States and several other countries. New US tariffs, combined with escalating retaliatory measures, tilted macro risks to the downside. Recent oil demand data have underwhelmed, and growth estimates for 4Q24 and 1Q25 have been marginally downgraded to around 1.2 mb/d, with data for both advanced and developing markets coming in below projections. Nevertheless, global oil demand growth is still expected to average just over 1 mb/d this year, up from 830 kb/d in 2024, boosted in part by lower oil prices. Asian countries will account for almost 60% of gains, led by China where petrochemical feedstocks will provide the entirety of growth as demand for refined fuels reaches a plateau.

Hedge funds and other money managers closed a large volume of bullish futures and options positions in the ICE Brent and NYMEX WTI futures markets, while sharply increasing short positions related to NYMEX WTI to their highest in more than a year. This fuelled volatility and accelerated a decline in oil futures prices. Combined futures and options net long positions in ICE Brent and NYMEX WTI dropped to their lowest level since last December. Between late January and the week of 25 February, speculators sold an equivalent of 211 mb of oil in Brent and WTI futures and options positions. Selling was essentially in NYMEX WTI, as related net long positions fell by 64.8%, while ICE Brent net long positions declined by 28.3%. Total open interest fell slightly by 1.4% during the same period, driven by a decrease in NYMEX WTI open interest, which fell by 2.2%.

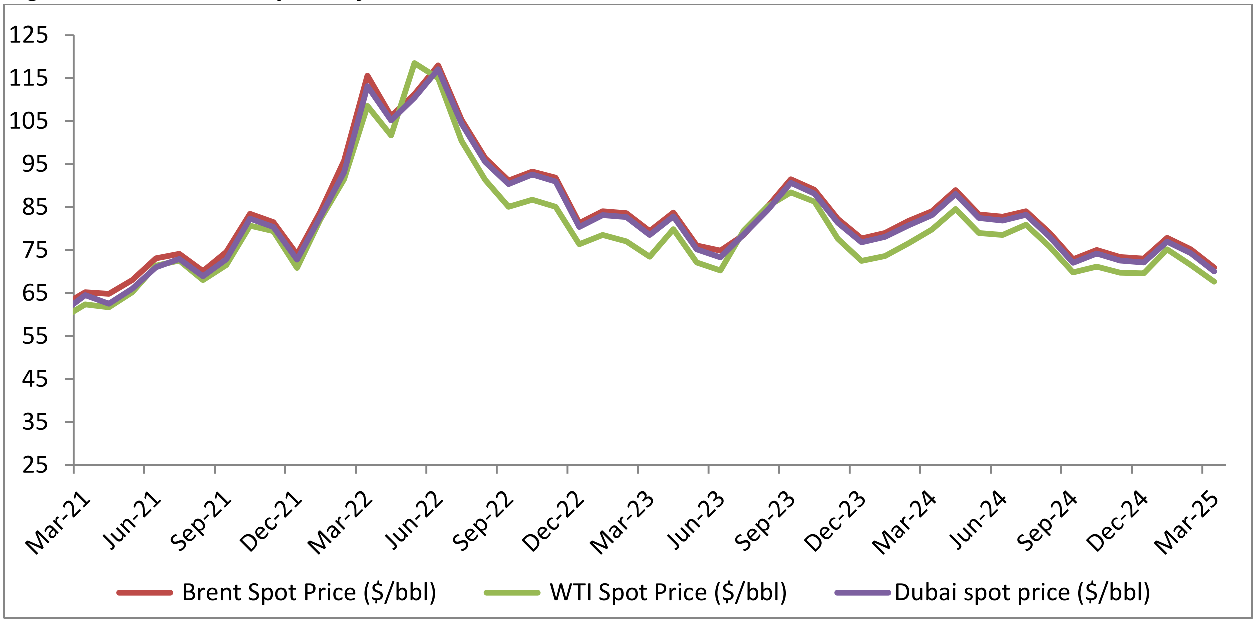
Crude spot prices averaged lower in February, reversing previous gains in part, pressured down by heavy selling in the oil futures market and an easing of the supply risk premium. The decline in prices was more pronounced in the light sweet Brent benchmark, as a speculator selloff was seen in both ICE Brent and NYMEX WTI contracts. Spot prices of light sweet crude declined more than futures prices amid a well-supplied crude market, specifically for prompt loading volumes in the Atlantic Basin. This was reflected in the narrowing of the North Sea Dated–ICE Brent spread. On a monthly average, the North Sea Dated–ICE Brent spread fell by 75¢ in February, standing at a premium of 16¢/b, compared with a premium of 90¢/b in January.

In February, the ORB value fell by $2.57, or 3.2%, m-o-m, to stand at $76.81/b, as all ORB component values declined alongside their respective crude oil benchmarks. This largely offset higher official selling prices, particularly for Asian markets. The ORB value was $2.47, or 3.1%, lower in February, compared with the same month last year. West and North African Basket components – Bonny Light, Djeno, Es

Sider, Rabi Light, Sahara Blend and Zafiro – fell by an average of $3.99, or 5.1%, m-o-m, to $74.30/b, and multiple-region destination grades – Arab Light, Basrah Medium, Iran Heavy and Kuwait Export – decreased on average by $2.23, or 2.8%, m-o-m, to settle at $77.47/b. Murban crude fell by $2.79, or 3.5%, m-o-m, on average to settle at $77.62/b. The Merey component decreased m-o-m by $1.90, or 2.8%, on average, to settle at $64.96/b.

Brent crude ranged an average to $70.90 a barrel and WTI ranged to $67.65 per barrel in the month of March 2025.

***Figure 16: Benchmark price of Brent, WTI and Dubai crude***




*Source- World Bank*

- Brent crude price averaged $70.90 per bbl in March 2025, down by 5.7% on a month on month (MoM) and by 15.6% on year on year (YoY) basis, respectively.

- WTI crude price averaged $67.65 per bbl in March 2025, down by 5.4% on a month on month (MoM) and by 15.2% on year on year (YoY) basis, respectively.

- Dubai crude price averaged $70.04 per bbl in March 2025, down by 5.7% on a month on month (MoM) and by 15.7% on year on year (YoY) basis, respectively.

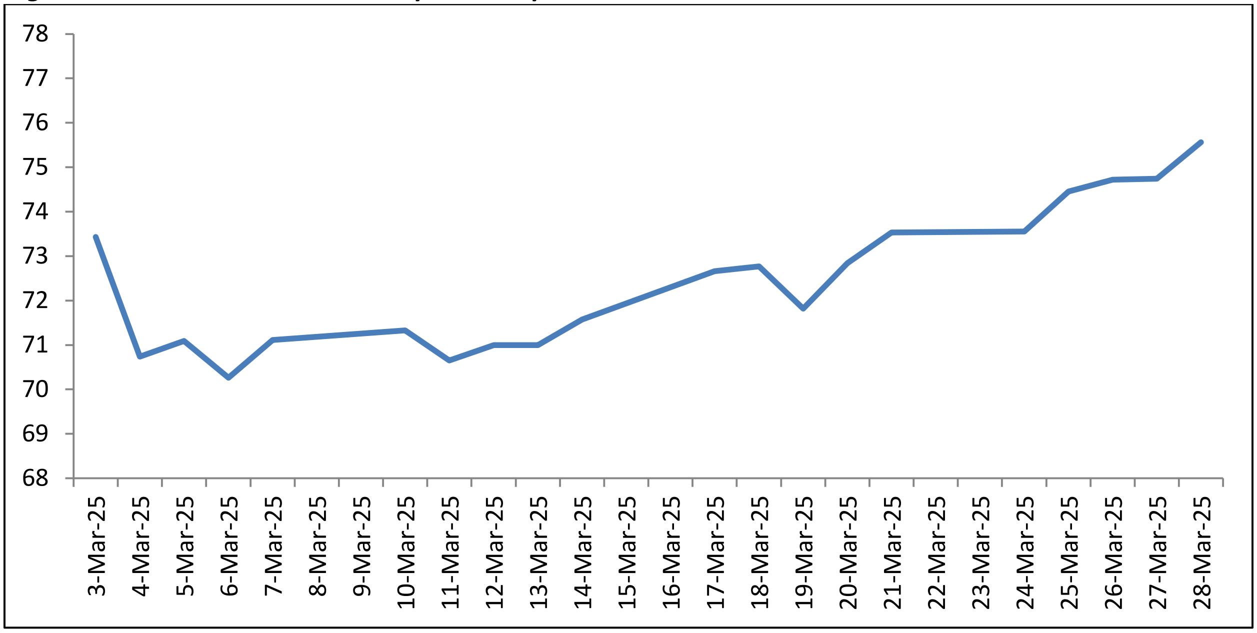
***Table 2: Crude oil price in March, 2025***

| Crude oil | Price ($/bbl) | MoM (%) change | YoY (%) change |
|---|---|---|---|
| **Brent** | 70.90 | -5.7% | -15.6% |
| **WTI** | 67.65 | -5.4% | -15.2% |
| **Dubai** | 70.04 | -5.7% | -15.7% |

*Source- World Bank*

## Indian Basket Crude oil price

***Figure 17: Indian crude oil basket price in $ per bbl***




*Source- PPAC*

- Indian crude basket price averaged $72.47 per barrel in Mach 2025, down by 6.3% on Month on Month (M-o-M) and by 13.8% on a year on year (Y-o-Y) basis, respectively.

### Oil production situation

- Non-DoC liquids supply (i.e. liquids supply from countries not participating in the Declaration of Cooperation) in 2025 is forecast to grow by 1.0 mb/d, y-o-y, unchanged from last month's assessment.
- The main growth drivers are expected to be the US, Brazil, Canada, and Norway. Non-DoC liquids supply growth in 2026 also remains unchanged at 1.0 mb/d, mainly driven by the US, Brazil and Canada. Meanwhile, natural gas liquids (NGLs) and non-conventional liquids from countries participating in the DoC are forecast to grow by 0.1 mb/d, y-o-y, in 2025, to average 8.4 mb/d, followed by an increase of about 0.1 mb/d, y-o-y, in 2026, to average 8.5 mb/d. Crude oil production by the countries participating in the DoC increased by 363 tb/d in February, m-o-m, averaging about 41.01 mb/d, as reported by available secondary sources.

*Table 3: Non-DoC liquids production in 2025, mb/d*

| Non-OPEC liquids production | 2024 | 1Q25 | 2Q25 | 3Q25 | 4Q25 | 2025 |
|---|---|---|---|---|---|---|
| **Americas** | 27.71 | 27.97 | 28.13 | 28.44 | 28.67 | 28.31 |
| *of which US* | *21.77* | *21.86* | *22.25* | *22.36* | *22.42* | *22.22* |
| **Europe** | 3.54 | 3.64 | 3.60 | 3.57 | 3.68 | 3.62 |
| **Asia Pacific** | 0.44 | 0.43 | 0.42 | 0.43 | 0.43 | 0.43 |
| **Total OECD** | **31.69** | **32.04** | **32.15** | **32.44** | **32.79** | **32.36** |
| **China** | 4.56 | 4.62 | 4.61 | 4.52 | 4.53 | 4.57 |
| **India** | 0.80 | 0.82 | 0.83 | 0.84 | 0.84 | 0.83 |
| **Other Asia** | 1.61 | 1.61 | 1.59 | 1.57 | 1.57 | 1.58 |
| **Latin America** | 7.22 | 7.36 | 7.40 | 7.48 | 7.60 | 7.46 |
| **Middle East** | 1.99 | 1.99 | 2.02 | 2.02 | 2.01 | 2.01 |
| **Africa** | 2.34 | 2.36 | 2.35 | 2.35 | 2.35 | 2.35 |
| **Other Eurasia** | 0.37 | 0.37 | 0.37 | 0.37 | 0.37 | 0.37 |
| **Other Europe** | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 |
| **Total Non-OECD** | **19.00** | **19.23** | **19.25** | **19.25** | **19.36** | **19.27** |
| **Total Non-DoC production** | 50.68 | 51.27 | 51.40 | 51.69 | 52.15 | 51.63 |
| **Processing gains** | 2.52 | 2.58 | 2.58 | 2.58 | 2.58 | 2.58 |
| **Total Non-DoC liquids production** | **53.20** | **53.85** | **53.98** | **54.27** | **54.73** | **54.21** |

*Source- OPEC monthly report, March 2025*

- From the above table, it can be inferred, that the total non-DoC liquids production is expected to reach 54.21 mb/d by 2025.
- The non-DoC liquids supply (i.e. liquids supply from countries not participating in the Declaration of Cooperation) is forecast to grow by 1.0 mb/d, y-o-y in 2025.

## Oil demand situation

- The global oil demand growth forecast for 2025 remains unchanged at 1.4 mb/d. The OECD is projected to expand by about 0.1 mb/d, y-o-y, while the non-OECD is forecast to grow by about 1.3 mb/d. Robust oil demand growth is expected to continue in 2026.
- Global oil demand for 2026 is forecast to grow by 1.4 mb/d, y-o-y, unchanged from last month's assessment. The OECD is forecast to grow by about 0.1 mb/d, y-o-y, while demand in the non-OECD is forecast to increase by about 1.3 mb/d.

***Table 4: World Oil demand, mb/d***

| | 2024 | 1Q25 | 2Q25 | 3Q25 | 4Q25 | 2025 | Growth | % |
|---|---|---|---|---|---|---|---|---|
| **Total OECD** | **45.78** | **44.91** | **45.67** | **46.35** | **46.59** | **45.88** | **0.11** | **0.23** |
| *~ of which US* | *20.42* | *19.95* | *20.50* | *20.67* | *20.73* | *20.46* | *0.04* | *0.21* |
| **Total Non-OECD** | **57.97** | **59.33** | **58.78** | **58.98** | **60.16** | **59.31** | **1.34** | **2.32** |
| *~ of which India#* | *5.55* | *5.88* | *5.86* | *5.51* | *5.93* | *5.79* | *0.24* | *4.31* |
| ~ of which China | 16.68 | 17.00 | 16.74 | 17.08 | 17.12 | 16.99 | 0.31 | 1.86 |
| **Total world** | **103.75** | **104.25** | **104.45** | **105.33** | **106.75** | **105.20** | **1.45** | **1.40** |

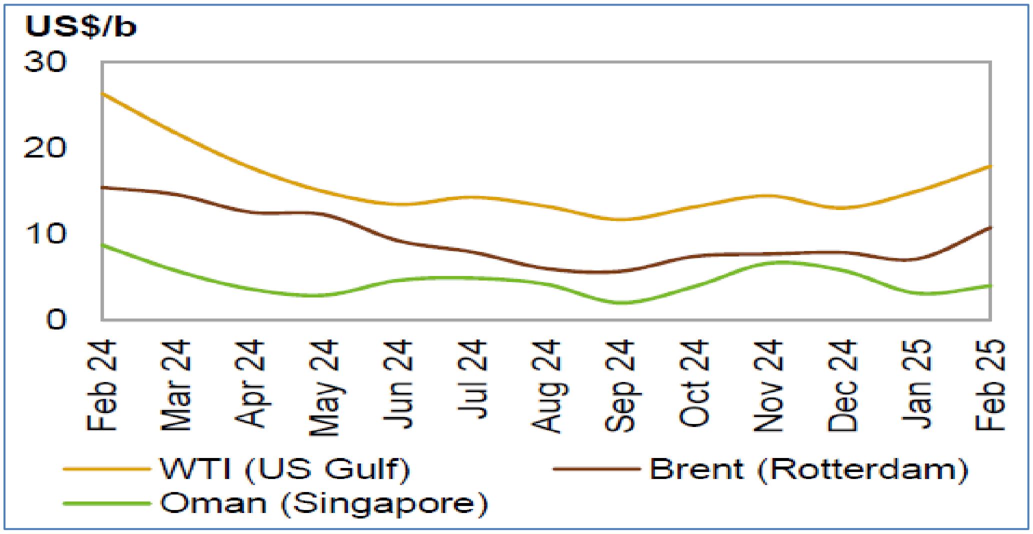
*Source- OPEC monthly report, March 2025*

## Global petroleum product prices

USGC refining margins added momentum to the previous month's upturn, reaching a ten-month high in February. Product markets performed positively with gains driven primarily by naphtha, which continued to show robust performance for the second consecutive month, with an increase of $4.46/b, m-o-m, reflecting tighter availability. Gasoline crack spreads represented the second strongest contributor to US refining economics, showing a $3.91/b rise in February. This development, along with the significant gains associated with all other products, is attributable to reduced product volumes following the weather-related refinery outages and robust product exports registered in the previous month. Although the affected refineries have been restored and ramped up operations, refinery downtime is projected to see a seasonal pick-up in the coming months during the heavy spring refinery season. This is set to keep USGC product inventories under pressure and provide further support to USGC refining in the near term. According to preliminary data, refinery intake in the USGC was 150 tb/d lower, m-o-m, averaging 15.77 mb/d in February. USGC margins against WTI averaged $17.94/b in February, up by $2.92, m-o-m, but down $8.42, y-o-y.

Refinery margins in Rotterdam against Brent showed robust performance relative to what was seen in the USGC and Singapore and reached double digits for the first time since May 2024. Crack spreads for all key products exhibited a sizeable $3.8/b m-o-m improvement, on average, pointing to lower product supply relative to demand. Total product inventories at the Amsterdam-Rotterdam-Antwerp storage hub showed a significant decline in February following three consecutive months of stock builds. Refinery runs in February continued to decline, dropping 380 tb/d, m-o-m, and averaging 9.34 mb/d in EU-14 plus Norway and the UK. Refinery margins against Brent in Europe averaged $10.79/b in February, which was $3.66 higher, m-o-m, but $4.66 lower, y-o-y.

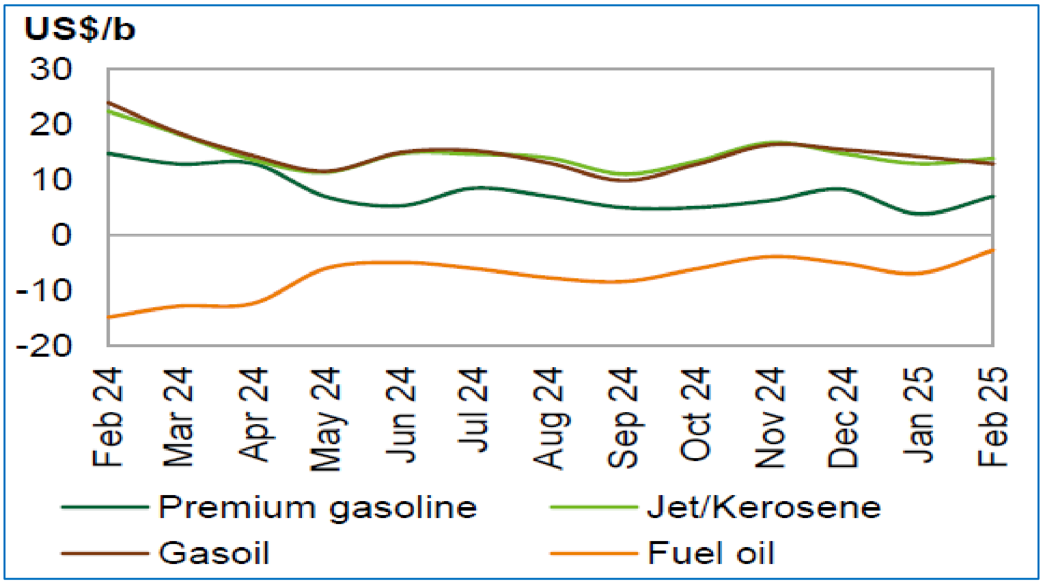
***Figure 18: Refining Margins ($/bbl)***




*Source- Argus and OPEC*

The Southeast Asia gasoline 92 crack spread against Dubai reversed direction following the previous month's downturn and registered notable m-o-m growth in February. According to Kpler, China's February gasoline loading program suggested lower gasoline outflows in February. Additionally, elevated refinery maintenance in the Middle East as well as refinery issues East of Suez, contributed to a tighter gasoline market in Southeast Asia. The product's margin averaged $7.04/b in February, up $3.19, m-o-m, but down $7.72, y-o-y.

***Figure 19: Singapore crack Spreads vs. Dubai ($/bbl)***




*Source- Argus and OPEC*

The Singapore gasoil crack spread eased and was the sole negative performer in the Southeast Asian product market in February. Slightly higher gasoil exports from China during the month, exacerbating the bearish market sentiment associated with limited demand. Going forward, projections of higher refinery run cuts in the Atlantic basin, and announcements of an extension of diesel tax cuts in South Korea, will most likely drive gasoil crack spreads higher in the near term. The Singapore gasoil crack spread against Dubai averaged $12.92/b, down by $1.34, m-o-m, and $11.13, y-o-y.

***Table 5: Singapore FOB, refined product prices ($/bbl) in February 2025***

| Singapore product prices | Price ($/b) | MoM (%) change | YoY (%) change |
|---|---|---|---|
| **Naphtha** | 72.47 | -0.9% | 0.0% |
| **Premium gasoline (unleaded 95)** | 86.27 | -0.5% | -13.8% |
| **Regular gasoline (unleaded 92)** | 84.81 | 0.5% | -11.3% |
| **Jet/Kerosene** | 91.64 | -2.0% | -11.3% |
| **Gasoil/Diesel (50 ppm)** | 91.34 | -4.1% | -13.9% |
| **Fuel oil (180 cst 2.0% S)** | 90.43 | -4.4% | -13.0% |
| **Fuel oil (380 cst 3.5% S)** | 74.99 | 1.9% | 13.8% |

*Source- OPEC*

## Petroleum products consumption in India

**Monthly Review:**

- Overall consumption of all petroleum products in February 2025 with a volume of 19.09 MMT registered de-growth of 3.20% on volume of 19.72 MMT in February 2024.
- MS (Petrol) consumption during the month of February 2025 with a volume of 3.13 MMT recorded a growth of 3.54% on volume of 3.02 MMT in February 2024.
- HSD (Diesel) consumption during the month of February 2025 with a volume of 7.34 MMT recorded de-growth of 1.25% on volume of 7.44 MMT in the month of February 2024.
- LPG consumption during the month of February 2025 with a volume of 2.57 MMT registered de-growth of 0.80% over the volume of 2.59 MMT in the month of February 2024.
- ATF consumption during February 2025 with a volume of 0.735 MMT registered a growth of 4.37% over the volume of 0.704 MMT in February 2024.
- Bitumen consumption during February 2025 with a volume of 0.835 MMT registered de-growth of 7.92% over volume of 0.907 MMT in the month of February 2024.
- Kerosene consumption registered de-growth of 11.95% during the month of February 2025 as compared to February 2024.

*Table 6: Petroleum products consumption in India, February 2025 and Year till Date (YTD)*

| | Monthly | | | Year till Date | |
|---|---|---|---|---|---|
| **Consumption of Petroleum Products (P)** | **Consumption in '000 MT** | **MoM (%) change** | **YoY (%) change** | **Consumption in '000 MT** | **YoY (%) change** |
| **LPG** | 2,573 | -9.5% | -0.8% | 28,608 | 5.81% |
| **Naphtha** | 954 | -16.9% | -20.0% | 12,158 | -1.81% |
| **MS** | 3,129 | -5.4% | 3.5% | 36,448 | 7.53% |
| **ATF** | 735 | -6.3% | 4.4% | 8,184 | 9.31% |
| **SKO** | 32 | -8.2% | -12.0% | 375 | -17.12% |
| **HSD** | 7,343 | -5.1% | -1.2% | 83,333 | 2.08% |
| **LDO** | 62 | -18.2% | -1.3% | 747 | 4.52% |
| **Lubricants & Greases** | 358 | -10.1% | 11.1% | 4,175 | 21.18% |
| **FO & LSHS** | 477 | -13.1% | -6.8% | 5,988 | -0.48% |
| **Bitumen** | 835 | 8.9% | -7.9% | 7,370 | -5.04% |
| **Petroleum coke** | 1,838 | -3.0% | 20.1% | 20,119 | 18.46% |
| **Others** | 756 | -18.0% | -46.2% | 10,778 | -17.52% |
| **TOTAL** | **19,092** | **-6.7%** | **-3.2%** | **2,18,281** | **3.51%** |

*Source- PPAC*

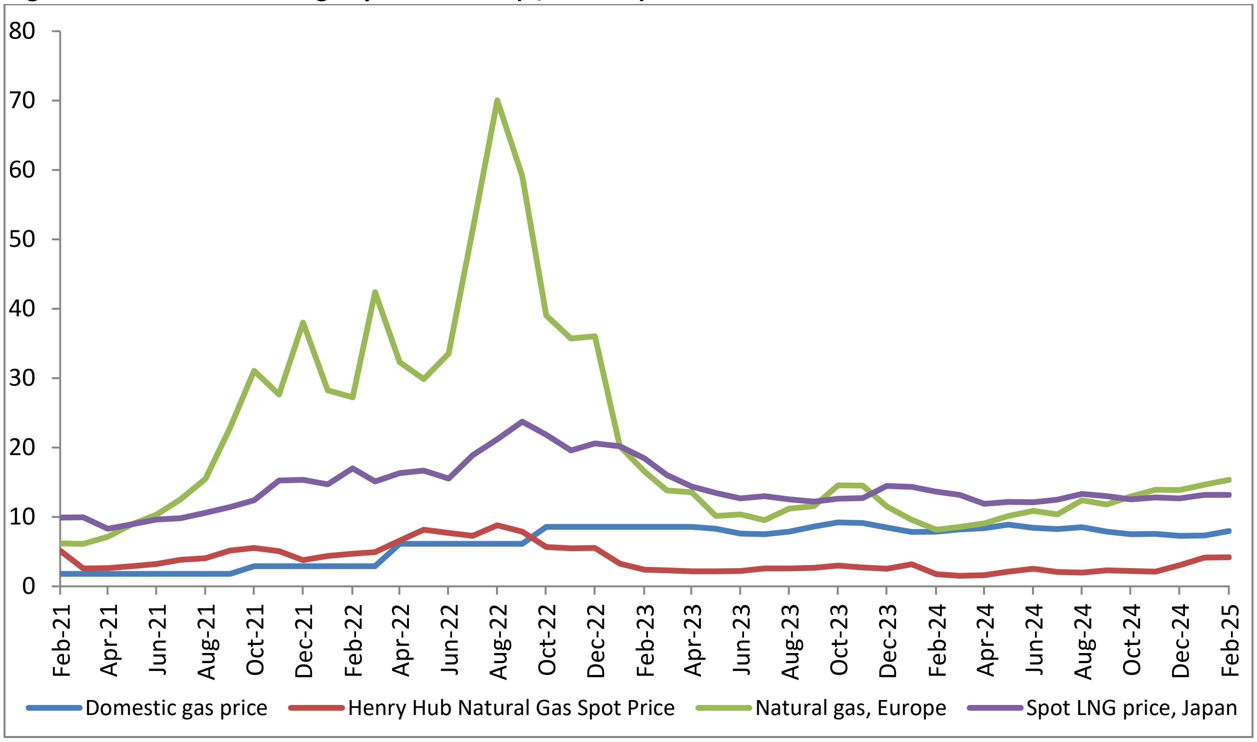
*Year Till Date: 1st April 2024 – 31st March 2025*

# Natural Gas Market

## Natural Gas Price – Monthly Review

- Natural gas spot prices at the US Henry Hub benchmark averaged $4.19 per million British thermal units (MMBtu) in February 2025. Henry Hub's natural gas prices rose for a third consecutive month in February, albeit at a significantly lower rate compared with the previous month. Prices were increased, supported by colder weather across the US and steeper declines in underground storage. According to data from the US Energy Information Administration (EIA), weekly average underground storage decreased in February by 27.5%, m-o-m. Henry Hub prices were up by more than 100%, y-o-y, underscoring above-average seasonal demand.
- Natural gas spot price at the Title Transfer Facility (TTF) in the Netherlands in Europe traded at an average of $15.34 per MMBtu. The average Title Transfer Facility (TTF) experienced a consecutive monthly increase in February, rising by 4.6%, m-o-m. TTF prices experienced high volatility in February, reaching $100/bof oil equivalent earlier in the month on the back of geopolitical developments. Prices were further supported by a decline in storage levels, despite moderate demand. According to data from Gas Infrastructure Europe, EU storage levels fell to 38.5% of capacity as of 28 February, 15.1 percentage points below the previous month. Prices were up by 88.3%, y-o-y.
- Japan Liquefied Natural Gas Import Price averaged at $13.16 per MMBtu for February 2025. There is a change of -0.2% from last month and -3.5% from one year ago.
- The Union Cabinet has approved a new formula for pricing of natural gas and imposed cap or ceiling price on the same. Natural gas produced from legacy or old fields, known as APM gas, will now be indexed to crude oil prices. From April 1 2023, APM gas will be priced at 10% of the price of basket of crude oil that India imports. The rate such arrived at however will be capped at US$ 6.5 per MMBTU. The price such arrived at will also have a floor of US$4 per MMBTU.
- Further, in accordance with MoP&NG, Govt. of India, pricing freedom for gas being produced from discoveries in Deepwater, Ultra Deepwater and High Pressure-High Temperature areas, the gas price ceiling for the period 1st April, 2023 - 30th September, 2023 was notified as US$ 12.12/MMBTU on Gross Calorific Value (GCV) basis as per notification dated 31st March, 2023. Gas price ceiling was further revised for the period 1st October, 2023 – 31st March, 2024 was notified as US$9.96/MMBTU on Gross Calorific Value (GCV) basis as per notification dated 30th September 2023. Gas price ceiling was further revised for the period 1st April, 2024 – 30th September, 2024 was notified as US$9.87/MMBTU on Gross Calorific Value (GCV) basis as per notification dated 31st March 2024. For the period 1st October, 2024 – 31st March, 2025 Gas price ceiling was further revised as US$10.16/MMBTU on Gross Calorific Value (GCV) basis as per notification dated 30th September 2024.

*Figure 20: Global natural gas price trends ($/mmbtu)*




*Source- EIA, World Bank*

*Table 7: Gas price, February 2025*

| Natural Gas | Price ($/MMBTU) | MoM (%) change | YoY (%) change |
|---|---|---|---|
| **India, Domestic gas price (Mar'25)** | 7.80 | -1.76% | -4.53% |
| **India, Gas price ceiling – difficult areas (Oct'24-Mar'25)** | 10.16 | 2.94% | 2.01% |
| **GIXI (Gas index of India) price*** | 12.78 | -0.8% | 25% |
| **Henry Hub** | 4.19 | 1.5% | 143.6% |
| **Natural Gas, Europe** | 15.34 | 4.6% | 88.2% |
| **Liquefied Natural Gas, Japan** | 13.16 | -0.2% | -3.5% |

*Source- EIA, PPAC, World Bank, IGX*
**Prices are weighted average prices (excluding ceiling price gas)*

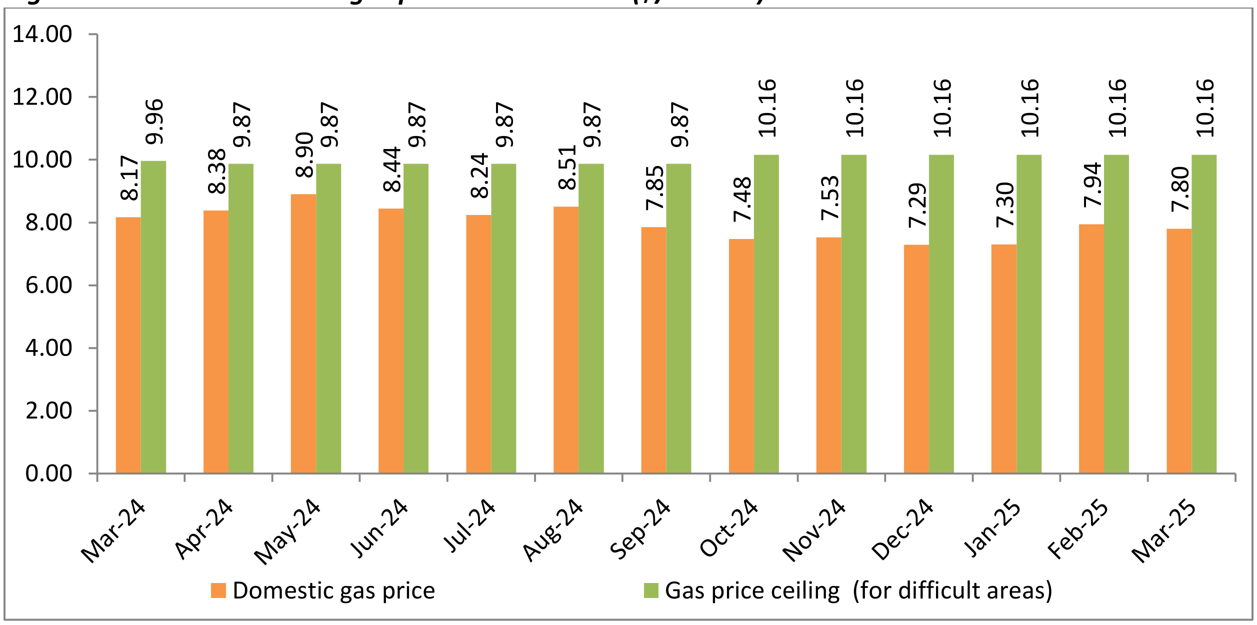
*Table 8: Gas price, GCV Basis*

| Period | Domestic Gas calculated price in US$/MMBTU | Gas price ceiling – difficult areas price in US$/MMBTU |
|---|---|---|
| 1-31 May 2023 | 8.27 | 12.12 |
| 1-30 June 2023 | 7.58 | 12.12 |
| 1-31 July 2023 | 7.48 | 12.12 |
| 1-31 August 2023 | 7.85 | 12.12 |
| 1-30 September 2023 | 8.60 | 12.12 |

| Period | Domestic Gas calculated price in US$/MMBTU | Gas price ceiling – difficult areas price in US$/MMBTU |
|---|---|---|
| 1-31 October 2023 | 9.20 | 9.96 |
| 1-30 November 2023 | 9.12 | 9.96 |
| 1-31 December 2023 | 8.47 | 9.96 |
| 1-31 January 2024 | 7.82 | 9.96 |
| 1-29 February 2024 | 7.85 | 9.96 |
| 1-31 March 2024 | 8.17 | 9.96 |
| 1-30 April 2024 | 8.38 | 9.87 |
| 1-31 May 2024 | 8.90 | 9.87 |
| 1-30 June 2024 | 8.44 | 9.87 |
| 1-31 July 2024 | 8.24 | 9.87 |
| 1-31 August 2024 | 8.51 | 9.87 |
| 1-30 September 2024 | 7.85 | 9.87 |
| 1-31 October 2024 | 7.48 | 10.16 |
| 1-30 November 2024 | 7.53 | 10.16 |
| 1-31 December 2024 | 7.29 | 10.16 |
| 1-31 January 2025 | 7.30 | 10.16 |
| 1-28 February 2025 | 7.94 | 10.16 |
| 1-31 March 2025 | 7.80 | 10.16 |

*Source- PPAC*

***Figure 21: Domestic natural gas price March'24–25 ($/mmbtu)***




*Source- PPAC*

**Indian Gas Market**

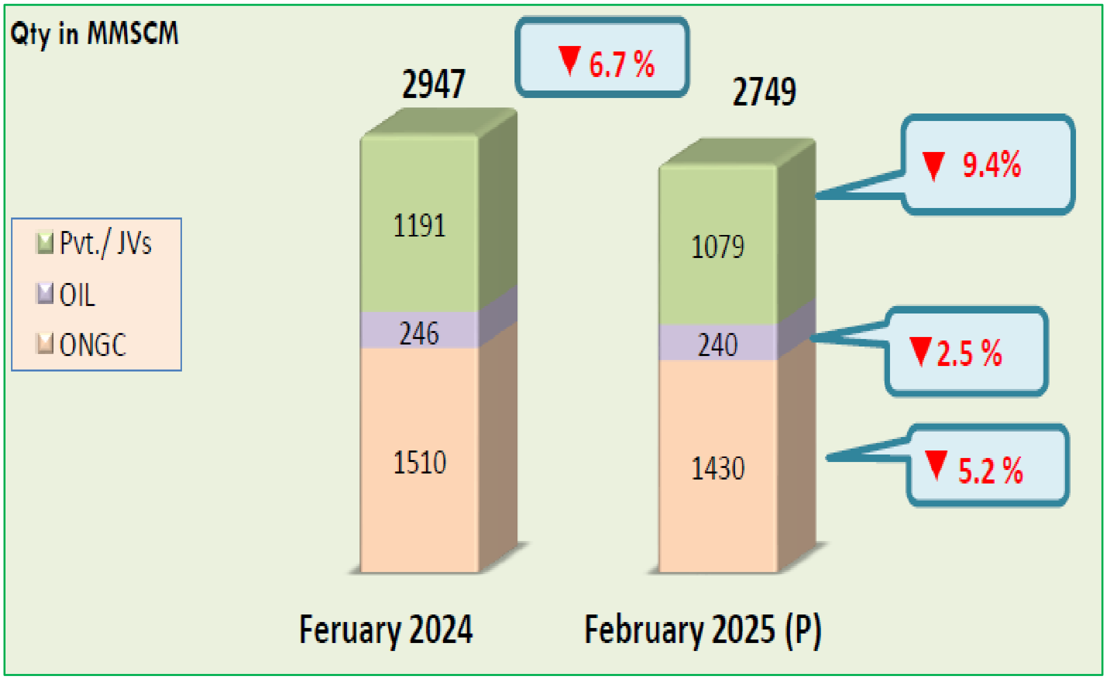
- Gross production of natural gas for the month of February 2025(P) was 2749 MMSCM which was lower by 6.7% compared with the corresponding month of the previous year.
- Total import of LNG (provisional) during the month of February 2025 was 3077 MMSCM (P) (increase of 7.3% over the corresponding month of the previous year).
- Natural gas available for sale during February 2025 was 5373 MMSCM (P) (increase of 1.7% over the corresponding month of the previous year).
- Total consumption during February 2025 was 5327 MMSCM (provisional). Major consumers were fertilizer (29%), City Gas Distribution (CGD) (23%), Power (10%), Refinery (8%) and Petrochemicals (5%).

## Monthly Report on Natural gas production, imports, and consumption – February 2025

**1. Domestic Natural Gas Gross Production:**

Domestic natural gas gross production for the month of February 2025 was 2749 MMSCM (decrease of 6.7% over the corresponding month of the previous year).

*Figure 22: Domestic natural gas Gross production (Qty in MMSCM)*

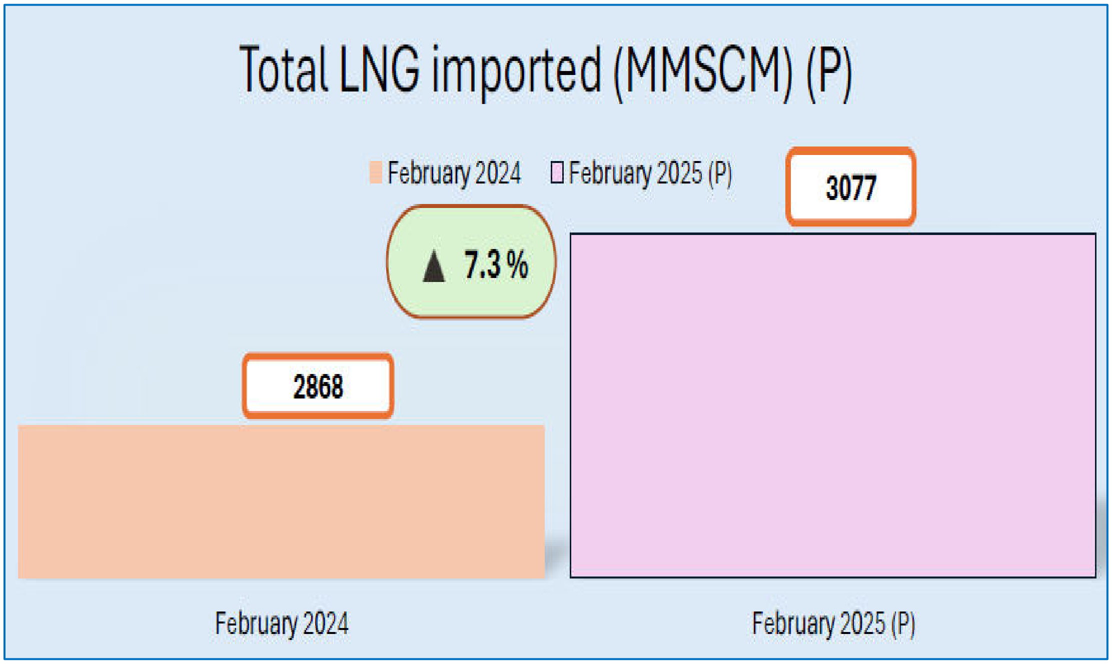



*Source- PPAC*

**2. LNG imports:**

Total import of LNG (provisional) during the month of February 2025 was 3077 MMSCM (P) (increase of 7.3% over the corresponding month of the previous year).

***Figure 23: LNG imports (Qty in MMSCM)***

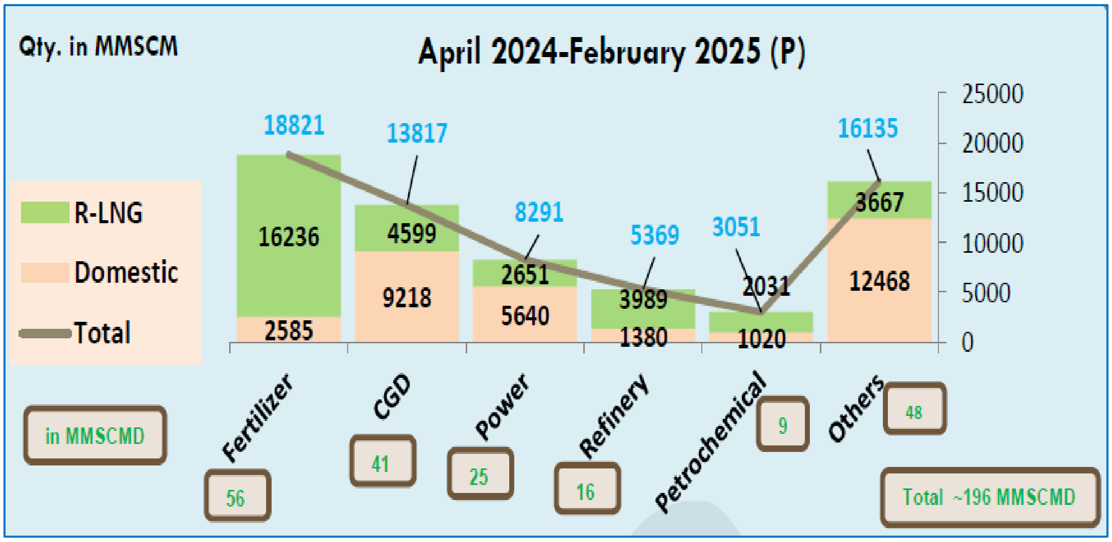



*Source- PPAC*

**3. Sectoral Consumption of Natural Gas:**

Major consumers were fertilizer, CGD, power, refinery, petrochemicals among others.

***Figure 24: Sectoral Consumption of Natural Gas (Qty in MMSCM) in April-February 2025***




*Source- PPAC*

# Key developments in Oil & Gas sector

- **Monthly Production Report for February, 2025**

## 1. Production of Crude Oil

Indigenous crude oil and condensate production during February 2025 was 2.2 MMT. Nomination fields of OIL registered a production of 0.3 MMT, Nomination fields of ONGC registered a production of 1.4 MMT whereas PSC/RSC which includes production from Private/JV and PSU registered production of 0.6 MMT during February 2025. There is a de-growth of 5.1% in crude oil and condensate production during February 2025 as compared with the corresponding period of the previous year.

## 2. Production of Natural Gas

Gross production of natural gas for the month of February 2025 (P) was 2749 MMSCM which was lower by 6.7% compared with the corresponding month of the previous year. The cumulative gross production of natural gas of 33125 MMSCM for the current financial year till February 2025 was lower by 0.5% compared with the corresponding period of the previous year.

## 3. Crude Oil Processed (Crude Throughput)

Total Crude oil processed during February 2025 was 21.6 MMT which is 3.4% higher than February 2024, where PSU/JV refiners processed 14.6 MMT and private refiners processed 6.9 MMT of crude oil. Total indigenous crude oil processed was 1.8 MMT and total Imported crude oil processed was 19.7 by all Indian refineries (PSU+JV+PVT). There was a growth of 2.6 % in total crude oil processed in April-February current Financial Year as compared to same period of previous Financial Year.

## 4. Production of Petroleum Products

Production of petroleum products was 22.5 MMT during February 2025 which is 0.2% higher than February 2024. Out of 22.5 MMT, 22.3 MMT was from refinery production & 0.3 MMT was from fractionator. There was a growth of 3.1 % in production of petroleum products in April-February FY 2024 – 25 as compared to same period of FY 2023 – 24. Out of total POL production, in February 2025, share of major products including HSD is 42.5%, MS 17.5%, Naphtha 6%, ATF 5.8%, Pet Coke 5.3%, LPG 4.5%, and rest is shared by Bitumen, FO/LSHS, LDO, Lubes & others.

# Key Policy developments/Significant news in Energy sector

**Oilfield (Regulatory and Development) Amendment Bill passed in Lok Sabha**

Lok Sabha passed the Oilfield (Regulatory and Development) Amendment Bill, 2024. The Bill was earlier passed by the Rajya Sabha on 3rd December, 2024. The Bill intends to reform the legal framework to meet the current needs and market conditions and to make the sector more attractive to investors so that exploration and production of oil and gas could be increased further. The Bill will play a key role in India's quest for ensuring energy availability, accessibility, affordability and security for the citizens and fulfilling the Hon'ble Prime Minister's vision of Viksit Bharat by 2047.

Over the last decade, the Government has brought several path breaking reforms including a landmark shift from 'production sharing' regime to 'revenue sharing' regime for awarding contracts, simplified processes and reduced regulatory burden to promote exploration and production of oil and gas in India, release of previously No-Go areas for new exploration, deregulation of crude as well as marketing and pricing freedom for natural gas. A crucial outcome of these major reforms, more than 76% of the active acreage under exploration in India today have been awarded post 2014.

While introducing the historical amendment Bill, the biggest of such path breaking legal reforms, Hon'ble Minister of Petroleum and Natural Gas Sh. Hardeep Singh Puri stated that the present regime, focussing mainly on licensing, regulatory control and collection of royalties, needed reorientation to promote Ease of Doing Business and collaboration between the Government and the Contractors. He stated that exhaustive discussions with industry leaders, potential investors and stakeholders were held to understand the pain points in the system. Given the long gestation periods and very high project risks involved, investors need a legal framework that is simple, stable, predictable and provides access to efficient expeditious dispute resolution mechanism. The amendments proposed in the Bill are designed to meet investor expectations whilst promoting, protecting and prioritizing the interests of India.

The Amendment Bill seeks to do away with the historical erroneous practice of putting mining and petroleum operations in the same bucket. It also introduces a single permit system namely, petroleum leases, which will substitute the extant system which requires the Contractors to take multiple licenses for carrying out various types of activities for different types of hydrocarbons. The Bill will facilitate development of comprehensive energy projects and adoption of new technologies like Carbon Capture utilization and sequestration (CCUS), green hydrogen etc.

Post 2014, MoP&NG has embarked on an accelerated path towards monetising discoveries. Towards this goal, the discovered small fields policy had been notified in 2015 and many small operators have been awarded fields unmonetised by previous operators. Many of these isolated fields have been suffering for want of infrastructure. This Bill seeks aid small operators by enabling sharing of resources and infrastructure between different operators to improve viability of oil blocks.

The Bill also aims to resolve one of the biggest grievances of global oil companies interested in investing in India by providing stability in operations, both in terms of tenure of the lease and conditions therein.

It emphasizes efficient alternate dispute resolution mechanisms which will ensure disputes can be resolved in a timely, fair and cost-effective manner.

To promote enforcement of the provisions of the Act, penalty has been increased to 25 lakh rupees and upto 10 lakh per day for continuing infraction so that they have deterrent effect. To make the system effective and expeditious, the Bill creates an adjudication authority and an appellate mechanism for levy of penalties.

Sh. Puri emphasized that the Bill intends to maintain cooperative federalism and does not impact the rights of the States in any manner. The States will continue to give Petroleum leases, necessary statutory clearances and receive royalties, as before. Minister emphasized that with the passing of the Bill, the provisions will improve the “Ease of doing business”, make India an attractive destination for production of oil and gas and play an instrumental role in unlocking hydrocarbon potential of our resource rich nation.

**No windfall tax on oil companies after new law: Hardeep Singh Puri**

Oil and gas companies will not face any new taxes like the windfall profits tax after the coming into effect of a new law that promises stability of fiscal regime, Petroleum Minister Hardeep Singh Puri said.

Parliament has passed the Oilfields (Regulation and Development) Bill, 2024 that provides policy stability to investors, decriminalizes provisions and promotes ease of doing business.

"After this bill, it will be difficult to levy (new taxes like) windfall tax because somebody will sue us (for failing to keep the promise of fiscal stability)," he said at a reception he hosted to celebrate the passage of the bill.

Investors looking to invest in finding and producing oil and gas want fiscal stability, and new taxes that seek to take away gains made when prices are high, without compensating for low or no margins when rates are low, are often a deterrent.

India imposed a windfall profit tax on July 1, 2022 joining a growing number of nations that tax super normal profits of energy companies. At that time, export duties of Rs 6 per litre (USD 12 per barrel) each were levied on petrol and ATF and Rs 13 a litre (USD 26 a barrel) on diesel. A Rs 23,250 per tonne (USD 40 per barrel) windfall profit tax on domestic crude production was also levied.

The tax rates were reviewed every fortnight based on average oil prices in the previous two weeks. The levy was scrapped in December last year after 30 months. Puri said global oil majors have been exploring investing in India.

Brazil's Petrobras is in discussion with state-owned Oil India Ltd for exploring the Andaman basins, while Oil and Natural Gas Corporation (ONGC) is engaged with majors like ExxonMobil and Equinor for collaboration in deepwater exploration.

The new legislation "creates conditions for all of them (international oil companies) to come and look at India," he said.

The Bill is part of the government's reforms agenda to make it easier to find and produce crude oil (which is refined into fuels like petrol and diesel) and natural gas (which is used to generate power, make fertilizer or turn into cooking gas and CNG).

It decriminalized some of the provisions of the original 1948 law by introducing penalties in place of imprisonment of up to six months.

The bill introduces 'petroleum lease' and expands the definition of mineral oils to include crude oil, natural gas, petroleum, condensate, coal bed methane, oil shale, shale gas, shale oil, tight gas, tight oil and gas hydrate. This is with a view to raising domestic output and cutting reliance on imports.

India currently imports more than 85 percent of its crude oil needs and about half of its natural gas requirement.

"We have 42 billion tonnes of oil and oil equivalent reserves and a sedimentary basin spanning 3.5 million square kilometers," Puri said, adding most of it is untapped.

**Pilot Projects on Hydrogen Fuelled Buses and Trucks Launched under the National Green Hydrogen Mission**

As part of the National Green Hydrogen Mission, the Government has initiated five pilot projects for using Hydrogen in buses and trucks. Earlier the Ministry of New and Renewable Energy had issued guidelines for implementing Pilot projects in the Transport Sector under this Mission.

Accordingly, the proposals were invited for different types of hydrogen-based vehicles, routes, and hydrogen refuelling stations. After detailed scrutiny, the Ministry of New and Renewable Energy has sanctioned five pilot projects consisting total of 37 vehicles (buses and trucks), and 9 hydrogen refueling stations. The vehicles that will be deployed for the trial include 15 hydrogen fuel cell-based vehicles and 22 hydrogen internal combustion engine-based vehicles. These vehicles will run on 10 different routes across the country viz., Greater Noida – Delhi – Agra, Bhubaneshwar – Konark – Puri, Ahmedabad – Vadodara – Surat, Sahibabad – Faridabad – Delhi, Pune – Mumbai, Jamshedpur – Kalinga Nagar, Thiruvananthapuram – Kochi, Kochi – Edappally, Jamnagar – Ahmedabad, and NH-16 Visakhapatnam – Bayyavaram. The above projects are awarded to major companies like TATA Motors Ltd, Reliance Industries Limited, NTPC, ANERT, Ashok Leyland, HPCL, BPCL, and IOCL.

The total financial support for selected projects made available will be around Rs. 208 Crore from the Government of India. These pilot projects are likely to be commissioned in the next 18-24 months, paving the way to the scaleup of such technologies in India.

The thrust area for providing support under the scheme is the development of commercially viable technologies for the utilization of hydrogen in the transport sector as fuel in buses and trucks and Supporting infrastructure like Hydrogen refuelling stations.

One of the objectives of the Mission is to support the deployment of Green Hydrogen as fuel in buses and trucks, in a phased manner on a pilot basis. These pilot projects can demonstrate safe and secure operations, assess the effectiveness of hydrogen-based vehicles and refuelling stations, validate technical feasibility and performance, and evaluate their economic viability, thereby leading to hydrogen-based vehicles and hydrogen refuelling stations under real-world operational conditions.

**India to Lead the World in Green Hydrogen: Union Minister Shri Pralhad Joshi**

Union Minister for New and Renewable Energy, Shri Pralhad Joshi, said that India is striving to becoming a global leader in green hydrogen production and utilization. Speaking at the flag-off ceremony of India's first fleet of hydrogen-powered truck trials in New Delhi, the Minister highlighted the transformative vision behind the National Green Hydrogen Mission (NGHM) and the country's strides towards energy independence.

Union Minister Shri Pralhad Joshi emphasized that, under the leadership of Prime Minister Shri Narendra Modi, India has positioned itself at the forefront of the global green energy transition. With an allocation of ₹19,744 crore, the National Green Hydrogen Mission aims to establish India as a key player in hydrogen production, storage, and application across various sectors. He noted that India has already made remarkable progress, awarding 4,12,000 TPA of Green Hydrogen production and approving 3 GW of electrolyser manufacturing capacity per annum. Additionally, seven pilot projects have been launched across transportation, shipping, steel, and storage, alongside the publication of 88 standards to ensure safety and scalability.

Looking ahead, the Minister outlined India's ambitious 2030 targets, which include producing 5 million metric tons (MMT) of Green Hydrogen annually, installing 60-100 GW of electrolyser capacity, and adding 125 GW of renewable energy capacity dedicated to hydrogen production. These initiatives are expected to help reduce 50 million metric tons of $CO_2$ emissions annually, save ₹1 lakh crore in imports, and attract investments worth ₹8 lakh crore.

Shri Joshi described the launch of hydrogen-powered truck trials as a radical shift in India's mobility sector, reducing dependence on fossil fuels and enhancing energy security. He noted that India is the third-largest oil consumer and fourth-largest crude oil importer, and hydrogen technology will play a key role in reducing this reliance. The first batch of three hydrogen-powered heavy-duty trucks will operate on the Faridabad–Delhi NCR and Ahmedabad–Surat–Vadodara routes. To support this transition, Indian Oil Corporation Limited (IOCL) is establishing hydrogen refueling stations in Faridabad, Vadodara, Pune, and Balasore.

**PM Surya Ghar: Muft Bijli Yojana Crosses Milestone of 10 Lakh Installations**

PM Surya Ghar: Muft Bijli Yojana (PMSGMBY), the world's largest domestic rooftop solar initiative, has achieved a significant milestone by completing 10.09 lakh installations across the country as of 10th March 2025. This ambitious scheme, launched by Prime Minister Shri Narendra Modi on 13th February 2024, aims to provide free electricity through rooftop solar systems to 1 crore residential households and reduce dependence on conventional power sources while enabling citizens to become energy producers. The scheme enables every household to contribute to climate change mitigation by reducing carbon emissions equivalent to planting 100 trees.

**Empowering Households with Subsidies and Incentives**

The scheme, implemented by the Ministry of New and Renewable Energy (MNRE) has received 47.3 lakh applications. 6.13 lakh beneficiaries have successfully received subsidies, amounting to ₹ 4,770 crore. With a fully automated application, vendor selection and subsidy redeem process subsidies get credited to applicants' bank accounts within 15 days.

Under Prime Minister Shri Narendra Modi's leadership, a key feature of the PM Surya Ghar: Muft Bijli Yojana is the provision of collateral-free loans through 12 Public Sector Banks (PSBs) at a subsidized interest rate of 6.75% for loans up to Rs. 2 lakhs, making rooftop solar installations more accessible to the masses. With the easy loan facility, a 3 KW rooftop solar system could be installed with an investment as low as ₹15,000/- giving returns up to ₹15 lakh in 25 years. Loan application process is also fully automated and online. So far, 3.10 lakh loan applications have been received, with 1.58 lakh loans sanctioned and 1.28 lakh disbursed, ensuring wider accessibility for potential beneficiaries. Beneficiaries receive subsidy of upto ₹78000 for upto 3KW rooftop solar system, significantly reducing installation costs.

**Remarkable Progress Across Several States**

The scheme has seen remarkable progress across several states. Notably, Chandigarh and Daman & Diu have achieved 100% of their government building rooftop solar targets, leading the nation in clean energy adoption. States like Rajasthan, Maharashtra, Gujarat, and Tamil Nadu are also performing exceptionally well, contributing significantly to the overall installation figures. The Government is actively monitoring the progress across all states to ensure the smooth and timely execution of the scheme, with the goal of reaching 1 crore households by 2026-27.

**Driving India's Rooftop Solar Sector**

The scheme has a total outlay of ₹75,021 crore. To facilitate easy financing, Union Minister of New and Renewable Energy Shri Pralhad Joshi recently held a meeting with top bankers at National Workshop on Mobilizing Finance for Renewable Energy in Mumbai, urging them to ensure the hassle-free disbursement of loans under the scheme. The discussions led to several key takeaways to unlock access to finance, including the need for lower-cost financing, innovative financing models, improved access to global climate funds, and enhanced risk-sharing mechanisms for new technologies. The meeting also underscored the importance of strengthening public-private partnerships and expanding green financial instruments to support India's clean energy transition.

The Government is also extending the rooftop solar initiative to public infrastructure, promoting the installation of solar systems on Government buildings. This effort not only reduces operational energy costs but also serves as a model for the commercial and industrial sectors, encouraging a broader adoption of solar power across the country.

Under the leadership of Prime Minister Shri Narendra Modi, aligned with the Aatmanirbhar Bharat initiative, the PM Surya Ghar: Muft Bijli Yojana supports domestic manufacturing by mandating the use of solar modules and cells produced in India. As of 10th March 2025, the scheme has facilitated the installation of over 3 GW of rooftop solar capacity, with an additional 27 GW targeted by March 2027. This initiative is also driving the local production of inverters and Balance of Plant (BoP) components, further strengthening India's renewable energy ecosystem and enhancing the Make in India vision.

Under the guidance of Union Minister Shri Pralhad Joshi, MNRE has been working towards faster rollout, building infrastructure for rapid deployment, ensuring efficient subsidy disbursement, and conducting extensive awareness campaigns. The scheme continues to receive overwhelming support from the public and the Government, marking a transformative step toward a cleaner, greener, and energy-secure future for India.

**Nuclear Energy is Critical for India's Net Zero Goal, Major Expansion Planned: Dr. Jitendra Singh**

Addressing a post-budget webinar organized by NITI Aayog, Union Minister of State (Independent Charge) for Science and Technology; Earth Sciences, and Minister of State for PMO, Department of Atomic Energy, Department of Space, Personnel, Public Grievances and Pensions, Dr. Jitendra Singh emphasized that Nuclear Energy is critical for India's Net Zero goal.

He highlighted the Union Budget 2024-25's vision for India's nuclear power expansion, which sets a target of achieving 100 GW by 2047. Pointing out the crucial role of nuclear energy in India's transition to clean energy and achieving Net Zero emissions by 2070, he called for private sector participation, regulatory reforms, and sustained public engagement.

Highlighting the growing energy demand, Dr. Jitendra Singh stated that India's electricity needs are expected to increase four to five times by 2047. While renewable energy sources are expanding, they alone cannot meet the base-load demand, making nuclear power a key component of India's energy strategy. "Achieving 100 GW of nuclear power will require a focused and determined approach, adding around 4 GW annually from now onwards," he said, expressing confidence in meeting the goal with proper planning and execution.

A major shift in India's nuclear policy is the proposed involvement of the private sector in designing, building, and operating nuclear power plants. Dr. Jitendra Singh acknowledged that legislative amendments to the Atomic Energy Act, Civil Liability for Nuclear Damage Act, and Electricity Act would be required to enable this participation. "Opening up the nuclear sector will send a strong policy signal to industry players, boosting investor confidence and encouraging long-term investments," he noted.

He also highlighted that NPCIL, along with its subsidiaries, aims to contribute nearly half of the 100 GW target by leveraging domestic and international partnerships. Meanwhile, NTPC's joint venture, Ashwini, has already taken the lead in constructing four 700 MWe PHWRs at Mahi-Banswara.

The Minister further announced the launch of a Small Modular Reactor (SMR) R&D Mission, with the objective of developing five SMRs by 2033. These reactors, known for their adaptability, could be deployed in industrial zones, remote areas, and hard-to-abate sectors like cement and steel manufacturing.

Dr. Jitendra Singh emphasized that India's nuclear energy journey, pioneered by Dr. Homi Bhabha, was often met with skepticism, both domestically and internationally, due to restrictive global policies and misplaced concerns over nuclear proliferation. However, he noted that under Prime Minister Narendra Modi's leadership since 2014, India has witnessed a paradigm shift, with greater acceptance of its nuclear energy program as a key component of clean and sustainable power generation. He pointed out that unlike in the past, the announcement of a 100 GW nuclear target has not faced any negative implications, reflecting India's growing credibility in the global nuclear community and the recognition of its responsible and transparent approach to nuclear energy development.

Dr. Jitendra Singh also underscored the need for a nationwide awareness campaign to address public concerns regarding nuclear energy. "A much more vigorous and sustained public outreach program is necessary to dispel fears and highlight nuclear power as a safe and clean energy source," he said, urging collaboration among government agencies, private players, and environmental groups.

With a roadmap now being formulated in consultation with stakeholders, the Minister affirmed that while challenges exist, achieving the 100 GW target by 2047 is both ambitious and achievable.

**North India's first Nuclear project coming up in Haryana in a small town called Gorakhpur**

North India's first Nuclear project is coming up in Haryana in a small town called Gorakhpur. This was revealed by Union Minister Dr. Jitendra Singh while reaffirming the government's commitment to the Jaitapur Nuclear Power Project, calling it a critical step toward India's clean energy future.

Responding to concerns raised in the Lok Sabha, Dr. Jitendra Singh clarified that environmental clearance for the project is under renewal and that necessary safeguards are in place to address ecological and safety concerns.

Dr. Jitendra Singh emphasized that the government remains confident in the safety of the project despite objections from conservation groups and concerns about its location in a seismic zone. He stated that concerns about risks to marine life and local livelihoods have been raised repeatedly, and every time, the government has "tried to allay all these apprehensions that there is no such risk to the marine life, the fisheries, or the people living around, there are ample number of evidence-based studies to prove that." He further clarified that the environmental clearance had expired in December 2022 due to procedural delays, not because of any new environmental objections. "If there were very serious environmental hazards or any apprehension or evidence, then we would not have got the environment clearance even earlier," he explained.

Tracing the project's timeline, the Minister explained that while initial approvals were given in 2008, delays occurred due to shifts in agreements with French stakeholders. With technical agreements now finalized, discussions are ongoing to settle commercial terms with the French side. The Jaitapur plant, once operational, will house six nuclear reactors, each with a capacity of 1,730 MW, totaling 10,380 MW accounting for 10% of India's 100 GW nuclear energy target by 2047.

Addressing concerns about nuclear liability, Dr. Jitendra Singh stated that India's Civil Liability for Nuclear Damage (CLND) framework provides clear safeguards. The primary responsibility rests with the operator, and an insurance pool of ₹1,500 crore has been set up, with additional commitments from the government if required. Furthermore, India has aligned with global compensation mechanisms to ensure financial security in case of an incident.

In a significant policy shift, the government is also opening the nuclear energy sector to private participation to accelerate expansion. Dr. Jitendra Singh highlighted the upcoming Gorakhpur Nuclear Power Plant in Haryana, marking India's first nuclear project in North India, as part of this broader vision.

With India aiming for net-zero emissions by 2070, the Jaitapur project is expected to play a crucial role in achieving the country's clean energy ambitions while strengthening its position as a leader in nuclear technology.

**Cumulative Coal Production During April 2024 to February 2025 Grows 5.73% to Reach 928.95 MT**

India's coal sector continues its strong performance with significant growth in both production and dispatch up to February 2025. Cumulative coal production has reached 928.95 million tonnes (MT), reflecting a 5.73% increase compared to 878.55 MT in the same period last year. Likewise, cumulative coal dispatch has risen to 929.41 MT, marking a 5.50% growth from 880.92 MT in the previous year.

Coal production from Captive and Other entities stood at 173.58 MT up to February 2025, registering a 30.16% increase from 133.36 MT in the corresponding period last year. Similarly, coal dispatch from Captive and Other entities reached 178.02 MT upto February 2025, reflecting up 31.90% increase from 134.96 MT in the same period last year.

**Coal Production from Captive and Commercial Mines Grows 32.53% YoY to 167.36 MT**

The Ministry of Coal is pleased to report that total coal production from captive and commercial mines for the financial year 2024-25 has reached 167.36 million tonnes (MT) as of February 2025. This represents a 32.53% year-on-year (YoY) increase compared to the 126.28 MT produced by February 28, 2024.

Coal dispatch has also witnessed a significant surge, with total dispatch for the financial year reaching 170.66 MT, surpassing the 128.45 MT recorded in the previous year. This marks a 32.86% YoY growth, ensuring a stable and uninterrupted coal supply to key sectors such as power, steel, and cement.

Bhaskarpara Coal mine of M/s Prakash Industries Limited commenced coal production on February 15, 2025, with a Peak Rated Capacity (PRC) of 15 MT.

**CIL joins hands with IIT, Hyderabad for R&D in clean coal tech**

Coal India Limited (CIL) has inked a memorandum of understanding (MoU) with Indian Institute of Technology, Hyderabad (IIT-H), on 7 March, for establishing a Centre of Clean Coal Energy and Net Zero (CLEANZ) at Hyderabad.

The joint initiative between CIL and IIT-H aims to develop clean coal technologies and diversification in coal utilization. Both the entities will synergize their efforts in developing cutting edge technology readiness level (TRL) for sustainable utilization of Indian coal. This is in line with the country's Net Zero commitments. The Coal Ministry is also keen in developing research capabilities in coal sector and advised to take up research projects relevant to India's coal and energy sectors.

Shri G Kishan Reddy, Union Minister of Coal & Mines was the Chief Guest, and the pact was formally signed in his presence by P M Prasad, Chairman, CIL and Prof. B S Murty, Director, IITH in Hyderabad.

CIL's management has green flagged a grant of Rs.98 Crores to IITH for a duration of five years for setting up this Centre of Excellence. It is anticipated that the project will be financially self-sustainable beyond the initial five-year funding received from CIL.

CIL's Board earlier in July 2024 has given its nod to focus on providing grants to reputed government institutions and research organizations under R&D expenditure. The objective is to enhance research capabilities and establishment of Centres of Excellence.

The current collaborative model is an R&D endeavour under the umbrella of National Centre for Coal and Energy Research (NaCCER). This is an independent R&D unit of CMPDI, the mine development and consultancy arm of CIL.

CLEANZ envisions net zero utilization with special emphasis on low grade and rejected coal. The thematic areas under CLEANZ are enhanced coal bed methane and coal mine methane recovery, carbon capture technologies, coal gasification and syngas utilization, energy efficiency and conservation, artificial intelligence and machine learning among others.

Other salient features are training and assisting CIL officials in tech adoption, skill and capability enhancement, extraction and beneficiation technologies for critical minerals.

**Coal Imports During April-December 2024 Drops by 8.4% Compared to Same Period of FY 2023-24**

Coal imports to the country during April to December 2024 fell by 8.4%, totalling 183.42 million tonnes (MT), compared to 200.19 MT in the same period of previous fiscal year. This reduction resulted in foreign exchange savings of approximately $5.43 billion (₹42,315.7 crore). Notably, the Non-Regulated Sector, excluding the power sector, experienced a more significant decline, with imports dropping by 12.01% year-on-year. Although coal-based power generation grew by 3.53% from April to December 2024 compared to the previous year, imports for blending by thermal power plants sharply decreased by 29.8%. This highlights India's ongoing efforts to reduce its dependence on imported coal and enhance self-sufficiency in coal production.

The Government of India has implemented several initiatives, including Commercial Coal Mining and Mission Coking Coal, to enhance domestic coal production and reduce imports. These efforts have also led to an encouraging 6.11% growth in coal output during the April-December 2024 period compared to the same period of FY 2023-24.

India's coal sector plays a pivotal role in supporting its rapidly growing economy, with coal serving as a primary energy source for critical industries like power generation, steel production, and cement manufacturing etc. However, the country faces a significant challenge in meeting its domestic coal demand, especially for coking coal and high-grade thermal coal, which are in short supply within the country's reserves. As a result, coal imports have been vital to meet the needs of key sectors, including steel production.

The Ministry of Coal has been implementing strategic measures to strengthen domestic production and ensure a secure coal supply, aligning with India's goals of reducing coal imports and enhancing energy security. By prioritizing domestic coal output, the government aims to march ahead towards *Viksit Bharat* goal by building a self-reliant, sustainable energy framework that supports long-term economic growth.

**One Billion Tonne: Strengthening India's Energy Future!**

India has achieved a momentous milestone in coal production, surpassing one billion tonnes (BT) on March 20, 2025, in the fiscal year 2024-25. This remarkable achievement comes 11 days ahead of last fiscal year's coal production of 997.83 million tonnes (MT), underscoring India's significant progress in ensuring its energy demands and driving industrial, agricultural, and overall economic growth.

The coal sector's success is attributed to the tireless efforts of Coal Public Sector Undertakings (PSUs), private players, and the dedicated workforce of around 5 lakh mine workers across more than 350 coal mines. These coal miners, who have defied numerous challenges with unmatched dedication, have played a pivotal role in achieving this historic milestone.

India relies on coal for approximately 55% of its energy mix, and around 74% of the country's electricity is generated by coal-based power plants. This underscores the critical importance of coal in powering India's economy and sustaining energy security.

The record-breaking coal production reflects the Government's strategic reforms and policies, such as amendments to the Mines and Minerals (Development and Regulation) Act and the opening of the coal sector to private players through the commercial auctioning of coal blocks. These initiatives have led to a marked increase in the availability of domestic coal, progressively substituting imports and significantly contributing to foreign exchange savings. From April to December 2024, India's coal imports declined by 8.4%, resulting in forex savings of around $5.43 billion (₹42,315.7 crore) as compared to the same period of last year.

This milestone aligns with Prime Minister Narendra Modi's vision of 'Atmanirbhar Bharat' and highlights the Ministry of Coal's ongoing efforts to foster self-reliance in the energy sector while ensuring sustainable development.

This achievement is not just about coal production; it is a crucial step towards ensuring long-term energy security and propelling India's overall development. By embracing advanced mining techniques, optimizing logistics, and promoting sustainable practices, the coal sector is playing a central role in strengthening India's energy infrastructure and bolstering economic resilience.

Aligned with the 'Viksit Bharat 2047' vision, this milestone positions India to become fully self-reliant in the energy sector. Through continued strategic reforms, technological advancements, and a focus on responsible resource management, India's journey towards an Atmanirbhar Bharat remains on track. This achievement is a testament to the nation's unwavering dedication to securing a self-reliant, energy-secure future for generations to come.

**Key Policy developments / Significant news Energy Sector in FY 2024-25: A brief review of the past year**

**March 2025**

**Oilfield (Regulatory and Development) Amendment Bill passed in Lok Sabha**

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**February 2025**

**Hardeep Singh Puri launched the 10th round of the Open Acreage Licensing Policy (OALP) on the sidelines of India Energy Week 2025**

The Minister for Petroleum and Natural Gas Hardeep Singh Puri launched the 10th round of the Open Acreage Licensing Policy (OALP) on the sidelines of India Energy Week 2025. This round is the largest bid round in terms of acreage offered in a single OALP bid round. The round-X puts 25 blocks on offer across 13 sedimentary basins, including 19 offshore blocks. The blocks are cumulatively spread over an area of 1.91 lakh sq km. This round is also the largest offshore block bid round with 19 offshore blocks on offer, covering an area of 1,75,115 sq km. Out of the total 25 blocks on offer, 16 blocks with an area of 97,919.6 Sq Km (51 percent) fall in earlier 'No-Go' area. Out of 25 blocks, six are onland, six are in shallow water, one in deep water and 12 blocks are in ultra deep-water areas. There are nine category-I blocks, 11 Category-II blocks and five Category-III blocks.

**January 2025**

**India's Renewable Energy Revolution**

India accelerated its transition towards a sustainable future, its renewable energy (RE) sector witnessed an unprecedented growth. In 2024, the country made significant strides in solar and wind energy installations, policy advancements, and infrastructural improvements, setting the stage for ambitious targets in 2025. With a commitment to achieving 500 GW of non-fossil fuel-based energy capacity by 2030, India is emerging as a global leader in clean energy. As on 20th Jan 2025, India's total non-fossil fuel based energy capacity has reached 217.62 GW. The year 2024 saw a record-breaking 24.5 GW of solar capacity and 3.4 GW of wind capacity added, reflecting a more than twofold increase in solar installations and a 21% rise in wind installations compared to 2023. This surge was driven by government incentives, policy reforms, and increased investments in domestic solar and wind turbine manufacturing. Solar energy remained the dominant contributor to India's renewable energy growth, accounting for 47% of the total installed renewable energy capacity. Last year saw the installation of 18.5 GW of utility-scale solar capacity, a nearly 2.8x increase compared to 2023. Rajasthan, Gujarat, and Tamil Nadu emerged as the top-performing states, contributing 71% of India's total utility-scale solar installations.

**December 2024**

**<u>Government scrapped windfall tax on crude oil, jet fuel, petrol and diesel exports</u>**

The government officially withdrew the windfall tax on crude oil, aviation turbine fuel (ATF), petrol, and diesel exports, marking a complete rollback of the levy introduced during a period of heightened global crude prices. First imposed in July 2022, the windfall tax formally known as Special Additional Excise Duty (SAED) was introduced to capitalise on extraordinary profits earned by oil producers and exporters amid surging global crude prices driven by the Russia-Ukraine conflict. Alongside this, the Road and Infrastructure Cess (RIC) on petrol and diesel exports has also been scrapped, effectively removing all export levies on fuel products.

**November 2024**

**<u>Through biofuel blending country saved Rupees 91,000 Crore on import bill</u>**

Union Minister for Petroleum and Natural Gas Hardeep Singh Puri said through biofuel blending, the country has saved Rs 91,000 Crore on the import bill and this money could be utilized for the benefit of the agricultural sector. Inaugurating the 27th Energy Technology Summit in Bengaluru, he said India had achieved the second position in biofuel blending globally. He expressed confidence that India will achieve the target of 20% biofuel blending by next year, much ahead of schedule. As Indian refineries takes to green energy, the country will succeed in the goal towards green hydrogen, the Minister said. The Minister said India's energy demand will grow by two and a half times by 2047.

**October 2024**

**<u>Cabinet approved India to Join International Energy Efficiency Hub by signing the Letter of Intent</u>**

The Union Cabinet chaired by the Prime Minister Shri Narendra Modi has approved the signing of 'Letter of Intent' thus enabling India to join the 'Energy Efficiency Hub'. India will join the International Energy Efficiency Hub (Hub), a global platform dedicated to fostering collaboration and promoting energy efficiency worldwide. This move solidifies India's commitment to sustainable development and aligns with its efforts to reduce greenhouse gas emissions. Established in 2020 as the successor to the International Partnership for Energy Efficiency Cooperation (IPEEC), in which India was a member, the Hub brings together governments, international organizations, and private sector entities to share knowledge, best practices, and innovative solutions. By joining the Hub, India will gain access to a vast network of experts and resources, enabling it to enhance its domestic energy efficiency initiatives. As of July, 2024, sixteen countries (Argentina, Australia, Brazil, Canada, China, Denmark, European Commission, France, Germany, Japan, Korea, Luxembourg, Russia, Saudi Arabia, United States and United Kingdom) have joined the Hub.

**September 2024**

**Make in India Powers Energy Transition: Fuels renewable energy equipment boom**

As "Make in India" initiative of Government of India completed 10 years, it has proved to be a driving force in promoting investment, fostering innovation, and building world-class infrastructure to transform India into a hub for manufacturing, design, and innovation. It continued to play a pivotal role in developing a robust manufacturing sector for renewable energy in the country. One of the key focuses of the Government is to support and incentivize domestic manufacturing in the renewable energy sector. The renewable energy equipment manufacturing sector in India is well-positioned to meet domestic demand and serve the global market through exports, establishing India as a key player in the renewable energy manufacturing space. Union Minister for New and Renewable Energy Shri Pralhad Joshi posted on X " India's renewable energy sector has contributed immensely to the #10YearsOfMakeInIndia. From PLI to VGF, we are extending all possible support to our domestic industries. We are committed to establishing India as a major global player in the complete value chain of clean energy solutions."

**August 2024**

**Export of green ammonia from India to Japan**

The Union Minister of New and Renewable Energy, Shri Pralhad Joshi, chaired the signing ceremony of the first-ever agreement for the export of Green Ammonia from India to Japan. The project offtake agreement, marks a significant step forward in India's journey to becoming a global leader in green hydrogen and ammonia production. The signing ceremony for heads of terms (HoT) for the cross-border green ammonia supply from India to Japan was also graced by H.E. Mr Simon Wong, High Commissioner of the Republic of Singapore to India; Mr Yuta Hikichi, First Secretary, Embassy of Japan in India; Mr Ajay Yadav, JS, MNRE; and Mr Vipul Tuli, Chairman – South Asia & CEO – Hydrogen Business, Sembcorp Industries. This agreement represents the first such collaboration between India, Singapore and Japan, underscoring India's growing prominence in the global green energy landscape. The Heads of Terms (HoT) agreement was signed between Sembcorp Industries, Sojitz Corporation, Kyushu Electric Power Co., and NYK Line, solidifying a cross-border green ammonia supply partnership from India to Japan. This agreement represents the first such collaboration between the two nations, underscoring India's growing prominence in the global green energy landscape.

**July 2024**

**E&P sector offered investment opportunities worth 100 billion USD by 2030**

The Exploration and Production (E&P) sector offered investment opportunities worth 100 billion USD by 2030, said Shri Hardeep Singh Puri, Minister of Petroleum & Natural Gas. The Minister was speaking at the inaugural session of first edition of Urja Varta. Addressing the distinguished gathering, he underscored the importance of the exploration and production (E&P) sector in achieving energy self-sufficiency and sustaining economic growth. He highlighted the vast potential of India's 26 sedimentary basins, containing substantial reserves of crude oil and natural gas yet to be fully tapped. Despite our substantial progress, the Minister said, "Only 10% of our sedimentary basin area is under exploration today. After the award of blocks under the forthcoming Open Acreage Licensing Policy (OALP) Rounds, it will increase to 16% by end-2024." Highlighting the need to streamlining operational and regulatory processes, Shri Puri stressed that "The government is doing its part to catalyse investments in E&P. The Ministry of Petroleum and Natural Gas (MoP&NG) has instituted sweeping reforms, empowering stakeholders to contribute to our nation's progress, " he added. He said that we intend to increase India's exploration acreage to 1 million sq. km. by 2030.

**June 2024**

**Cabinet approved Viability Gap Funding (VGF) scheme for implementation of Offshore Wind Energy Projects**

The Union Cabinet, chaired by Prime Minister Shri Narendra Modi, approved the Viability Gap Funding (VGF) scheme for offshore wind energy projects at a total outlay of Rs.7453 crore, including an outlay of Rs.6853 crore for installation and commissioning of 1 GW of offshore wind energy projects (500 MW each off the coast of Gujarat and Tamil Nadu), and grant of Rs.600 crore for upgradation of two ports to meet logistics requirements for offshore wind energy projects. The VGF scheme is a major step towards implementation of the National Offshore Wind Energy Policy notified in 2015 with an aim to exploit the vast offshore wind energy potential that exists within the exclusive economic zone of India. The VGF support from the Government will reduce the cost of power from offshore wind projects and make them viable for purchase by DISCOMs. While the projects will be established by private developers selected though a transparent bidding process, the power excavation infrastructure, including the offshore substations, will be constructed by Power Grid Corporation of India Ltd (PGCIL). Ministry of New and Renewable Energy, as the nodal ministry, will coordinate with various Ministries/Departments to ensure successful implementation of the scheme.

**May 2024**

**Government of India offered two discovered oil and gas fields in special bidding round**

The government offered two discovered oil and gas fields in Mumbai offshore and a coal bed methane field in West Bengal for bidding in the latest Discovered Small Fields (DSF) bid round. "With the objective to augment domestic production of Petroleum and Natural Gas, the Ministry of Petroleum & Natural Gas, Government of India announced the Special DSF Bid Round offering two (02) Discovered Small Field located in Mumbai Offshore (MB/OSDSF/C37/2024 & MB/OSDSF/B15/2024) and one (01) Discovered Coal Bed Methane field located in West Bengal (SR-ONCBM (Raniganj)-2024) through International Competitive Bidding (ICB)," it said. DSF was launched in 2016 and since then three rounds have been held. In the first round, 67 discovered oil and gas fields that were clubbed into 46 contract areas were awarded. These fields had an inplace resource potential of 45 million tonnes of oil and oil equivalent gas.

**April 2024**

**Govt. decreased windfall tax on crude petroleum to Rs. 8,400/tonne**

The government decreased windfall tax on crude oil to Rs. 8,400 per tonne effective May 1, 2024, from the previous rate of Rs. 9,600 per tonne. However, the Special Additional Excise Duty (SAED) on export of diesel, petrol and jet fuel or ATF has been retained at nil. India initially introduced the windfall tax in

July 2022 in response to the escalating price of crude oil. This tax is imposed by governments when an industry unexpectedly generates substantial profits, typically attributed to an unprecedented event. A windfall tax is imposed on domestically produced crude oil when the rates of the global benchmark exceed $75 per barrel. For the export of diesel, aviation turbine fuel (ATF), and petrol, the levy is applicable when the product cracks, or margins, surpass $20 per barrel.

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*Research, analysis & compilation by:*

***Economic Policy & Planning Team - FIPI***

*Email: pankhuri@fipi.org.in*