

State Oil Cos Plan Capex of ₹89k Cr, 50% for E&P

FY19 exploration & production purse is less than previous year

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New Delhi: State oil companies have planned a capital spending of ₹89,000 crore, or \$14 billion, in 2018-19, half of which will go into exploration and production.

In the current fiscal, these companies had targeted an expenditure of ₹87,400 crore, 70% of which has been spent in the first three quarters.

The allocation of ₹48,000 crore towards exploration and production in Budget 2018-19 is lower than ₹53,960 crore planned for this year. Spending on refining and marketing would rise to ₹35,800 crore from ₹31,200 crore in 2017-18. Investment in petrochemicals would nearly double to ₹3,952 crore next fiscal year from ₹2,156 crore in the current year.

Oil & Natural Gas Corp has planned the highest investment among all state oil firms, with a capex target of a little over ₹32,000 crore in 2018-19. This would go into developing new oil and gas fields and enhancing production from existing fields. For the current year, its

planned capex is about ₹37,200 crore, including a \$1.2 billion payment for GSPC's stake in the KG Basin asset. ONGC's capex figure will get revised upward sharply after factoring in the ₹37,000 crore purchase of government stake in HPCL.

Overseas arm ONGC Videsh plans to spend ₹5,900 crore, about 8% lower than the current year's target.

The second-highest investment among state oil firms is slated to come from Indian Oil, the country's largest refiner and fuel retailer. Its planned spending of ₹22,860 crore is a fifth higher than the current year's target. HPCL's target of ₹8,400 crore is also 18% higher than the current year's. BPCL's capex is planned to decline 5% to ₹7,400 crore next year.

Indian Oil, HPCL and BPCL are investing heavily in expanding and upgrading refineries to produce more high-grade fuels. All petrol and diesel sold must meet BS-VI emission standards from April 2020. Gas transporter GAIL's spending is set to rise 40% to ₹4,700 crore in 2018-19 as it enhances investment to complete ongoing pipeline projects.

Oil Outgo

CAPEX TARGET FOR STATE OIL COMPANIES IN 2018-19

	(₹ Crore)
ONGC	32,077
ONGC Videsh	5,886
Oil India	4,300
GAIL	4,722
Indian Oil	22,862
HPCL	8,425
BPCL	7,400
Mangalore Refinery	744
Chennai Petroleum	1010
Numaligarh Refinery	428
Total	89,335



BUDGET BREAKUP

Allocations for 2018-19 in context of previous fiscal:

₹48,000 CRORE
Exploration and production

₹35,800 CRORE
refining and marketing

₹3,952 CRORE
Investment in petrochemicals