

Chemical, Petrochemical, Oil and Gas

Current updates:

- Reliance Industries (RIL) has decided to relinquish two gas discoveries off the east coast near Odisha and opted to carry out government prescribed confirmation tests to retain three other finds.
- The government plans to sell three per cent stake in state-owned gas utility GAIL India which could fetch over Rs 1,300 crore to the exchequer. Divesting three per cent interest will help government keep its shareholding well above 51 per cent, the minimum strategic holding it has decided to keep in key public sector units.
- Global crude prices are expected to slump to \$40 per barrel, which will have a significant impact on the oil import bill. The prices are expected to slump because of a supply glut, weakening of growth in China and the return of Iran into the oil market after lifting of sanctions. For India this means a lower import bill and subsidy and depreciation in Indian rupees.
- China's Yuan devaluation is worrying the Indian industry as the exports of India will be affected. The huge volatility will increase the hedging cost for Indian exports. Importers were already facing a huge pressure due to a continued fall in chemicals and petrochemicals after a sharp fall in crude oil prices in the past two months. China's decision to delink the yuan and devalue it will increase pressure on commodities imported from there.
- The Ministry of Economic affairs has said that India has decided to remove anti dumping tariffs the South Asian country imposed a decade ago against certain imports from Taiwan.

Future Scenario:

- Existing fields will run longer and their yield will be increased by injecting water or CO₂, which boost the pressure of the reserve.
- Fracking is likely to spread beyond North America. **Fracking** is the procedure in which fractures are created in rocks and rock formations by injecting fluid into cracks to force them further open. The larger fissures allow more oil and gas to flow out of the formation and into the wellbore, from where it can be extracted.
- The global market for liquefied natural gas (LNG) is expected to grow robustly. More of the gas that is being flared, and thus wasted, today will be processed and add to market capacity tomorrow.

Production of heavy oil, e.g. from oil sands, will become more environmentally friendly and less energy-intensive.