

Govt mulls Russia's cheaper crude offer

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BENGALURU: The government is considering if it should accept Russia's offer for crude supply at a discounted rate. While the offer seems attractive at the time of a flare-up in global crude prices, the government is having to evaluate a whole range of factors as it finalises its response.

"There was an open offer over last two-three days that Russia was giving it (crude oil) at some sort of a discounted price. But we don't know how it can be of effect because a whole lot of factors will have to be weighed in and we will have to get it from some port to ship it and then whether it can come to India, and whether it is workable," a senior central government functionary said on Wednesday.

Oil prices have soared to an over 13-year high, following Russia's attack on Ukraine and disruption of supplies from the region, putting pressure on the government's already tense maths. Over the last two days, checks on energy flows have been tightened.

For instance, the official stressed on the requirement of insurance for the consignments if India does strike a deal with Russia to import oil to offset the rising price. "Because these are consignments, which should have adequate insurance cover. Do they get the insurance or not? The nitty-gritty needs to be worked out," the source said.

Meanwhile, the war has also created a crisis scenario over the supply of sunflower oil, which is imported in large quantities from Ukraine. "The government has already started looking from other places where, if not sunflower oil, any other oil which can come to India and is used in India," finance minister Nirmala Sitharaman said in Bengaluru on Wednesday, adding that it may prove to be a challenge that needs to be addressed due to the war.

On states facing severe fund and debt crunch due to two years of Covid-induced slowdown, Sitharaman said the Goods and Services Tax Council has already decided to extend GST compensation cess till March 2026.