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HPCL's LC-Max RUF at Visakhapatnam — India's Refinery Modernisation Leap

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CURATED & WRITTEN BY

Bharat Choudhary

UPSC Educator & Content Creator •

[linkedin.com/in/epicbharat](https://www.linkedin.com/in/epicbharat)

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WHY IN NEWS

HPCL commissioned the world's first and largest Liquid Conversion–Maximum (LC-Max) Residue Upgradation Facility at its Visakhapatnam Refinery on January 5, 2026, with an investment of ₹31,407 crore — a landmark in India's downstream petroleum sector modernisation.

WHAT IS THE LC-MAX RESIDUE UPGRADATION FACILITY?

India imports approximately **88% of its crude oil** — making every barrel precious. Crude oil, when refined, yields a mix of light, valuable products (petrol, diesel, aviation fuel, LPG) and heavy, less valuable **residue** (fuel oil, petroleum coke). Historically, refineries either burnt this residue or sold it at low prices, representing a significant loss of value.

The **LC-Max (Liquid Conversion–Maximum) technology** solves this problem by converting the heavy, bottom-of-barrel residue back into light, high-value fuels with extraordinary efficiency — approximately **93% conversion**.

The scale of the achievement at Visakhapatnam:

Investment: **₹31,407 crore** (~\$3.7 billion)

Commissioned: January 5, 2026

Status: World's **first and largest** LC-Max Residue Upgradation Facility

Output: Converts heavy residue into petrol, diesel, LPG, and ATF (aviation turbine fuel)

HOW RESIDUE UPGRADATION WORKS

In a modern refinery, crude oil is processed through several stages:

Stage 1 — Atmospheric Distillation: Crude is heated; lighter fractions (LPG, naphtha, petrol) rise and are collected. Heavier fractions (diesel, fuel oil) remain.

Stage 2 — Vacuum Distillation: The heavy remainder is further processed under vacuum to extract vacuum gas oil (VGO) — leaving **vacuum residue (VR)** at the bottom.

Stage 3 — Residue Upgradation: This is where the LC-Max comes in. Traditional refineries either:

Use delayed coking (converts residue into petroleum coke — low value)

Use hydrocracking (expensive; not universally applicable)

The LC-Max technology uses an advanced **fluid catalytic cracking** process under optimised conditions to convert up to 93% of vacuum residue into light, marketable fuels — far superior to any existing technology globally.

Economic impact: For every 100 barrels of crude oil processed, the refinery now extracts value from nearly all of it rather than writing off 20–30% as low-value residue.

HPCL AND THE VIZAG REFINERY MODERNISATION PROJECT

Hindustan Petroleum Corporation Limited (HPCL) is one of India’s three major state-owned refining and marketing companies alongside **Indian Oil Corporation (IOC)** and **Bharat Petroleum Corporation Limited (BPCL)**.

The **Visakhapatnam Refinery** has been undergoing a comprehensive modernisation under the **Vizag Refinery Modernisation Project (VRMP)**:

Existing capacity: 8.3 MMTPA (Million Metric Tonnes Per Annum)

Target capacity after expansion: 15 MMTPA

The expansion makes Vizag one of India’s most capable single-refinery complexes

Total project investment: over ₹45,000 crore across all components

INDIA’S REFINERY LANDSCAPE — CONTEXT

India is the world’s **third-largest oil refiner** (after the United States and China) with a total refining capacity of approximately **255 MMTPA** across 23 refineries. However, despite this capacity, India still imports the majority of its crude oil — making refinery efficiency a direct driver of import costs.

Refinery Company	Key Refineries	Capacity (approx)
Indian Oil (IOC)	Barauni, Mathura, Panipat, Koyali, Haldia	80+ MMTPA
HPCL	Visakhapatnam, Mumbai	15+ MMTPA (post-expansion)
BPCL	Kochi, Mumbai, Bina	30+ MMTPA
Reliance (private)	Jamnagar (world’s largest refinery complex)	66 MMTPA
ONGC (Mangalore)	Mangalore	9.7 MMTPA

India's crude import data:

Crude import dependence: **~88% of total consumption**

Major import sources: Iraq (~22%), Russia (~18%), Saudi Arabia (~16%), UAE (~8%)

India's crude imports value: ~\$150 billion annually (one of India's largest import items)

THE STRATEGIC SIGNIFICANCE FOR INDIA

1. Energy security: The less residue wasted per barrel, the fewer total barrels India needs to import for the same fuel output. At scale — 15 MMTPA — the savings are substantial.

2. Reducing petroleum coke problem: India has been grappling with growing stockpiles of petroleum coke (petcoke), which has pollution implications. RUF-type facilities reduce petcoke generation.

3. Indigenisation of refinery technology: The LC-Max technology developed and demonstrated at HPCL represents potential for India to license or export the technology globally — a shift from India being a technology buyer to a technology provider in the downstream sector.

4. Green transition timeline: As India targets net-zero by 2070 and petroleum demand is expected to peak in the 2030s–40s, extracting maximum value from existing crude imports during the transition period is economically essential.

UPSC RELEVANCE

Prelims:

HPCL: Hindustan Petroleum Corporation Limited; PSU; Ministry of Petroleum and Natural Gas

LC-Max RUF: world's first; Visakhapatnam; commissioned January 5, 2026; ₹31,407 crore; 93% residue conversion

Vizag Refinery Modernisation Project: 8.3 MMTPA → 15 MMTPA

India refining capacity: ~255 MMTPA; world's 3rd largest refiner

Crude import dependence: ~88%; largest suppliers: Iraq, Russia, Saudi Arabia

Mains GS-3: India's energy security strategy; downstream petroleum sector modernisation; role of public sector oil companies (IOC, HPCL, BPCL) in India's energy economy; reducing crude import bill through refinery efficiency; petcoke management; India's 2070 net-zero ambition and transition economics.

★ FACTS CORNER — KNOWLEDGEPEDIA
HPCL LC-MAX RUF (COMMISSIONED JAN 5, 2026):

Full form: Liquid Conversion–Maximum Residue Upgradation Facility

Location: Visakhapatnam Refinery, Andhra Pradesh

Investment: ₹31,407 crore (~\$3.7 billion)

Status: World's first AND largest LC-Max facility

Efficiency: ~93% conversion of vacuum residue to high-value fuels (petrol, diesel, LPG, ATF)

Vizag Refinery Modernisation Project: 8.3 MMTPA → 15 MMTPA total capacity

INDIAN OIL REFINERY SECTOR:

India: world's 3rd largest refiner (after USA + China)

Total refining capacity: ~255 MMTPA; 23 refineries

Crude import dependence: ~88%

Reliance Jamnagar: world's largest single refinery complex (~66 MMTPA)

IOC: largest public sector refiner (~80+ MMTPA)

CRUDE OIL IMPORTS:

India crude import value: ~\$150 billion/year

Top suppliers: Iraq (~22%), Russia (~18%), Saudi Arabia (~16%), UAE (~8%)

OPEC+: alliance of OPEC + non-OPEC producers (Russia, etc.); formed 2016; HQ Vienna

HPCL OVERVIEW:

Hindustan Petroleum Corporation Limited

PSU under Ministry of Petroleum and Natural Gas

Refineries: Visakhapatnam (post-expansion: 15 MMTPA) + Mumbai

HPCL is also a Maharatna PSU

REFINERY TERMS:

MMTPA: Million Metric Tonnes Per Annum (refinery capacity unit)

Vacuum Residue (VR): heaviest fraction remaining after vacuum distillation

Petroleum Coke (petcoke): solid carbon by-product; polluting; produced by delayed coking

Fluid Catalytic Cracking (FCC): key process for converting heavy fractions to lighter fuels

OTHER RELEVANT FACTS:

India's net-zero target: 2070 (stated at COP26, Glasgow)

India's crude oil peak demand: projected 2030s-2040s (transition to EVs and renewables)

Strategic Petroleum Reserve (SPR): India has ~5.33 MMT capacity at Visakhapatnam, Mangaluru, Padur

Sources: PIB, HPCL, Ministry of Petroleum and Natural Gas

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