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Prime Minister's Office**

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**Text of PM's address at the Inaugural Session of PETROTECH on December 5, 2016**

**Theme: "Hydrocarbons to Fuel the Future – Choices & Challenges"**

My colleague Shri Dharmendra Pradhan ji,  
Oil and Gas Ministers from overseas,  
CEOs and experts from the hydrocarbon sector,  
Distinguished guests, ladies and gentlemen.

Energy is a key driver of economic growth. Sustainable, stable and reasonably priced energy is essential for the fruits of economic development to reach the bottom of the pyramid. Hydrocarbons will remain the most important source of energy for many years to come. Therefore, the theme of the Conference "Hydrocarbons to Fuel the Future, Choices and Challenges" is both apt and timely.

India is today the world's fastest growing large economy. This growth has been supported by a series of policy measures. Our policies are focussed on improving India's long term economic and social prospects, rather than on short term headlines. Our efforts are showing results in terms of economic growth and development.

Apart from fast growth, our economy has also been more stable than most others. While the global economy is going through a period of uncertainty, India has shown tremendous resilience. Our Current Account Deficit has improved steadily and reached the decade low in the June quarter. Foreign Direct Investment in India was at the highest level in 2015-16, at a time when global FDI has fallen. According to the Bank of International Settlements, India is less vulnerable to banking distress among the major economies.

India's economy is expected to grow five fold by 2040. As per estimates, India is poised to account for one fourth of the incremental global energy demand between 2013 and 2040. India is expected to consume more oil in 2040 than the whole of Europe. We expect manufacturing to account for twenty five per cent of GDP by 2022 against sixteen per cent now.

Transport infrastructure is also expected to increase manifold. The commercial vehicle population of thirteen million is projected to reach fifty six million by 2040. In civil aviation, India is currently the eighth largest market in the world and set to become the world's third largest by 2034. Growth in the aviation sector is expected to raise demand for aviation fuel four times by 2040. All this will affect energy demand.

Friends.

Hydrocarbons will continue to play an important part in India's growth. The prospect of rapid growth places a large responsibility on India's energy sector. I am glad that so many participants from India and abroad have

taken the time to come here. I am sure all of us will benefit from the experience and expertise of each other. I take this opportunity to share with you some of my thoughts on the expectations from the hydrocarbon sector and our endeavour to achieve energy security.

Energy in general and hydrocarbons in particular are an important part of my vision for India's future. India needs energy which is accessible to the poor. It needs efficiency in energy use. As a responsible global citizen, India is committed to combating climate change, curbing emissions and ensuring a sustainable future. Given global uncertainties, India also needs energy security. Therefore, my vision for India's energy future has four pillars:

- Energy access
- Energy efficiency
- Energy sustainability
- Energy security

Let me start with energy access. While some of India's rich are buying hybrid cars, many of India's poor are still buying firewood for cooking. Use of firewood and other biomass for cooking is a health hazard for rural women. It also reduces their productivity. We have launched the Ujjwala programme to provide fifty million families with access to cooking gas. In one stroke, this programme improves health, increases productivity and reduces harmful emissions. The government bears the one time cost of the connection but the consumer pays the full price for the gas. This programme has already provided nearly ten million new connections in just seven months.

The Government also aims to extend Piped Natural Gas to ten million houses over the next five years. We are committed to expanding the National gas grid network from its current length of fifteen thousand kilometres pipeline to thirty thousand kilometres. We are building a new gas pipeline to the least developed eastern region which will become the catalyst for millions of new jobs. We are working to ensure that every village in India has access to electricity by March 2018.

Let me now turn to energy efficiency. India's commercial transport sector has become skewed. An increasing proportion of goods is transported by road. To increase energy efficiency, my government has given the highest ever priority to the railways. We have stepped up public capital investment in railways by more than one hundred per cent between 2014-15 and 2016-17. We are completing dedicated freight corridors. We are constructing a high speed rail corridor between Mumbai and Ahmedabad which will be more energy efficient than air travel. We have given a big thrust to waterways, both inland and coastal. Our Sagarmala project will connect the whole of India's long coastline. We have also opened up new inland shipping routes on large rivers. These steps will improve energy efficiency. The long awaited legislation on a national Goods and Services Tax has been passed. By removing physical barriers at state boundaries, GST will accelerate long haul transport and further increase efficiency.

Oil ministers from developing countries know the sensitivity of energy pricing. Despite this, we have de-controlled petrol and diesel prices. Cooking gas price is also determined by the market. To protect the vulnerable and the middle class, a subsidy is paid directly to one hundred and sixty nine million bank accounts. This has

eliminated leakages and misuse of cooking gas subsidies, resulting in large fiscal saving. These measures too have increased the efficiency of energy use.

Energy sustainability, for me, is a sacred duty. It is something India does out of commitment, not out of compulsion. India has taken the lead in committing itself to a reduction of thirty three per cent in the carbon intensity of its GDP from its 2005 level over the next fifteen years. We have done this despite our low starting point in per capita energy consumption. We have also committed to produce forty per cent of our power from non fossil fuel by 2030. I have set a massive target of 175 gigawatt of renewable energy by 2022. Thanks to our efforts, capacities have increased and prices of renewable energy have crashed. We have also given a big thrust to LED lighting.

CNG, LPG, and Biofuels are cleaner fuels for the transportation sector. We need to explore options to produce biodiesel on barren lands, which will further provide financial assistance to farmers. R&D on second and third generation biofuels and fuel cells are required to meet the country's energy challenges.

Let me now turn to energy security. We need to increase our domestic oil and gas production and reduce import dependence. I have set a target to reduce import dependence by ten per cent by 2022. This will have to be achieved during a period of increasing oil consumption.

We have a strong, investment friendly policy framework in place to boost domestic hydrocarbon production. Almost two decades ago, India had introduced the New Exploration Licensing Regime. This allowed one hundred per cent FDI and provided an opportunity to private players to come, invest and operate in the Indian upstream sector. However, several factors adversely affected India's domestic oil and gas output.

To make India a true investor friendly destination, we have come up with a new Hydrocarbon Exploration and Production Policy. This provides for

Uniform license for exploration and production for all forms of hydrocarbons, including shale oil and gas and coal bed methane

- Open acreage policy allowing bidders to choose the acreage they wish to explore
- Revenue sharing model instead of profit sharing to reduce the scope for disputes
- Marketing and pricing freedom for the crude oil and natural gas produced

Last year, we announced the new Marginal Fields Policy. Under this policy, sixty seven fields were offered for bidding. Together, these sixty seven fields are estimated to hold in-place Oil plus Oil equivalent Gas reserves of eighty nine Million Metric Tonnes. The estimated recoverable reserves are of the order of thirty Million Metric Tonnes. I understand that an encouraging response has been received to the bidding process with several global companies participating.

The downstream sector is now more open, creating a level playing field for all market players. The resulting competition will increase the efficiency and effectiveness of our marketing companies.

Our proactive foreign policy and energy diplomacy is helping us to strengthen our ties with our neighbouring countries. I hope that our oil and gas sector companies will take the opportunity to tie up with their foreign counterparts to explore for more equity oil. Recent acquisitions of hydrocarbon assets in Russia by investing 5.6 billion dollars for fifteen million tonnes of equity oil equivalent, are one such instance. Indian energy companies must become multinational; and work towards India-Middle East, India-Central Asia, and India-South Asia energy corridors.

Natural Gas is the next generation fossil fuel - cheaper, and less polluting. We have given priority to move towards a gas based economy. Efforts must be made to increase natural gas production while also creating import infrastructure to meet the growing domestic demand. Natural gas will also have an important balancing role to play as India's renewable energy production rises. To provide balance and peaking power, gas-based power will be critical.

Friends. To achieve this vision, we need to be very efficient in terms of project and resource management. This is an area that India needs to improve upon to remain competitive. This will not only improve our refining and processing efficiencies but also ensure timely and efficient project completion.

India has always been an inspiration for others in terms of intellectual capability and enterprise. I am confident that with initiatives like "Make in India", "Startup India", and "Standup India", there will be opportunities for youth to venture into Indian Oil and Gas sector and to bring innovative ideas. Technology development in refining, nanotechnology, catalyst development, biofuel and alternate energy are areas we need to focus upon. The successful development of IndMax technology by IndianOil is an example of innovative thinking which is now on the commercial application stage.

My message to global hydrocarbon companies is: We invite you to come and Make in India. Our constant efforts have improved India's ranking in Ease of Doing Business. Let me assure you that our commitment is strong and our motto is to replace Red Tape with Red Carpet.

Friends.

On one hand, to meet the increasing demand, we need affordable, and reliable, sources of energy. Hydrocarbons will be an essential part of this mix. On the other hand we must be sensitive towards the environment. I am sure, this august gathering will come up with innovative ideas, in which hydrocarbons will continue to fuel the future in a more efficient and sustainable way.

I assure you of all possible support from the Government. I thank you for being here and becoming a part of the transformation of the energy sector in India.

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