

**SPEECH BY THE PRESIDENT OF INDIA, SHRI PRANAB
MUKHERJEE AT THE INAUGURATION OF THE PETROTECH
2012 CONFERENCE**

New Delhi: 15-10-2012

It gives me great pleasure to be with you today for the inauguration of Petrotech-2012. I congratulate the Petrotech Society for their contribution to the development of the hydrocarbon sector in India and its integration with the global hydrocarbon industry. I also welcome the recognition being accorded today to five eminent persons in this sector - in the form of Lifetime Achievement Awards - for their leadership and significant contribution to the Oil and Natural Gas Sector in India. Petrotech 2012 will, I understand, cover the technical, economical, environmental and safety aspects of the petroleum industry and showcase the achievements of India's hydrocarbon sector.

Distinguished Delegates, Participants, I recall that the first Petrotech Conference was organized in 1995 at a time when the Indian economy was going through a major transformation. Today, again, India's energy sector is at a critical juncture. As a developing country, with a population of over 1.2 billion and a growing economy, our high dependence on imported oil has taken our crude import bill beyond the \$ 150 billion mark. Our import dependence has been rising and is currently about 75 percent. There is, on one hand, a growing demand for energy and at the same time a set of challenging resource constraints which call for a reshape of the matrix of our energy policy. This will definitely happen gradually and eventually - over the coming decades, but it poses urgent questions today. Our nation's response and the time that we will need to develop new technologies and

reset the overall energy matrix will have to be carefully calibrated. This calls for coordinated action, efficient planning and massive investment.

Discoveries of new oil and gas reserves in the recent past in India have been encouraging. Government of India's New Exploration Licensing Policy launched in 1997-98 has seen investment of over USD 14 billion and has resulted in 87 oil & gas discoveries. NELP has all the ingredients of a favourable investment climate, fiscal stability, transparency of the rule of law, contract stability, minimal policy induced uncertainties and a stable legal and regulatory framework.

The Indian Oil and Gas industry, in the last decade, has seen a robust growth in domestic production. The refining sector in India, too, has witnessed a silent revolution. India has, over the years, developed into a major export hub. With a refining capacity of 215 million metric tonnes per annum, exports of petroleum products have now crossed 60 million tonnes, fetching revenue of close to USD 60 billion. It has emerged as the single largest component of merchandise exports from India.

India's oil industry has been able to meet targets for introduction of improved quality fuels. This has had a salutary effect on the ambient air quality in our cities. Another significant step by the oil industry towards reducing pollution and improving the environment is substitution of petroleum products with Natural Gas. As of 31st March 2012, 776 CNG stations are providing CNG to approximately 1.7 million vehicles in 10 States of India. Virtually the entire public transport in Delhi is currently running on CNG. Further, Oil Companies are supplying natural gas to approximately 1.9 million households.

In the present climate of rapid changes in the hydrocarbons sector, our Government's top priority is to realize the full potential of coal bed methane, shale gas, underground coal gas, gas hydrates, and biofuels. The Government is working towards extending fiscal incentives similar to those provided for exploration of oil to all forms of natural gas exploration and exploitation. Government of India is also currently extending full support to companies acquiring overseas oil and gas assets and imports of LNG. It would , in this context, be necessary to accord due priority to the development of a countrywide gas pipeline transportation infrastructure.

Distinguished Delegates, Participants, for a GDP growth of over 8% during India's XII plan, it would be imperative for us to ensure better demand management in our country. In the present international environment of rising petroleum prices, greater alignment of prices to global prices is in the interest of both consumers as well as investors. Government of India is committed to adopt a time-bound programme to achieve this. I expect the industry to play a helpful role in achieving the Government's objectives. There must be increased understanding of the fact that the path to a more sustainable future will require our society to make a better balance between its energy consumption vis a vis its cost and availability.

Just like financial markets, the world energy markets are inherently global and interdependent, and no single country can isolate itself from the market. Interdependence is central to energy security. The emergence of major consumers in Asia, mainly India and China, has fundamentally changed the global energy equations. The "global nature" of these challenges and the growing symbiotic connect between producing,

consuming and transiting countries, requires a strengthened partnership between all state actors to enhance global energy security.

Apart from pricing and sourcing, research and development of new technologies is another area that requires special attention. The traditional oil 'Majors' can no longer feel complacent about extensive reserves, refineries, and distribution networks being their mainstay. As a matter of fact, today's winners are companies who have a grip on emerging new technologies. Many industry solutions are being provided by jointly funded research in Universities. The Ministry of New and Renewable Energy and the Department of Science and Technology, Government of India actively support Research and Development projects undertaken by academic institutions as well as industry players.

We need to build strong economic partnerships with other producing countries and their oil and gas industries to the mutual benefit of each other. We should seek to work together with other countries, especially those who are active in the oil and gas sector. I would suggest to the participants of Petrotech 2012 to explore the possibility of an association of oil and gas companies to deliberate upon such issues of shared interest.

I am confident that PETROTECH 2012 will focus on such issues . The challenges confronting this sector are many but I am confident that our oil sector has, over the years, acquired the maturity and vision to surmount these challenges . I call upon you to pursue the application of advanced and innovative but affordable technologies - adapted to our specific conditions. A healthy and viable hydrocarbons sector can help alter our growth trajectory. Conferences like the Petrotech enable our professionals, both managers and technologists, to keep abreast of the latest

developments at global level. The Indian hydrocarbon sector must be equipped to responsibly deliver ever cleaner, ever more reliable and ever more affordable energy.

I expect the domestic Oil & Gas industry to place sustainable development at the core of its business decisions. This means placing safety, environment, and community interest at the centre of its policies . I hope that the deliberations of your conference contribute to the building of a vibrant energy sector in India, which can be the bedrock of growth and prosperity.

I wish this conference all success!

With these words, I declare PETROTECH - 2012 open.

