

Speech for Shri Murli Deora, Hon'ble Union Minister of Petroleum & Natural Gas

Launch of Fuel Smart System in Mahindra Bolero and Scorpio in New Delhi.

Tuesday 21st October, 2008, Hotel ITC Mourya Sheraton, New Delhi at 1230 Hours.

- Mr. Keshub Mahindra, Chairman, Mahindra Group
- Dr. Pawan Goenka, President, Automotive Sector, Mahindra & Mahindra Ltd.
- Mr. Rajesh Jejurikar
- Friends from Media
- Distinguished Guests, Participants, Ladies & Gentlemen

I am happy to be amongst you today at the launch of Fuel Smart System in Mahindra Bolero & Scorpio. I congratulate the whole team of Mahindra Group and especially my dear friend Mr. Keshub Mahindra for this marvelous achievement. I hope that the company would keep evolving new technologies in future in this field.

2. I would like however to sound a note of caution on this occasion. As all the vehicles are being run on hydrocarbon fuels, it should be our endeavour to develop technologies which leads to better fuel efficiency and the conservation of this precious fuel. India is currently world's fifth largest consumer of energy and account for nearly 3.5% of world's energy consumption. Today we are importing about 75% of our oil needs which involve huge foreign exchange outgo.

3. For oil and gas sector the present time is certainly both challenging and demanding. Our country has been witnessing a growth rate of over 8% over a period. This has led to increase in energy demand it cannot be sustained unless we adopt better technologies and rational approach in use of hydrocarbon fuels.

4. The present volatility in the global economy has also affected us. Though the Government is trying its best to overcome the present difficult times, it is the duty of each one of us to use the hydrocarbon fuels prudently and in most efficient way. Unless we adopt such technologies which help us to increase fuel efficiency leading to conservation of the fuels, it would be enormously difficult for us to sustain this level of growth.

5. The high crude oil prices in recent past particularly in the last two years have severely impacted national economy. Though, currently we have witnessed fall in prices of crude oil, the under-recoveries of the public sector Oil Marketing Companies are still very high due to weakening of Rupee. As on date, the under-recoveries of the Oil Marketing Companies on petrol, diesel, kerosene and LPG amongst to more than Rs. 1,50,000 crore. Out of this, the under-recovery on diesel alone is approximately Rs. 1,00,000 crore.

6. We are committed to ensuring our citizens affordable access to energy. India has a large population which is not having access to electricity and gas and is solely dependent on Kerosene oil for its lighting and cooking needs. The Government has ensured that these vulnerable sections of the society are supplied Kerosene oil at Rs. 9 per litre, which is even cheaper than a bottle of mineral water which is sold at Rs. 12 per litre.

7. Our oil companies supply LPG to more than 10 crore families covering approximately half of the population of the country. Diesel is the backbone fuel of our economy. Nearly 19% of the diesel consumption is in the agriculture sector upon which depends the country's food security. In addition, it is used by transport sector as well as for industrial use. The Government on its part has kept the prices of diesel below market price so that the agriculture and transport sectors are insulated from the unprecedented rise of crude oil prices in the international market. However, there is need to develop alternate sources of energy like bio-fuels, solar, wind etc.

8. I am happy to note that in our endeavour to conserve energy and using the hydrocarbon fuels more efficient, your company's contribution is commendable. I congratulate your company which has added yet another feather in its cap in developing fuel efficient vehicle which would go a long way in setting example for other automobile manufacturers to develop similar and more advanced technologies. Best wishes for further achievement in the future.

Thank You.