

**Valedictory address
of
Hon'ble Minister of Petroleum & Natural Gas
at
the India Energy Congress
on
Wednesday, 22 October 2008
at
1730 hrs.
(Hotel The Park, Parliament Street , New Delhi)**

- My colleague in the Cabinet Shri Vilas Muttemwarji,
- Shri Anil Razdan, Secretary, Ministry of Power and Chairman, World Energy Council (WEC) – Chief Executive Officers of Industry,
- Professionals and Experts from various sectors of Energy
- Distinguished delegates
- Ladies and Gentlemen

I am delighted to be with all of you on the occasion of India Energy Congress. I am sure that the deliberations at this Congress will benefit us as we continue to chart our path towards a future marked by sustainable energy security. Being our knowledge partners in this crucial task facing the country, we need to work together to address the challenges confronting us and to find optimum policy to suit our requirements.

2. In today's world energy is the most vital input for the socio-economic development of the country. Its production is an important yardstick for the measurement of economic growth and development of a country. Our per capita energy consumption remains low compared to not just the developed countries but also the fellow developing countries. India's energy needs are bound to rise as income levels go up in the country. With over a billion people, coupled with our GDP growth of about 8% or more in recent years, it is inevitable that there will be a higher demand for energy in the country in the coming years.

3. As a nation, the biggest challenge for us, is to meet the energy requirements of all segments of our population in an efficient, reliable and affordable manner while being sensitive to the importance of environmental protection. This calls for an integrated strategy with proper energy mix and excellent energy management.

4. As regards the oil and gas sector, it is imperative that the interests of the common man and our national oil companies have to be balanced, in a manner which is in the overall interest of the country.

5. It is a fact that India has a large population which is presently not having access to electricity and gas, and therefore solely dependent on kerosene for their lighting and cooking purposes. The Government has ensured that these vulnerable sections of society are supplied kerosene at a highly subsidized rate. Kerosene at Rs. 9 per litre is even cheaper than a bottle of mineral water in the country.

6. Diesel remains the backbone fuel of our industry. Nearly 19% of the diesel consumption is in the agriculture sector, on which depends the country's food security. Most significantly, it is used in the transport sector as well as for several industrial uses. The Government on its part has kept the prices of diesel well below the market price so that the agriculture and transport sectors are not adversely affected by the unprecedented high crude oil prices, which we witnessed during the preceding one and a half years in the international market.

7. Large-scale use of LPG in the country has not only replaced firewood or coal in smoky *chullahs* of yesteryears, but also provided health benefits to its users, eliminating eye, lung and chest ailments, besides providing clean environment. The LPG consumers in the country have increased to more than 10 crores, covering approximately half of the population of the country. The LPG is now being distributed through a vast network of distributors to reach families across the length and breadth of the country.

8. Being conscious of our responsibility to protect our environment not only for the benefit for the present generation but also for the generations to come, CNG and PNG have been introduced in many cities in the country particularly in Delhi and Mumbai as part of City

Gas Distribution Network. The public transport in these two cities is being run on CNG. Furthermore, blending of petrol with ethanol is being carried out in the large part of the country, to reduce dependence on imported fossil fuels.

9. Natural gas is now being regarded as the fuel of the 21st century. Globally, natural gas is fast replacing liquid fuels owing to its economical and ecological advantages, besides its increased availability. With expected increased availability of natural gas in the country with production from Krishna & Godavari Basin, our efforts would be to shift a larger portion of public transport to gas, in addition to catering to the requirements of many gas users.

10. Due to our sustained efforts over the years, India has emerged as a major refining hub in South Asia. Three big grass-root refineries at Bhatinda, Bina and Paradip are being set up, which would further augment crude oil refining capacity in the country. It is matter of satisfaction that exports of petroleum products have now emerged as the biggest foreign exchange earner for the country, amounting to over US \$ 25 billion annually.

11. Last 18 months or so have witnessed extreme volatility in international crude oil prices. This volatility has impacted global economics including India. During the year 2007-08, public sector oil marketing companies had incurred under-recoveries of Rs.77,123 crores on sale of petroleum products. The projected under-recoveries for 2008-09 are estimated at a whopping amount of Rs.1,71,000 crores. However, the Government is trying to protect the common man from the high crude oil prices by sharing the burden between the Government and national oil PSUs. At the same time it is important that the national oil companies remain in sound financial health while serving the oil and gas needs of the country. Towards this end, Government has taken number of measures to provide support to National Oil Conference.

12. Our main focus has been to enhance energy security for the country. The Government of India and our national oil companies have taken several steps in this regard, which include increasing exploration and production activities in the country, acquiring oil and gas assets abroad, development of alternate sources of oil and gas, strategic storage of crude oil, conservation of oil and implementation of environment friendly policies. We also conscious of the need to improve our recovery factor from the existing oil production fields by leveraging technological breakthroughs and better reservoir management practices. The national endeavor to bridge the ever-increasing gap between demand and supply of petroleum products in India needs to be further intensified. The Government is also pursuing efforts to bring gas to our borders by pipelines from the gas-rich countries in our neighborhood.

13. Keeping in view India's energy consumption forecasts, we also need to focus on alternatives that are available and take steps to ensure that our progress is not constrained by energy availability. We are actively supporting other alternate sources of energy like Coal Bed Methane, Gas Hydrates and Underground Coal Gasification.

14. Alternate energy sources such as wind, solar and bio-mass are important today, and they will be growing in importance in the years to come. Given the country's growing energy needs, we need to tap all possible sources. However, it may not be possible to shift our economy to alternate sources of energy quickly, as the renewable energy sources still form a relatively small base in the country. By all accounts available, oil and natural gas will remain indispensable in the foreseeable future.

15. To realize the goal of sustainable energy security, we need to take up many steps. Among those are efforts to improve our energy efficiency in transportation, residential, commercial and industrial uses. Investment in energy efficiency, in due course, results in an economic win-win proposition for all. The widespread adoption of currently available best practices towards improving energy efficiency is the most significant short-term action we could take to mitigate the rise in greenhouse gases. In the transport sector, developing and commercializing technologies that allow conventional fossil fuels to be used more efficiently should be our focus. I am sure that the Congress would provide us many more useful insights and suggestions to reach our goal, for the common benefit of our people.

16. I extend my warm greetings and best wishes to all of you on this festive occasion of Diwali. May I also take this opportunity to reassure all our users of petroleum products in the country of our commitment to meet their requirements in full, without any hassles or difficulty.

**Thank you,
Jai Hind!**