

**Draft Speech of Shri Jitin Prasada, Hon'ble Minister of State for  
Petroleum & Natural Gas**

**(Asia Gas Partnership Summit : 23<sup>rd</sup> March 2010, New Delhi)**

**THE DIRECTION OF INDIAN GAS INDUSTRY – THE WAY AHEAD**

Good evening everybody. I am happy to be amidst you all today evening and indeed delighted to chair this special and concluding session of the conference.

2. At the outset, I wish to congratulate the organizers for the outstanding success this event has achieved in its 6<sup>th</sup> edition and I am pleased to note that the Asia Gas Partnership Summit is turning out to be a “niche” conference in the petroleum sector in Asia, with exclusive focus on the natural gas sector.

3. As I went through the Summit Program, I noted that this summit has comprehensively covered all the five important drivers of growth of the natural gas sector, namely, (i) sourcing & supply, (ii) infrastructure, (iii) demand side developments, (iv) technology and (v) policy & regulatory reforms. I am also informed that 47 eminent speakers from 12 different countries, from South Korea to Middle East to Europe to U.S., shared their valuable experience and insights about these five key drivers of growth of gas.

4. I am sure that the shared experience and insights from different countries have provided important inputs for the development and growth of an emerging gas market like India.

5. In this concluding session, we have had the benefit of presence of the principal policy makers and industry captains from various natural gas end-use segments in India – from power, fertilizer and steel – who have shared their clear views about the direction of the Indian gas industry and its way forward.

6. Friends, as we can all see, India has made significant progress in the gas sector over the last few years. Gas supplies from the KG basin have almost doubled our domestic gas production. Though we are yet to reach self-

sufficiency, but we are confidently on the way to achieve it. Sustained efforts would have to be continued to enhance domestic supplies from the newly discovered fields and I am also optimistic that more new discoveries would materialize in this coming decade. In the span of last 10 years, we have had 8 rounds of New Exploration Licensing Policy (NELP) and 4 rounds of Coal Bed Methane (CBM) biddings. This policy has been adjudged as one of the most transparent policy regimes in the world and has yielded satisfactory results so far. As we propose to cover the sedimentary basin of our country from presently 50% to 80% in next few years and ultimately the whole of it, the Open Acreage Licensing regime will give further fillip to our exploration efforts.

**7.** At the same time we must take advantage of the global gas surplus through import routes. The LNG has already added to the daily consumption. As the deliberations in this summit suggest, the “shale gas” has emerged as an important “game changer” in the North American market and has important implications for the emerging markets like India too. Since North America is now not expected to import significant volumes of LNG, due to increasing availability of shale gas in the U.S, India should turn out to be an important destination for LNG supplies.

**8.** On the infrastructure side, it is important to develop the National Gas Grid on priority. This would pave way for not only availability of gas to hitherto uncovered parts of the country but also lead to one reference price throughout the country, just like the Henry Hub price in the U.S. This I personally believe is a very critical factor to bring more investment both in gas exploration by our National Oil Cos. (NOC) and in the gas based projects. Our NOCs, namely ONGC & OIL, are reporting thousands of crores of under-recoveries every year on sale of gas at the Administered Price Mechanism (APM) rate. This leaves them practically little funds or incentives to invest in this crucial field.

**9.** It is also important for us to have a faster roll-out of the city-gas distribution projects. Today, we are highly burdened by our oil import dependence, mainly driven by ever-growing demand for diesel for transport sector. The Indian gas sector should aim to replace diesel with gas in a significant way. We have already done it in our metros like Delhi and Mumbai and we have identified another 200

cities in the country to replicate this model. Clean-fuel urbanization is now not an option but a necessity. An independent regulator in the form of Petroleum & Natural Gas Regulatory Board (PNGRB) is already in place and if there need be we are ready for any necessary statutory amendments to speed up the commissioning of CGD projects.

**10.** I am sure that the Indian gas sector is poised to enter into its next stage of development and in near future we should aim at a true gas-phase to propel our economic development.

With these words, I once again congratulate the organizers of this summit for organizing this important conference and wish for a pleasant stay in India.

Thank you.

Jai Hind.