

Consequently, the government recently has permitted Indian and foreign firms to participate in exploration of oil and gas reserves, non associated gas fields, and production/refining activities at attractive terms and conditions.

Distribution activities are also gradually being opened up to private participation. Private companies are now allowed to freely invest in new refineries, with the public sector's share in new refineries limited to 26%. Recently, due to the demands by the major foreign oil companies, the government is also considering to permit the oil majors to invest up to 100% in the development and exploration of oil fields.

The market for oil and gas equipment was estimated to be approximately \$US 1.86 billion in 1994, with imports making up roughly half of the total market. Following is a break-down of this estimate for the years 1992-1994:

	1992	1993	1994	Growth (Estimated): 1995-1998
Imports *	585	770	920	20%
Local Production *	890	997	1197	N/A
Exports *	175	210	252	20%
Total Market**	1,300	1,557	1,865	20%

* Figures are in \$US.million

** Total Market is determined by adding Imports to Local Production, minus Exports

The Indian market for oil and gas equipment is dominated by three countries, the United States, Japan, and the United Kingdom with 29%, 20%, and 20% of the import market respectively. South Korea and Singapore each claim 15% of the import market. All other countries combined make up roughly 6% of total imports.

Until very recently, the major importers of oil and gas equipment were the government companies; however, with the recent opening of the market to private companies, there will be a large market for equipment and services in the private sector as well.