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MARKET REPORT

Oil and Gas Sector

India



Team Canada - Équipe Canada

Market Opportunities Assessment

India has relied increasingly on oil imports in recent years. This occurred because energy demand grew rapidly, and India's limited oil reserves were not able to satisfy this demand.

While India accounts for 18% of the world's population, it possesses only 0.5% of the world's oil and gas reserves. Its hydrocarbon reserves are estimated at 17 billion metric tonnes (crude oil and natural gas). Of these reserves, 63% are in the offshore basins and 37% are located in the states of Gujarat, Assam, Rajasthan, and Andhra Pradesh. Proven reserves, however, are only 4 billion metric tonnes, of which an estimated 25% are considered recoverable.

India's crude oil production increased steadily from 0.5 million metric tonnes (mmt) per year in 1960-61 to over 34 mmt in 1989-90. Subsequently, production declined to 26.95 mmt in 1992-93. Over the same time period, consumption increased from 56 mmt in 1989-90 to more than 62 mmt in 1992-93. The difference between production and consumption was made up by imports of crude oil, a major item in the Indian import bill.

The hydrocarbon sector was primarily under government control and supervision through public sector organizations such as the Oil and Natural Gas Corporation (ONGC) and Oil India (OIL) for exploration and production of oil; Gas Authority of India Ltd. (GAIL) for distribution of gas; Indian Oil Corporation (IOC) and around 11 other public sector refineries for refining and marketing of petroleum products. Due to rising demand, however, it has become apparent to the Government that the public sector will not be in a position to finance the staggering investment of \$US 113 billion that will be needed to satisfy this increasing demand over the next 15 years. The Government has recognised that participation by the private sector is crucial to attract the substantial investments needed for the oil and gas sector.