Kindly give us a brief profile of your company and the business it is engaged in?

Oil India Limited (OIL) is a Navratna Company under the Ministry of Petroleum and Natural Gas, Government of India. It is engaged in the business of exploration, production and transportation of crude oil and natural gas, and in the production of LPG. OIL is the second largest national upstream oil and gas company in India as measured by total proved plus probable reserves and production. With a glorious legacy of hydrocarbon exploration spanning over five decades, and with the core purpose of becoming ‘the fastest growing energy company with global presence providing value to stakeholders’, OIL has carved a niche for itself as a premier national oil company in the upstream sector, with a share of 9.2% of the country’s total crude oil production and 7.4% of Natural Gas production. The authorized share capital of the company is `2,000 crore. The issued, subscribed and paid up share capital of the company stands at `601.1 crore. At present, the Government of India, the promoter of the company, is holding 67.6% of the total issued & paid-up capital of the company. The balance 32.4% of the equity capital is held by the public and others, including corporate bodies, mutual funds, banks, FIIs, resident Individuals, etc.

What are the most significant and unique capabilities and opportunities that our nation has, which we could leverage in our journey towards expediting its economic growth? How can we capitalise on such opportunities?

India’s macro-economic prospects have strengthened, and the country is best positioned among emerging market economies, gaining global investors’ attention. The improvement in India’s economic fundamentals has accelerated in FY15, with the combined impact of strong economic measures initiated by the Government and the RBI’s inflation focus, supported by softening global commodity prices.

India’s economy is well diversified. It has abundant natural resources, a huge pool of labour force, a stable government and economy, a huge English-speaking population, availability of skilled manpower, and rapid growth of IT and BPO sector. It has a huge market too.

At the moment, there are visible improvements in macroeconomic fundamentals. The macro-economy has been rendered more stable, policy reforms have been initiated in a number of areas, the deceleration in growth has been arrested and overall, the economy appears now to be recovering. The improved situation in the arena of Balance of Payment situation and the forex reserve is an added comfort to take some bold economic steps.

In order to capitalise on such opportunities, the government has taken several strong measures in the recent days to revive both growth cycle and investor sentiment. The government policies and reforms focus a lot on development of infrastructure, energy and manufacturing. Emphasis on creation of employment opportunities, financial inclusion and social security are some other areas which will further contribute to economic growth. A lot of thrust has been put on boosting industrial growth by improving the ease of doing business and through Make in India, Digital India and Skill India initiatives. A process for online submission of applications for environment, coastal regulation zone (CRZ), and forest clearances has been started.

Implementation of the above will ensure enhanced economic growth for the country as a whole.

Which are the most crucial economic policy initiatives that the Government should consider in order to place the economy on a sustainable growth trajectory over the mid-long term?

The most crucial policy initiatives address the issues concerning macroeconomic stability, infrastructure investment, energy, employment, trade and competition. It is necessary to ensure fiscal consolidation by enhancing revenue mobilisation and rationalising expenditure. Predictable and stable tax regime with measures for reduced litigation and dispute resolution are key areas to address on the revenue front. On the expenditure front, there is a need to overhaul the subsidy regime, including petroleum subsidies, and make it more targeted while providing full protection to the marginalized and poor. Policy measures are also required across the capital markets, banking and insurance sectors to promote savings. Controlling inflation and providing access to loans at affordable rates is also another key concern.
The policies for investment and infrastructure may seek to promote private participation in infrastructure, devise innovative infrastructure financing instruments and promote employment generation. Adequate emphasis on rural and urban infrastructure will ensure an inclusive growth process with added emphasis on the development of the industrial corridors and the shipping and ports infrastructure. Promoting more LNG regas infrastructure in suitable locations in the east and west coasts of India and adequate pipeline infrastructure will also go a long way in providing access to affordable energy across the country.

As far as the oil and gas sector is concerned, a number of steps have been taken by the Government to boost the energy sector. A new gas pricing formula has been announced keeping in view the expectations of investors and interests of consumers. Diesel prices have been fully deregulated and the cooking gas subsidy has been replaced by direct transfers on a national scale.

The government has ironed out a number of rigidities in production-sharing contracts to instil confidence among investors and ensure that work, which was stuck in a number of blocks, takes off in right earnest and without further delay. An elaborate plan has also been rolled out to reassess hydrocarbon resources in India’s sedimentary basins which will provide greater clarity to future investors on the prospects of the basins. A project has been undertaken to appraise about 1.5 million sq. km area in twenty-four sedimentary basins where scanty geo-scientific data is available. For incentivizing exploration and production in the North East region, a 40 per cent subsidy on gas operations has been extended to private companies operating in the region. In addition to the existing 15,000 km gas pipeline network, another 15,000 km has been planned for completion of the gas grid.

Promoting FDI selectively in sectors where it serves larger interest of the economy including promoting manufacturing and job creation, leveraging technology, and continuing efforts for improving business and investment climate via suitable measures across mining, finance, banking, taxation, subsidy, etc., will be driving forces for promoting trade and enhancing competition and productivity.

### What opportunities do you see for your sector in the next five years? How is your company planning to tap these opportunities?

Demand of petroleum products is projected to increase at an annual rate of 4.7 per cent during the Twelfth Five Year Plan from 147.98 MMT in 2011–12 to 186.21 MMT by 2016–17. The demand of natural gas during the Twelfth Plan is likely to grow by about 19.2 per cent to meet the incremental requirement of power, fertiliser and other industries. The CNG and city gas sector will also see a quantum growth in natural gas use. This itself presents huge opportunities for the growth of oil and gas industries.

OIL would step up efforts, to raise oil and gas production from the fields with near stagnant levels of production. Efforts are also being made to quickly survey and appraise its licensed areas to enhance reserves. In this regard, OIL intends to put vigorous efforts in the domestic blocks. OIL will also intensify efforts to explore and access the latest technology from global centres of excellence while at the same time strengthening our own capability. Some of the key areas for R&D development to strengthen domestic capability are in exploration, geo-data processing and interpretation, drilling technology, reservoir studies, ocean technology, oil and gas production technology, well logging technology, biotechnology and geotectonic, quality improvements of the products, improving energy efficiencies of various processes, and yield maximisation of distillation.

Acquisition of equity oil and gas abroad including conventional and shale gas assets is another key priority area for enhancing energy security for the country and sustaining corporate growth. Being a prominent player in the upstream oil and gas sector, OIL has been making consistent efforts to participate in the upstream E & P activities across the potential regions of the world and ascertaining the possibility of getting access to equity oil & gas, subject to satisfactory techno-commercial feasibility, country risks and regulatory approvals. The company has signed several alliances with international organisations and Governments, and intends to sign more such MoUs to enhance joint participation in E & P opportunities.

The development of alternate sources of hydrocarbons such as coal bed methane, gas hydrate, shale gas, oil shale and so on are some of the areas which require greater attention from policy makers and industry players. The Government has initiated steps for development of shale oil and shale gas from on land sedimentary basins. The company would be interested in contributing significantly for the exploitation of shale oil and shale gas subject to proper policies and guidelines in place.

Strengthening technical and scientific manpower for better decision-making and capacity-building is another area of focus for OIL. Deployment of large qualified workforce will be necessary during the coming years for on-going and upcoming exploration and production activities both within the country and abroad.

In line with the Government’s priorities, OIL would also focus on development of renewable energy sources including wind, solar, and so on to make the hydrocarbon use for various activities carbon neutral. The company has, so far, successfully coordinated commissioning of 121.6 MW of Wind Energy Projects and 5 MW of Solar Energy Project spreading over Rajasthan, Gujarat and Madhya Pradesh. Efforts are on to further enhance the renewable energy portfolio.

Efforts are also being made to evaluate various opportunities and forge strategic partnerships to facilitate OIL’s entry into LNG, City Gas Distribution (CGD) and Pipeline businesses.

The company also has plans to deploy its CSR resources for creating social infrastructure and income earning opportunities for better quality of life in areas of operations from CSR funds.