



Economic & Business e-Newsletter

Making Headlines ...

Dahej plastic park to get Rs 600 crore investments in first phase

Ahmedabad: Investments of around Rs 600 crore (US\$ 134.83 million) in the Plastic Park coming up in Dahej, Gujarat, is being led by some 30 plastic manufacturers from in and around Mumbai. The US\$ 3,513 million worth plastic industry in Gujarat contributes 2.17 per cent of India's total exports.

Karnataka clears investment proposals worth Rs 8,622 crore

Bengaluru: The Government of Karnataka has cleared investment proposals worth over Rs 8,662 crore (US\$ 1.94 billion), spread across sectors like automobiles, iron and steel, sugar, chemicals etc.

Granules-Omnichem venture to set up plant at Vizag

Hyderabad: Granules-Omnichem Pvt Ltd, a joint venture (JV) of Granules India Ltd and Belgium-based Ajinomoto Omnichem, will set up its facility in Visakhapatnam (Vizag) at a cost of US\$ 20 million. The facility will be ready by late 2012, as per Krishna Prasad, Managing Director, Granules India Ltd.

Manappuram Finance, IBM reach multi-million dollar IT services deal

Kochi: Gold loan company, Manappuram Finance, has engaged IBM in a 10 year multi-million dollar deal to transform its information technology (IT) systems. IBM will deploy technologies, processes and best practices to enable Manappuram Finance to focus on its core business and offer a superior customer experience.

India: Exports grow by 46.4 per cent in June 2011

Merchandise exports in June 2011 rose significantly for the third consecutive month in a row. Exports grew by 46.4 per cent year-on-year (y-o-y) to US\$ 29.2 billion, driven by high-end products such as engineering goods.

Significantly, India's spend on Information Technology (IT) is expected to rise to more than US\$ 50 billion in the next five years from the existing US\$ 29 billion, fuelled by the country's start-up eco-system and growth of MNC R&D Centres.

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OIL & GAS INDUSTRY IN INDIA

In this issue.....

Making Headlines:

India in News	... 1
Bilateral Beat2
Spotlight	... 3 & 4
Indian Trade Queries...	5 to 7
Tenders from India	..8
Indian Trade Fairs &	
Business Events	...9 to 11
Useful Bizlinks	... 12

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SPOTLIGHT :

OIL & GAS INDUSTRY IN INDIA

A significant catalyst in fuelling the growth of the Indian economy, the oil and gas sector presents a powerful scope for investors in the years to come. Of late, the government has followed deregulation path to attract foreign participants. The New Exploration Licensing Policy (NELP), conceived to address the increasing demand supply gap of energy in India, has proved to be successful in attracting the interest of both domestic private sector players and some foreign players with eight rounds of bidding, with Reliance Industries and Cairn being particularly active in this arena.

India is ranked second, behind Australia, in BMI's composite Business Environment (BE) league table, leading China and Vietnam as a result of a good performance [More.....](#)

2nd Joint Committee meeting on Science & Technology between India and Malaysia

The 2nd meeting of the Joint Committee on Science & Technology (JC S&T) was held between Indian & Malaysia in Kuala Lumpur, Malaysia on 02nd July, 2011.

The Indian delegation was led by Dr. Thirumalachari Ramasami, Secretary, Department of Science & Technology (DOST), Government of India and other members of the delegation were Dr. Anita Gupta, Scientist, DOST; Dr. S. Natesh, Senior Advisor, DOST; Prof. Anil k. Gupta, Executive Vice Chair, National Innovation Foundation and Dr. Arvind Kumar, Scientist 'D', DOST.



The Malaysian delegation was led by H.E. Dato' Madinah Mohamad, Secretary General to the Ministry of Science, Technology and Innovation (MOSTI) of Malaysia.

The areas discussed during the meeting were – Grassroot Innovation; Biotechnology and Alternative/ Renewable Energy. Apart from these areas, there was

discussion on future cooperation activities like workshops, exchange visits, projects etc. in the fields of Nuclear S & T; Marine Sciences and Space Technology.



At the end, an agreed Minutes of the meeting was also signed.

Comprehensive Economic Cooperation Agreement (CECA) between India and Malaysia comes into force

Prime Ministers of India and Malaysia met on 20 December 2004 and agreed to the setting up of a Joint Study Group (JSG) to explore the feasibility of Comprehensive Economic Cooperation Agreement (CECA) between the two countries. Finally, India-Malaysia Comprehensive Economic Cooperation Agreement (IMCECA) was signed by the Commerce & Industry Minister of India and the Malaysian International Trade & Industry Minister on 18th February 2011 in Kuala Lumpur. The Agreement has come into effect from 1st July 2011. CECA is a comprehensive Agreement, covering Trade in Goods, Trade in Services, Investment and Economic Cooperation. Key items on which Malaysia has offered market access to India are basmati rice, mangoes, eggs, trucks, motorcycles and cotton garments which are all items of considerable export interest to India. Key items of Malaysia's interest on which India has offered market access are fruits, cocoa, palm oil products and synthetic textiles.

12th Malaysia International Food & Beverage Trade Fair (MIFB):

12th Malaysia International Food & Beverage Trade Fair (MIFB), one of the largest and exclusive fairs in the South East Asia region, was held at Kuala Lumpur from 13th to 15th July, 2011. Agriculture and Processed Food Products Export Development Authority (APEDA), an apex organization under the Ministry of Commerce & Industry, Government of India, participated in the fair. They promoted various Indian food products like ; ready to eat food/ curries, soups, honey, spices & herbs, chutneys, pickles, herbal tea and basmati rice.



in both the upstream and downstream segments. India ranks second, ahead of Vietnam, in BMI's upstream BE ratings, with a strong resource position being offset somewhat by extensive state involvement, a limited competitive landscape and only a moderate risk environment.

The country shares first place with China in BMI's downstream Business Environment ratings, reflecting its status as a high-growth energy market with strongly positive population and demand trends, plus a low level of retail site intensity. It is seven points ahead of Japan, with no threat from the more mature Asian energy economy.

Oil & Gas - Government Policies

- NELP, implemented by government, permits 100 per cent FDI for small and medium sized oil fields via competitive bidding.
- Public-private partnerships as well as only private investments can foray into the refining sector. In case of an Indian private company, 100 per cent FDI is allowed.
- 100 per cent FDI is allowed for petroleum products and pipeline sector as well as natural gas/LNG pipeline, for infrastructure related to marketing of petroleum products, market study of formulation and investment financing.
- Minimum 26 per cent equity is covered over five years, in case of trading and Marketing The Karnataka Government has announced plans to set up a US\$ 822 million, 700-MW dedicated LNG power plant for its capital. The power plant's work is expected to be entrusted to the state-owned Karnataka Power Corporation — the nodal agency for power generation.
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Oil & Gas – Market Size

Production and Consumption

According to the provisional production data released by the Ministry of Petroleum and Natural Gas, dated June 2011,

- Crude Oil production for April 2011 was 3.186 million metric tonne (MMT), as compared to the 2.871 MMT in April 2010.
- Natural Gas production during April-January 201 1 was 4096.3 million cubic metres (MCM)
- During April 2011, 14.006 MMT of crude oil was refined, compared to 13.136 MMT refined in April 2010.

ONGC Videsh Limited (OVL), the wholly-owned subsidiary of Oil and Natural Gas Corporation Ltd. (ONGC), has registered a production of 9.433 million tonnes of oil equivalents (MMTOE) in 2010-11, surpassing the earlier peak production of 8.870 MMTOE of oil and oil equivalent gas in 2009-10.

India will account for 12.4 per cent of Asia Pacific regional oil demand by 2015, while providing 11.2 per cent of supply, according to the BMI India Oil & Gas Report for third-quarter 2011. Regional oil production was around 7.6mn barrels per day (b/d) in 2001 and averaged an estimated 8.0mn b/d in 2010. It is set to increase to 8.2mn b/d by 2015.

Similarly, Regional oil use of 20.6mn b/d in 2001 reached an estimated 26.4mn b/d in 2010 and is forecast to rise to around 29.6mn b/d by 2015. India is the world's fifth biggest energy consumer and the need is continuously growing, according to KPMG's 'Oil and Natural Gas Overview 2010'

Petroleum

Demand for petroleum products rose by 4.4 per cent (year-on-year) to 144.35 million tonnes (MT) during the financial year 2010-11, according to the latest figures released by the Petroleum Planning and Analysis Cell (PPAC).

Currently, India's total demand for the petroleum products is estimated at around 140 million tonnes per annum (MTPA). This creates a spare capacity of 48 MTPA at the refineries. The spare capacity will increase to around 90 MTPA. The domestic demand is expected to be around 142- 143 million tonnes per annum.

Gas

The proportion of natural gas in the total energy mix has increased to 10 per cent in 2009 from 4 per cent in 1999. The same is expected to increase to 20 per cent in 2025, playing a vital role in the country's total energy-mix. It is expected that gas production would rise from an estimated 45billion cubic meters (BCM) in 2010 to a possible 95 BCM by

← 2019.

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