

7TH Asia Gas Partnership Summit 23rd March, 2012, New Delhi

Address by Dr. Manmohan Singh, Hon'ble Prime Minister of India

I am very happy to participate in the inaugural function of the 7th Asia Gas Partnership Summit 2012. I compliment the Gas Authority of India Limited for taking the initiative to organize this very important conference.

The use of natural gas offers greater supply security through diversification of the energy basket and also helps in promoting sustainable economic development. Compared to other hydrocarbons the use of gas is not only price competitive but also environmentally benign for a number of industries. Gas is an efficient fuel for power generation, a better feedstock for fertilizer production and a cleaner alternative for vehicular transport.

The emerging economies of Asia are rapidly increasing their use of natural gas. As an illustration, in the past five years, natural gas consumption in India and China has witnessed compounded annual growth rates of 14% and 18%, respectively. The remarkable growth in the use of gas in the Asian economies underscores the greater role that this region is poised to play in the future development of gas markets.

The Asia-pacific region, including Australia and the Middle-East, has already emerged as a principal source of gas supply. The Asian region, led by India and China, is also emerging as a major destination for that supply. Asia Pacific accounts for about 60% of world's total LNG imports. Therefore, there is a natural synergy in promoting greater flow of trade, investment, skills and services, across the gas-value-chain within the Asian region. Indeed we should move beyond the conventional buyer-seller relationships to more comprehensive gas and energy partnerships in this region.

Such partnerships can benefit the gas-endowed countries in the region from capital investments in their gas fields and also from the associated long-term purchase agreements. Simultaneously the fast-growing emerging markets in the region can gain in terms of securing reliable supplies of gas at affordable prices.

The large and growing markets in Asia also provide an opportunity for collaboration through joint research and technology development for supply of clean and cheaper energy to the masses.

Expanding the use of natural gas in India is one of the most important and immediate ways of responding to the challenges of energy security and climate change. The Government had launched the New Exploration Licensing Policy (NELP) in the year 1997-98. The policy has resulted in investments of over US\$14bn and 87 oil and gas

discoveries, with three blocks in production. The 9th round of NELP has just been completed covering a sedimentary area of about 88,000 sq km, which saw participation by 37 companies including eight foreign ones.

The opening up of the oil and gas sector to private industry participation has resulted in higher domestic gas availability and has also led to growing participation by multinational corporations.

To cater to the large demand for gas, India has accelerated investment in creation of LNG re-gasification facilities. With new re-gasification LNG terminals coming up at Kochi and Dabhol, the country's current import capacity of 14 million tonnes a year is set to increase to 20 million tonnes a year by 2012-13.

We have also launched an ambitious pipeline development programme. I understand that the Gas Authority of India alone will expand its pipeline length from the existing 9000 Km to around 14,500 km by 2014. Private operators are also expected to add another 5,000 km in the same period. The target is to have a country-wide gas grid of about 30,000 km by the end of the 12th Plan in 2017.

The 2000 km long Dahej-Vijaipur-Bawana-Nangal/Bhatinda pipeline of GAIL has been completed recently. I understand that it has the potential to be extended up to the border with Pakistan. I am happy to dedicate this pipeline to the nation today.

We are pursuing the development of sources of unconventional gas such as Shale gas and Coal Bed Methane. The mapping of India's shale gas resources has been undertaken and we are working to put in place a regulatory regime for licensing rounds by end 2013. We are also harnessing coal bed methane for which four licensing rounds have been held and commercial production has commenced at Raniganj in West Bengal. As India has one of the world's largest coal reserves, we want to work with international companies having the requisite experience and expertise for exploitation of coal seam gas.

The Government has initiated gas pricing policy reforms to incentivize production of natural gas. We are conscious that remunerative energy prices are needed to ensure expanded energy supply. At the same time oil and gas are national resources and, therefore, should be that the framework of governmental and regulatory oversight. The economic exploitation of these resources should lead to win-win solutions for both the investors as well as the people of India.

Let me take this opportunity to reaffirm that our government is committed to taking all possible steps to find viable solutions to meet the concerns of the gas industry. We are committed to ensuring the predictability and transparency of our policy and regulatory environment. While governmental support can greatly help in developing useful partnerships in the oil and gas sector, I expect the industry to also come forward with innovative ways to create a better and sustainable energy future for the Asian region.

Let me end by wishing this summit all success.

Thank you.