

# Sector Brief – October 2015

## Current Updates:

Bharat Petroleum Corporation Limited (BPCL), the country's third-largest oil marketing company, will invest Rs 1,00,000 crore in the next five years as an ambitious expansion plan.

Indians pay most in terms of average day's wages to buy petrol and the country is high on fuel unaffordability along with other emerging markets.

Cairn India, the oil and gas exploration and production company, headquartered in Gurgaon, India, has demanded a review of the cess being levied on its Rajasthan oil field output after its profitability took a hit due to a fall in crude oil prices.

Chemical industry is a key enabler for other industries. However, growth of imports has outpaced exports and the net chemicals imports have grown at about 20 percent CAGR during FY09 and FY13. This needs to be corrected.

The Secretary of the Department of Chemicals and Petrochemicals (DCPC), Surjit Kumar Chaudhary, announced views on how the speciality chemicals industry can achieve its enormous potential in keeping with Prime Minister Narendra Modi's Make in India campaign coupled with a framework to encourage domestic production. He announced his plan at the Confederation of Indian Industry's (CII) seminar on Enhancing the Competitiveness of the Indian Speciality Chemical Industry in Mumbai. A background paper was launched on the specialty chemicals industry along with a survey that will form the basis of CII's 2015 Report on key Feedstock for Specialty Chemicals.

## Future Scenario:

The government hopes an interest subvention (subsidy) and inclusion of more sectors and countries under the Merchandise Exports from India Scheme (MEIS) to provide cushion to exports hit by the devaluation of the Yuan. The government could expand subsidy scheme at 3% to more sectors such as chemicals, petrochemicals, textiles, engineering and electronics. The request would be to increase the outlay for the subvention to Rs.2200 crore in current fiscal against Rs.1650 crore in the budget.

## Policy Announcement:

Rajasthan government signed memoranda of understanding (MoUs) worth Rs 30,530 crore for facilitating gas distribution, pipeline network and terminals for exploration and production activities with nine petroleum companies including Cairn India, GAIL and IOC.

The government plans to auction 69 small and marginal oil and gas fields owned by state-owned Oil and Natural Gas Corp. Ltd (ONGC) and Oil India Ltd sitting idle out of which 27 are situated in Mumbai offshore and another 15 in the prolific Krishna Godavari (KG) basin