

EIC COUNTRY REPORT INDIA



Executive summary

The Republic of India has achieved significant economic growth since liberalisation of its markets in 1991, establishing itself as the world's seventh largest economy in 2017. The country is continuing its upward trend with a projected growth of 7.4% for 2018, representing an immense opportunity for business in an energy sector that serves a population of 1.3 billion people.

Oil and gas is a priority sector for the Indian government given the country's increasing demand for energy resources. India is the third largest oil consumer globally and the country's consumption has outgrown domestic production capacities. Two key domestic developments are the Krishna-Godavari (KG) Basin Block 5 and Block 6, under development by India's Oil and Natural Gas Corporation (ONGC), and a Reliance Industries and BP partnership, respectively. A consortium of Baker Hughes, McDermott and Larsen & Toubro submitted the lowest bid for the subsea system package for Cluster II of ONGC's Northern Development Area in the KG-D5 Block, due to be commissioned by 2021.

The government's decision to gradually move towards an economy based on natural gas has

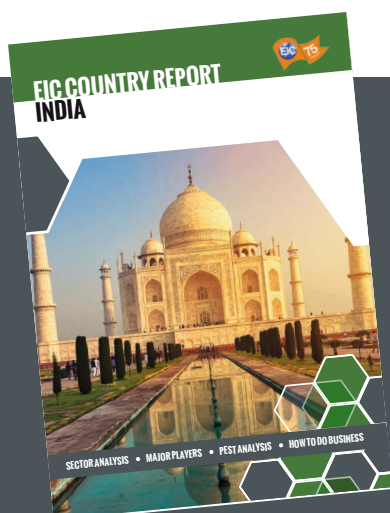
prompted the increased development of liquefied natural gas (LNG) import terminals and regasification infrastructure. Up to 11 LNG projects are currently in planning or under development.

Despite the country's status as an importer of oil and natural gas, India is one of the largest exporters of refined oil products globally. EICDataStream is currently tracking 53 projects that are under development with a combined CAPEX of US\$63.8bn, with another 46 projects worth a CAPEX of US\$164.4bn in planning. One of the largest project's to be developed is the Ratnagiri or West Coast refinery and petrochemical complex with a capacity of 60M tonnes per annum. Saudi Aramco and ADNOC are both participating in the development.

India's commitments to the Paris Climate Change Agreement as well as ongoing efforts to improve the country's electrification rates have led to significant developments in the power and renewables sector. While thermal power plants such as the 1.6GW Ramagundam and 2.4GW Patratu stations are still under construction, existing and future assets are becoming increasingly unviable as clean generation from solar and wind energy reaches grid parity. The Indian government is targeting 60GW of

utility-scale solar power capacity by 2022. A strong pipeline of projects is also expected in India's wind energy sector, with the government intending to auction 10GW worth of capacity in both 2018 and 2019. In the long-term, export opportunities for UK and European contractors are anticipated in the offshore wind sector, with the Indian government recently announcing an ambitious 5GW target for 2022 and 30GW for 2030. A first 1GW tender is currently underway with the world's leading developers submitting applications.

The Indian government is keen to increase foreign investment, however, there is a clear emphasis on enhancing domestic manufacturing capacity under the Make In India campaign. While the process of doing business is gradually improving, administrative procedures continue to take time and patience. India has set itself ambitious targets across the energy sector in the face of immense demographic pressures, which will provide significant opportunities for both domestic and foreign companies going forward.



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Email: amisha.patel@the-eic.com