

Oil and Gas Industry in Bharat (India)

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OPINION

India, that is Bharat is a home to around 140 crore population, nearly a fifth of the world's population. Being a land mass with huge population, India has climbed to the 3rd position globally in the energy consumers list. The second most populous country on the planet earth is a big market for energy entrepreneurs with huge potential attracting investments against the consumption demand of oil and gas.

The world's oldest surviving civilizational nation, Bharata's Oil and Gas industry is expected to attract US\$ 25 billion investment in exploration and production by 2022. As per the India Brand Equity Foundation (IBEF) website- "Oil and gas sector is among the eight core industries in India and plays a major role in influencing decision making for all the other important sections of the economy."

Oil and gas industry has gradually turned into a backbone of the India's huge tax collections and plays a major role as a fund contributor (taxes collected) to drive the various government developmental schemes.

To cater the huge fuel demand of 1.3 Billion population nation, the world's largest democratic nation has allowed 100% Foreign Direct Investment (FDI) in many segments of the sector, including natural gas, petroleum products and refineries among others.

If we observe the Market Size, Crude Oil import rose sharply to US\$ 101.4 billion in 2019-20 from US\$ 70.72 billion in 2016-17. Indian government has taken several initiatives to attract the investments, fulfil the demand, to facilitate the overall growth in terms of economy, production and consumption of fuel. Initiatives such as 100% FDI in Exploration and Production projects; has

employed the supportive policies like NELP (New Exploration Licensing Policy) and CBM (Coal Bed Methane); and freight subsidy scheme.

India's auto fuel, industrious and various sectors demand of fuel enables huge revenue generation and revenue inflows in government treasury. The petroleum sector played a prominent role in enabling and driving the various developmental schemes of democratically elected Indian and state governments.

During the century's biggest pandemic COVID-19 fatal spread the whole civilizational nation underwent complete lockdown mode leading to the biggest recorded dip in petroleum products use commercially. The busiest roads and highways were deserted due to the enforced nationwide strict lockdown; industries remained non function and auto fuel demand dipped to the lowest, India's auto fuel demand picked up in June as economic activity accelerated after the easing of pandemic-related lockdowns.

Diesel had the highest consumption volume of fuel in India for 2020 at around 88.2 billion liters. This was followed by gasoline or petrol with a consumption volume of about 37.2 billion liters for the same year. As per the reports published in Reuters.com "Sales of gasoil, which accounts for about two-fifths of India's overall refined fuel consumption and is directly linked to industrial activity in Asia's third-largest economy, rose 18.5% from May to 5.36 million tons, but were down 1.84% from June 2020.

Compared to June 2019, demand for gasoline and gasoil last month slipped 10.4% and 18.8%, respectively.

Fuel demand in India would recover to pre-pandemic levels by the end of this year after being hit by a deadly second wave of coronavirus, oil minister Dharmendra Pradhan said on Tuesday.

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