



PETROFED

Ref. No. PF/9
April 27, 2015

Mr. Ashu Sagar
Secretary General
Association of Oil & Gas Operators
Regus Business Centre
Level 2, Elegance Tower
Mathura Road, Jasola
New Delhi 110 025

Dear Sir,

We were advised by you that at a meeting chaired by Special Secretary /Financial Advisor, MoP&NG, it was desired that a paper /presentation should be prepared on 'Ease of Doing Business in India' and the actions required to be taken in this context to ensure the success of 'Make in India' programme.

Our tabulated recommendations in this regard forwarded to you on April 22, 2015 are as hereunder:

PetroFed Recommendations

	<u>Policy</u>	<u>Fiscal</u>	<u>R&D</u>	<u>HR</u>	<u>Systems</u>	<u>Others</u>	<u>Comments</u>
	1	2	3	4	5	6	7
<u>UPSTREAM</u>							
Fast track R&D in Gas Hydrates Shale Gas Tight Oil			X				YY
Create Data Repository for early implementation of OALP	X				X		Y
E&P to be incentivized particularly in deep waters		X					W
Infrastructure status for E&P	X	X					W
Set up Scientific Advisory Committee(SAC) for promoting and accelerating collaborative R&D in upstream sector					X		I

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	<u>Policy</u>	<u>Fiscal</u>	<u>R&D</u>	<u>HR</u>	<u>Systems</u>	<u>Others</u>	<u>Comments</u>
	1	2	3	4	5	6	7
<u>MIDSTREAM</u>							
Develop port facilities	X					X	YY
Encourage Coal Gasification	X	X					Y
Infrastructure status for development of pipelines	X	X					W
Pipeline Grid for NG promotion		X				X	Y
<u>DOWNSTREAM</u>							
Infrastructure status for expanding India as a refining hub,	X	X					W
Launch India as a pricing point for refined petro products	X					X	YY
Natural Gas to replace Liquid Fuels.	X						W
Encourage capacity build up of FSUs & LNG terminals	X	X					W
<u>MANUFACTURING</u>							
Build capacity for fabrication of cryogenic vessels, tanks, tankers including LNG ships	X	X					YY
Revive effort of developing ancillary industry for indigenous development of imported components	X						W
<u>SERVICES</u>							
Petroleum Economic Zone on West Coast and incentive to set up facilities	X	X					Y
Petrofed paper can be viewed on: http://petrofed.winwinhosting.net/upload/PEZ.pdf							

	<u>Policy</u>	<u>Fiscal</u>	<u>R&D</u>	<u>HR</u>	<u>Systems</u>	<u>Others</u>	<u>Comments</u>
	1	2	3	4	5	6	7
GENERAL							
Comprehensive Integrated Energy Pricing Policy – Power, Oil & Gas	X	X					Y
End products at Market Price- Subsidy where required to be targeted direct to user & met exclusively from National Budget	X	X					Y
Facilitate NOC collaborations with international majors for technology development and transfer	X						I
Incentivize & Monitor R&D		X	X				I
Remove bottlenecks of rail & road infrastructure for transportation of materials & goods					X		Y
Simplify procedures and taxation issues for interstate movements		X			X		Y
Speed up skill development				X			I
Develop comprehensive list of components / equipment / materials/instruments for indigenous development					X		W
Setup institutional mechanism like TDC (Tech Develop. Comm) to promote indigenization					X		W
Include "Make In India" concept in MoU targets of PSUs from 2015-16 onwards					X		I
Legacy system of QPR monitoring to be reviewed and aligned to KPAs with focus on areas where Government support is sought by PSUs leaving aside past performance monitoring against targets to the respective company boards					X		I

	<u>Policy</u>	<u>Fiscal</u>	<u>R&D</u>	<u>HR</u>	<u>Systems</u>	<u>Others</u>	<u>Comments</u>
	1	2	3	4	5	6	7
Time bound Exercise to review Acts / Laws / Rules/regulations (PNG)to make them investor friendly	X						W
Restructure MoPNG and deploy talent with competence for each position / role to address challenges ahead				X			I
Use OI DB funds only for Oil & Gas industry including private sector		X					I
Reinvigorate and strengthen supportive institutional role of CHT & OI DB					X		I
Oil & Gas should be comprehensively included in implementation of proposed GST		X					Y
Establish a Sectoral Computer Emergency Response Team on Cyber Security	X						I
Contingency plan for maintaining product supply line during war / natural calamities					X		I

Note : Legend for remarks under Comments column

I – Immediate

W – Within weeks

Y – Less than one year

YY- Beyond one year

These have been culled out on the basis of our recommendations sent earlier which are also enclosed.

Thanking you,

Yours faithfully,

A.K. Arora
27 APR 15
A.K. Arora

Director General

Encl. as above



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Inputs for Paper on 'Ease of Doing Business in India' to ensure success of 'Make in India' programme

1. There has to be a comprehensive review for integrated energy pricing - power, oil, gas.
2. All products should be sold at market price and no subsidy offered. Wherever it is considered necessary to provide a subsidy it should be provided to an individual who is deemed fit to receive it. The product should not be subsidised. All subsidies should be borne by the Government of India from the Union Budget.

Oil companies should not be forced to bear the brunt of any subsidy.

3. India should set-up a Petroleum Economic Zone to encourage and facilitate a Service Provider's hub on the west coast and major service providers should be incentivised to set-up facilities which would encourage technology development and transfer.

Our representation on 'Petroleum Economic Zone for Developing a World Class Global Upstream Services Hub in India' submitted to Government in December 2007 and a presentation on 'Petroleum Economic Zone - Regulatory Frame work' submitted to Govt. in February 2008 can be accessed from the following link:

<http://petrofed.winwinhosting.net/upload/PEZ.pdf>

4. Collaborations of National Oil Companies with international majors should be facilitated and encouraged for technology development and transfer.
5. India has developed into a refining hub and the refining capacity is expected to be raised further. However, port development lags behind and should be facilitated to develop India into a major export hub and a pricing point.
6. Natural Gas/LNG should be promoted to replace liquid fuels.
7. To enhance natural gas/LNG usage and development, a pipeline grid should be expeditiously developed.
8. FSUs and LNG terminals should be encouraged/expanded.
9. Keeping in mind issues of environment protection and climate change, coal gasification should be encouraged.
10. Fast-track research and development in gas hydrates, shale gas, tight oil etc.
11. Oil & gas companies should be encouraged to enhance expenditure on R&D. It should be incentivised and monitored.
12. Creation of Data Repository for unexplored sedimentary basins should be expedited/incentivised for early implementation of OALP.
13. Exploration & Production should be incentivised, particularly in deep waters.

14. Expand and build capacity for fabrication of cryogenic vessels/tanks/tankers including ships for transportation of LNG.
15. Remove bottlenecks faced on account of rail and road infrastructure for transportation of material and finished goods. Simplify procedures and taxation issues for interstate movements.
16. Speed up progress on development of skills.
17. Develop a comprehensive list of components/equipment/material/instruments etc. for indigenous development.
18. Infrastructure status for E&P, development of pipelines and refining capacity augmentation.
19. To cause reduction in import content of projects, set-up an institutionalized mechanism on the lines of erstwhile 'Technical Development Committee (TDC)' to promote indigenisation and use of materials, goods & services meeting the quality standards.
20. Include parameters for evaluating 'Make in India' concept in MoU targets of PSUs w.e.f. 2015-16.
21. Legacy system of QPR monitoring be reviewed and aligned to KPAs with focus on areas where Government support is sought by PSUs leaving aside past performance monitoring against targets to the respective Company Boards.
22. Time bound exercise be undertaken to review Acts, Rules & Regulations that concern the Petroleum & Natural Gas industry inclusive of CBM, Shale Oil, Shale gas and Hydrates to make them investor friendly.
23. Restructure MoP&NG and deploy talent with competence for each position/ role to address challenges ahead.
24. Reinvigorate and strengthen supportive institutional role of CHT & OIDB.
25. The OIDB funds should be used exclusively for the development of the oil & gas sector without discrimination between public sector and private sector.
26. Set-up Scientific Advisory Committee (SAC) for promoting and accelerating collaborative R&D in the upstream sector.
27. Revive the efforts of developing ancillary industry for indigenous development of imported components.
28. Oil & gas should be comprehensively included in implementation of the proposed Goods & Services Tax (GST).
29. Establish a Sectoral Computer Emergency Response Team on Cyber Security.
30. Set in place a contingency plan for maintaining product supply line during war/ natural calamities.

Handwritten signature
27 Apr 15