

**INTERVIEW-India hopes to cut oil imports with new discoveries.**By **Chaitanya Kalbag** and Himangshu Watts

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NEW DELHI, Dec 11 (Reuters) - India hopes to reduce its dependence on imported crude to half its requirement in seven years from 70 percent as a result of new domestic oil and gas discoveries, Oil Minister Ram Naik told Reuters on Thursday.

"This is my anticipation. It may take six to seven years because it takes time to start commercial production after making a discovery," Naik told Reuters in an interview.

Naik said he was encouraged by the discovery of a large gas reserve of 14 trillion cubic feet (396 billion cu metres) by Reliance Industries Ltd (RELI.BO) in a block awarded to the company under India's New Exploration Licensing Policy (NELP).

"In the last two years there have been nine discoveries in India. There will be more," he said.

Naik said the oil ministry had awarded crude exploration blocks near the Andaman and Nicobar Islands located close to oilfields in Southeast Asia.

India has offered exploration blocks four times in as many years under NELP and signed 91 contracts, mostly with Indian companies and a few foreign companies.

NELP has not attracted global oil majors but Naik said he was happy with the bids India received.

"Those who are bidding are basically middle-category companies but we are happy. Small or big, I'm happy that people are getting into exploration," Naik said.

He said the oil ministry was processing the bids promptly and the government was committed to the liberalisation of the oil sector.

India lifted price controls on petrol and diesel in April 2002 but continues to influence retail prices because state-run firms operate all but one of the 20,000 petrol stations in India.

The oil ministry recently slapped controls on kerosene imports and opposed the sale of government stakes in refining and retailing firms Hindustan Petroleum Corp Ltd (HPCL.BO) and Bharat Petroleum Corp Ltd (BPCL.BO).

Privatisation of these firms would give the successful bidder a network of petrol stations but Naik said he wanted private firms to set up their own retail outlets.

"Never have I seen anywhere that whatever you have built you give it away," he said. "If private companies are efficient, let them build it themselves."

He said the government had allowed private companies to set up 11,000 petrol stations to compete with state firms which have dominated the retail market for decades.

Naik said he opposed the privatisation of profitable firms.

"If a company is running well, if it is earning profits, why do you want to disinvest?" he said.

