

India predicts 40% leap in demand for fossil fuels

November 1 2010, by Penny MacRae



Engineers inspect a newly-officiated Oil & Natural Gas Corporation (ONGC) oil well near Ahmedabad, in India in November last year. Premier Manmohan Singh told India's energy firms to scour the globe for fuel supplies as he warned the country's demand for fossil fuels is set to soar 40 percent over the next decade.

Premier Manmohan Singh told India's energy firms on Monday to scour the globe for fuel supplies as he warned the country's demand for fossil fuels is set to soar 40 percent over the next decade.

The country of more than 1.1 billion people already imports nearly 80

percent of its crude [oil](#) to fuel an economy that is expected to grow 8.5 percent this year and at least nine percent next year.

Demand for hydrocarbons -- petroleum, coal, natural gas -- "over the next 10 years will increase by over 40 percent," Singh told an [energy](#) conference in New Delhi.

"India needs adequate supplies of energy at affordable prices to meet the demand of its rapidly growing economy," he said, as rising Indian incomes spur industrial demand and more people buy energy-guzzling cars and appliances.

Singh's call comes as India is locked in a race with emerging market rival China for fuel supplies to feed their booming economies in which analysts say Beijing has taken a strong lead.

India faces "immense competition from China which has been far quicker to react when an asset becomes available," Kalpana Jain, senior director of global consultancy Deloitte, told AFP.

Most of India's fuel demand must be met from imports as the increase in supply from domestic maturing oil fields is expected to be just 12 percent over the next 10 years, Singh said.

The government is "encouraging national oil companies to pursue equity in oil and gas opportunities overseas," he said, adding "hydrocarbons will continue to be our major source of energy for quite some time."

"We seek to build strong economic partnerships with other countries and their oil and gas industries to the mutual benefit of each other," he said.

At the same time, Singh said because of [climate change](#) there needs to be a "rethink on the traditional energy basket which is presently loaded

in favour of (global-warming) [fossil fuels](#)."

India is expected to put forward a new model on curbing [carbon dioxide emissions](#) among countries at UN global climate talks to be held in Mexican resort Cancun in December.

Singh's statements came as state-run Oil and Natural Gas Corp (ONGC), India biggest oil explorer, said it was looking at a "proposal" by investment bankers to buy a stake in an Angolan oil field held by energy giant ExxonMobil.

"We are examining one such opportunity," said R.S. Butola, managing director of ONGC's overseas arm which heads the drive to secure energy supplies.

India was "definitely interested" but added it remained to be seen if Exxon wanted to dispose of the stake, he told reporters.

The Economic Times newspaper earlier said the 25-percent stake could be worth up to two billion dollars.

India has been struggling to catch up with China in the race for fuel in Africa, Latin America and elsewhere. Everywhere, China -- with its deep pockets and energetic diplomacy -- has been beating bureaucratic India to the punch in the quest to lock in long-term supplies abroad, analysts say.

In October, leading Chinese refiner Sinopec acquired a 40 percent stake in the Brazilian branch of Spanish energy company Repsol.

India may be luckier if it seeks to buy the Angolan stake.

Angola has said it would favour a joint approach by an Indian national

oil company with the African nation's state-owned firm Sonangol, the Press Trust of India reported.

"India needs quick decision-making. China is here to stay and they are here to go after the same assets," said Deloitte's Jain.

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Citation: India predicts 40% leap in demand for fossil fuels (2010, November 1) retrieved 25 April 2024 from <https://phys.org/news/2010-11-india-demand-fossil-fuels.html>

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