



# India's new exploration and production paradigm

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World Petroleum Congress, Istanbul, Turkey

11 July 2017





Ministers, Excellencies, ladies and gentlemen, good evening.

Thank you, Minister Pradhan, for inviting me to join you tonight and to say a few words about doing business in India.

Where shall I start? Perhaps the first thing to say is that BP has been in India for more than 100 years and [we now employ about 7,500 people in the country](#). So something must be going right!

And it's not simply a case of staying in India. It's a case of growing in India. We are now the largest international oil company in India.

I have been thinking about how to explain what it is that attracts a company like BP to India. After all, we are a global business with many possible options for investment.

If I had to boil it down to three simple points I think they would be these:

- First, the prospects for growth;
- Second, the vision of India's future; and
- Third, the conditions for business – particularly with various recent reforms.

Let me say a little about each of those factors.

## The prospects for growth

First of all, the prospects for growth in India are extraordinary. In fact, they are unique.

If you look at how demand for energy is expected to develop in the next 30 years, you'll see wide differences around the world. In Europe, for example, the consumption of energy has gone down around 10% in the past 10 years.

In the countries where industrialization was concentrated in the 19th and early 20th centuries, energy demand is generally flat or falling.

But in emerging economies, demand for energy is still rising.

And if you average out the falls and rises to get a global growth rate, then the forecast is that demand for energy will grow by around 30% over the next two decades.



So, what do we think the expected growth in energy demand for India might be? Double the global rate – 60%? Triple the global rate? No. It's actually more than four times the global rate – at 130%.

That is the fastest growth in demand for energy in any major economy – and it's happening because the Indian economy is expected to grow to five times its current size by 2040.

That is a very exciting prospect and we are privileged to be playing a part in fuelling the growth of India's economy.

We do that through our long-standing lubricants business, Castrol, which is the market leader in retail automotive lubricants. India is also where we do a lot of administrative work and recruit many of our BP Shipping professionals.

And now, our role also includes a major gas supply chain business – in partnership with Reliance Industries – producing gas off the shore of Eastern India and supplying it to customers around India.

## The vision of the future

And that takes me to the second point – the point about vision. The statistics are impressive, but more impressive is the transformation they represent in the lives of individuals.

It's a story of millions of people enjoying better living standards, millions of new jobs, villages accessing electricity for the first time, people having the means to travel and find new opportunities.

As you have said, Minister Pradhan: "In the modern world, access to energy should be a fundamental right of each human being."

We now see a vision emerging for what the Prime Minister calls the 'New India'. This is an India with new infrastructure; new technologies; better education; better health; and efficient, transparent governance.

And in terms of energy specifically, two points stand out. First the government wants to build up India's domestic energy sector and be less dependent on imports. That will be good for India – for its economy, for jobs and skills.

Second, Prime Minister Modi has described the sustainability of energy as a 'sacred duty' and the government has set ambitious targets such as reducing the carbon intensity of the economy by a third by 2030 compared with 2005.



That's something we fully endorse in BP. We recognise that we have to be part of the transition to a lower carbon economy.

Renewable energy will play a big part – and India aims to build [175 gigawatts of installed renewable power capacity by 2022](#).

Energy efficiency has a big role too – and it is good to see, for example, how India is making plans to encourage freight off the roads and onto railways and waterways.

But one of the most effective ways to reduce greenhouse gas emissions at scale and at speed is to use more natural gas. Natural gas has half the emissions of coal when burned for power. And India is indeed acting to increase the share of gas in the mix. We are naturally very pleased to be playing our part in supplying that additional gas.

## The business-friendly environment

It is great to have a vision. But without practical measures, a vision remains a dream.

Fortunately, in India, real practical measures are now being taken to encourage investment.

For the business community, as the Prime Minister has said, it's a case of 'less red tape and more red carpet.'

As the Minister has heard me say before, that's a motto I like a lot. In fact, we should put it on a banner here at the WPC somewhere.

In our own sector, the Indian government has moved to support exploration and production with a new liberalised gas price regime and the new Hydrocarbon Exploration Licensing Policy.

This means there is now a single licence for all forms of oil and gas exploration – both conventional and unconventional – and a revenue-sharing model.

And the launch of a National Data Repository opens up online access to data for identifying prospects and expressing interest under the new Open Area Licensing Policy.

This is a really welcome set of advances that provides an open, competitive, simple framework for the industry.



And it's no coincidence that BP and Reliance Industries Limited announced less than a month ago that we are moving forward to develop some more deep-water gas fields, as well as expanding the partnership to work across other areas, such as fuels, mobility and low carbon businesses.

Let me just conclude by observing that commerce and enterprise are in India's blood.

You feel it as soon as you walk onto the street and see the busy markets with people trading all kinds of goods.

It's why the world looks to India for IT services – as we do in BP – and for financial and procurement services.

It's why so many of the team in our global shipping fleet are from India.

The challenge is to replicate that dynamic culture of enterprise in major projects like infrastructure and energy. The latest steps I just mentioned are helping to do exactly that.

So my message to the Minister and government is 'thank you, we like this approach and please keep India moving down this road to growth and prosperity'.