

Revive energy panel, fix problems else growth to be impacted: India Inc to PM

The Federation of Indian Chambers of Commerce & Industry has termed the country's energy outlook as bleak and warned that it could impact growth if not addressed immediately.

In a letter, Ficci president Rajya Vardhan Kanoria has urged Prime Minister Manmohan Singh to revive the Energy Coordination Committee, set up in 2005, to guide government policy in the sector.

"Disparities in pricing mechanism, slow policy reforms, unattractive fiscal regime and inadequate infrastructure are some of the challenges posing a threat to energy security," said the letter, a copy of which was reviewed by ET.

Earlier this year, the Confederation of Indian Industry (CII) had raised similar concerns. "The CII CEOs delegation highlighted the need to reassess the policy framework and hasten decision-making," the chamber had said in a statement in February, after top officials of Shell, Reliance Industries, Cairn, BG India and Niko met Oil Minister Jaipal Reddy.

The domestic oil and gas sector is concerned about inordinate delays in approvals. Private sector oil firms **Reliance Industries** and Essar are yet to start tapping coal-bed methane, as they are awaiting approvals for a pricing formula. Coal-bed methane (CBM) is the gas trapped between coal seams. In May, BP India chief Shashi Mukundan expressed concerns over falling investments in oil and gas exploration.

"At a time when energy security is the need of the hour, with \$120 billion being spent on net imports, there is a clear sign of a slowdown in the Indian E&P sector," said a letter written to top government officials. "India's exploration spending has dropped by 90% over the last year," it added.

However, officials say the oil ministry is taking steps to resolve policy and regulatory issues.

The Prime Minister's Office recently constituted a committee, under the chairmanship of a Cabinet secretary, to fast-track approvals in several oil and gas blocks, where development work had stalled because of inter-departmental issues.

The ministry has referred the CBM pricing issues to a committee of secretaries, as there is a big difference between the rates of Reliance and Essar. According to a ministry official, who did not want to be named, Reliance has discovered a market rate of over \$12/unit while Essar's discovered price is \$4.20/unit.

(Economic Times)