

India's energy mix realignment seen to help boost trade ties with Qatar



Seetharaman is addressing a seminar in Mumbai.

The realignment of India's energy mix is not only a must for sustaining economic growth, making natural gas a better choice, but also help enhance bilateral trade relationship with Qatar, according to a top official of Doha Bank.

"Realignment of energy mix to natural gas will de-risk India's high reliance on oil and insulate India's import bill from upward movement in oil prices," Doha Bank group chief executive Dr R Seetharaman recently told "Energy Sustainability - The Next Decade", which was jointly organised by Doha Bank and Phillip Capital in Mumbai. Finding that India's import bill inflated owing to increase in oil prices from \$26 per barrel to \$57, he said it may not be sustainable for its high economic growth going ahead, hence to sustain growth, India has to change its energy mix for which natural gas is better

choice. "It makes more sense to promote gas at \$7-\$8/mmbtu (million British thermal units) price than to import crude at \$60-\$65 per barrel," he added.

Finding that India is in the midst of the largest energy transformation project in the world, he said the Asian country is moving to promote gas usage is in line with the commitment made at the Paris meeting on climate change, which aims to reduce the country's carbon emission intensity by up to 35% from 2005 levels by 2030 and producing 40% of the power from non-fossil fuel sources by 2030.

Natural gas is a good fit for decarbonising India's energy system. The government also wants to make India a gas-based economy and raise the share of natural gas in the energy mix to 15% from 6% in 2016, he said, adding "Qatar and India can

jointly explore more synergies on this dimension which will further enhance bilateral trade relationships."

About Indian economy, he said the International Monetary Fund expects India to grow by 6.7% in 2017-18. India's retail inflation or consumer price index grew 3.58% year-on-year in October 2017. The fiscal deficit for 2017-18 is at 3.2%, he said quoting Finance Minister Arun Jaitley.

In August 2017, Reserve Bank of India (RBI) governor Urjit Patel-headed monetary policy committee decided to cut the repo rate, or key lending rate, by 25 basis points to a seven-year low of 6%.

On Qatar's broad plans in the hydrocarbons, he said Qatar plans to raise LNG (liquefied natural gas) production by 30% to 100mtpa within five to seven years after lifting a moratorium on gas development earlier

this year and plans to remain a leading LNG supplier.

In June 2017 Qatar gas has agreed to sell 5.5mn tonnes of LNG to Shell. Under the sales and purchase agreement (SPA), Qatar will supply Shell with 1.1mn tonnes of LNG per annum over five years from 2019. In September 2017, RasGas sealed a landmark 15-year LNG SPA with Bangladesh Oil and Gas Corporation.

In the international front, Seetharaman said the global upswing in economic activity is strengthening with growth expected to rise to 3.6% in 2017 and 3.7% in 2018 against 3.2% in 2016. A broad-based upward revision in the euro area, Japan, emerging Asia, emerging Europe, and Russia — where growth outcomes in the first half of 2017 were better than expected — more than offset downward revisions for the US and the UK, he added.