CHAPTER 2

HISTORY AND DEVELOPMENT OF OIL AND GAS COMPANIES IN INDIA

2.1 Introduction

India has become one of the fastest developing economies in the world. Indian oil and gas or the petroleum industry pays an important role in the national income and economy of our country. The petroleum sector embraces the global processes of investigation, removal refining, transporting and marketing of petroleum commodities. Following is the present scenario of oil and gas industry in India:

i. The oil and gas industry rank amongst India’s six core industry.

ii. India was the third biggest purchaser of oil in the world in 2015.

iii. Oil and gas sector supplies to 34.4% to major energy utilization in India.

iv. State possesses Oil and Natural Gas Corporation (ONGC) controls the upstream divisions generating around 22.37MT of crude oil which is roughly 60.5% of the country’s output. (gas, 2016).

2.2 History of Oil and Gas Industry in India

The history of oil and gas industry can be divided into two phase:

1. Before independence

The research of oil in India began in 1866 when Mr Good enough of Mitchell Stewart Co. bored a well near Jaypore Assam and discovered oil. The company botched to establish suitable production.
2. **After Independence**

In the Industrial Policy 1949, petroleum industry was given priority. In 1957 exploratory wells were drilled in foothills of Himachal and in Cambay Basin. In 1959 in order to promote the progress of petroleum industry ONGC was rehabilitated into a legislative body by the act of Indian Parliament.

New Exploration Licensing Policy (NELP), Government of India formulated policy of NELP in 1997. The main objective was to accelerate the pace of exploration effort in the country. This policy attracts significant risk capital from Indian and foreign companies and best management practices to explore oil and gas resources in the country to meet the rising demands of oil and gas. The licenses for exploration are being awarded only through competition bidding system. National oil companies are required to compete on equal footing to secure Petroleum exploration licences. Nine rounds of bids have so far been concluded under NELP in which production sharing contract for 254 exploration blocks have been signed.

### 2.3 Profile of Selected Public Sector Oil and Gas Companies

The detailed profile of the selected oil and gas companies is as follows:

#### 2.3.1 Indian Oil Corporation Limited (IOCL)

Indian Oil Corporation Limited is a state-owned oil company. It is India’s biggest oil and gas company whose sales turnover was over 399.601 crores (US $61 billion) and profit was 10.399 crores for the year 2015-16. Out of 22 actively
working oil refineries of India, IOCL owns 10 best refineries. With an excellent work force of 33000 employees, IOCL is fulfilling the energy demands of India from last 50 years. It is a globally admired company. It is one of the Maharatna Company of India. The company was established on 30th June 1959 named Indian Oil Company. In order to coordinate the activities of oil companies, Indian Refineries Limited (which was formed in 1958) was merged in Indian Oil company to form a corporation on 1 Sept, 1964 named Indian Oil Corporation Limited. In 1965, the company established its first petroleum pipeline from Guwahati and thenafter in 1967, Gujarat Refineries and Haldia- Barauni pipeline was established. In 1972, IOCL launched its first lubricant named ‘SERVO’ and in 1974, IOCL take over Indian Oil Blending (OBL) as a wholly owned subsidiary of India.

In 1981, IOCL takeover operations and marketing of the Digboi Refinery and Assam Oil Company (AOC), in 1982, Mathura Refineries and Mathura-Jalandhar Pipeline was formed. In 1994, India’s first hydrocarbon cracker was established at Gujarat Refineries and in 1998, IOCL entered into exploration & production activates with two exploration blocks. While, in 2008, first LPG pipeline established from Panipat to Jalandhar. SERVO lubricant was launched in China.

The company is actively working towards research and development of new products. The company has a R&D centre at Faridabad, which is one of the finest R&D centre of Asia. This centre plays an important role in helping the corporation in developing economical and environment friendly technology. The company is venturing into Renewable sources of energy. It is also studying scopes in nuclear
energy. Thus, in this way IOCL is developing itself from merely Petroleum Company to fully fledged energy company.

2.3.2 Hindustan Petroleum Corporation Limited (HPCL)

HPCL is a public sector oil and gas company. The company basically involved in refining of crude oil and selling of gasoline products. It is a Navratna status company. It is also a Forbe200 and Global Fortune 500 company. The company owns two most important refineries of our country. One of these refineries is in Mumbai and other is at Visakhapatnam. It also operates one of the largest Lube Refinery of our country. HPCL has a wide network of pipeline for transport of petroleum product. This network of pipeline is more than 3015km long. The company has an excellent workforce of over 11,000 employees. The company has shown a steady and consistent good performance over the years. HPCL is also involved in social responsibility activities like child care, education and healthcare.

The Company was established on July 5, 1952 named as Standard Vacuum Refining Company of India Limited. In 1962, name of company was changed to ESSO Standard Refining Company of India Limited. On 31st March. In 1979, Caltex Undertakings was also merged with HPCL.

In 1979, Kosangas Company Ltd. was also merged with HPCL. Disinvestment HPCL was done by the Government currently the Government holding in HPCL is 60.31%. Remaining shares are is being held by Financial Institutions, and Individuals shareholders.
In 2016, Hindustan Petroleum Corporation Ltd receive Golden Peacock Award 2016 for its contribution in petroleum industry. HPCL is actively working in the field of research and development of petroleum industry. The company is collaborating with different research centres and institutes for various projects. Some of the projects are as follows:

(i) A project with ‘The Energy &Resource Institute’ for selection efficient microbial trained hydrogen.
(ii) A project with Gandhi Institute Of technology for studying effective of Nano article inclusion in the lubricating properties of lubricant.
(iii) A project with Research Triangle Institute which involve collaboration R&D activities which involves research on diesel desulphurization.
(iv) A Project with Indian Institute of Science, Banglore (IIS) for development of a research centre for enhancing study on nanoparticles.

There are various other projects for prompting research and development in petroleum industry. Besides the company is also committed to practice corporate social responsibility. The company aims at sustain economic growth and continuous improvement of productivity. Under Corporate social responsibility, HPCL is undertaking various child care, Education, health and skill development programs

2.3.3 Bharat Petroleum Corporation Limited (BPCL)

Bharat Petroleum Corporation Limited is a public sector oil and gas company of India. It has achieved Navratana status from Government of India. The headquarter
of the company is in Mumbai. The company ranked 3rd in the list of Future global 500. It is third largest oil and Gas Company in India. The company is particularly focusing in refining, processing and distributing of petroleum products. The company is regarded as a pioneer in marketing programme. The company has an effective and excellent work force of about 13535 employees. The company operates two big refineries of India. One refinery is in Mumbai and other one is in Kochi.

Bharat Petroleum Corporation (BPCL) progressed significantly worldwide as backing of Shell. Gradually the company acquired lead position in India. In 1952, Shell and Burmah Oil Company jointly set up Burmah Shell Refineries in order to start a refinery in Mumbai.

In 2001, A co-branded Smart card, named Smartfleets card was started by the Company along with Tata Finance. Similarly, in 2005, the company introduced, the new variety of high-octane petrol, named Speed 97 which was meant to improve vehicle performance. In 2015, the company has received approval from Environment Ministry for Rs 4,588 crore extensions at its refinery facility. R&D is a very major part of BPCL and s focal point of the business. BPCL has three R&D centres in Noida. The other two centres are in Mumbai and Kochi. These R&D centre are basically specified in lubricants research and benchmarking. The R&D centres at Kochi is specialized in refining. The company requires enhance its product portfolio to increase its profits and market share. For this, they continuously keep experimenting with the crude oil if they can extract any other useful products or enhance the performance of the already available ones. Few of their success include performance engine oil, semi-synthetic 4T engine oil, hydraulic oils etc.
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