CHAPTER: 1

INTRODUCTION

1.1 Indian Economy

India stands at the beginning of new growth and new opportunities. It has reached a sweet spot- rare in the history of nations- in which it could finally be launched on a double digit medium term growth trajectory. This may be because of the changing fortunes of India and as a result of upsurge in economic activity; latest initiatives like Make in India, Digital India, and Skill India etc. are being undertaken in mission mode to accelerate the transformation of Indian Economy. The oil and gas and renewable energy are listed in focused 25 sectors in Make in India initiative.

The Indian Economy in 2014-15 has emerged as one of the biggest economies with a promising outlook on the back of controlled inflation, rise in domestic demand, increase in investment, decline in oil prices and reform among others (source: Economic Survey 2014-15). Despite global headwinds and a truant monsoon, India registered robust growth of 7.5 per cent in 2014-15 and 8 percent in 2015-16 and a slight moderation to 7.1 per cent in 2016-17, thus becoming the fastest growing economy in the world (source: Indian PNG Statistics 2016-17). India is revitalizing itself as the world’s growth engine and undergone a paradigm shift owing to its competitive stand. The best thing to cheer about is that India is set to outpace China's growth in near future. The UN world economy report has declared India to be fastest growing economy in the world at 7.3 per cent in 2016 and improving further to 7.5 per cent in the following year (source: The Economic Times, Jan 22, 2016). The report added that despite the protracted instabilities and general weakness in global economy, South Asia’s economic outlook remains favourable, with most countries benefitting from low oil prices. The then U.S. President Mr. Barack Obama has stated in November 2010 that ‘India is not emerging; India has emerged’. The Goldman Sachs, Global Investment Bank, predicted that by 2035 India would be the third largest economy in the world. The International Monetary Fund (IMF) projected in April 2016,
world economic outlook that the Indian Economy is the bright spot in the global landscape and it will grow to the 60% size of the U.S economy to become the world’s fastest growing major economy by 2017, ahead of China. The IBM Chief Executive Ginni Rometty said that 21st century, will be the Indian century (source: The Economic Times, 3rd February, 2016). In the next fifteen years, India is believed to rise up the rankings and enter the top three to become the third largest economy in the world after the U.S and China (source: An Article in Indian Express; India to be the world’s third largest economy by 2030). The Indian economy appears to be coming out of the woods as many sectors are seeing high growth and high level of activities (World Economic Forum1, 2016).

Despite the backdrop of more moderate growth, the government stuck to a market friendly budget for FY 2017 combating disruptions due to demonetization. The Indian Economy is forecast to grow 7.5 percent in the financial year through March 2018, according to Deutsche bank2. There would not be a major permanent loss of activity or wealth (and it will) rebound by the time. The recovery will be supported by growing agricultural demand due to a better than expected monsoon season in fiscal 2017, higher wages for public servants due to a wage bill passed in June 2016 and increased public spending. India is expected to regain its momentum, with growth rising to 7.6 per cent in FY 2018 a strengthening to 7.8 per cent in FY 2019-20, the bank said adding the various initiatives are expected to unlock domestic supply bottlenecks and raise productivity.

India ranks among the most attractive destinations for investment owing to the prospects of high returns, well above other countries. Amongst BRICS (and other comparable countries) only China scores above India. The reality and prospect of high and rising growth, combined with macroeconomic stability, is the promise of India going forward (Source: Economic Survey 2014-15). The Indian government reform agenda is continuing to make it easier to do business in India. The government has taken many initiatives in recent years such as relaxing Foreign Direct Investment (FDI) norms across sectors such as defence, oil refineries, telecom, power exchanges etc.

India3 acquired ninth space in the top ten countries attracting highest FDI in 2014. The investors are investing in India and looking positively towards it as it has sustained availability of quality workforce, diversified natural resources required to set up an

---

1 Assumed by Ms. Chanda Kochhar, Chief Executive Officer (CEO), ICICI Bank.
2 Taimur Baig Chief Asia economist, Deutsche Bank
industry, strong macroeconomic fundamentals, huge research and development, government support and conducive policies, growth in Indian domestic market owing to higher national income etc. India’s millennial population is a massive disruptive force and driven by supportive demographics along with government’s policy action, Indian Economy is likely to reach USD 5 trillion (by 2025). The populations dynamics will therefore be a key force in shaping India’s overall growth trajectory and also in shaping how product markets will develop as the preference of the population evolve.

India’s geology is highly prospective for **Oil and Gas**, bauxite, iron ore, fertilizer, gold and stone and in order to bring people out of poverty and help job creation optimum use of such resources is needed. The **oil and gas industry** ranks amongst India’s six core industries and imports above 80 per cent of its crude requirement. The International Energy Agency expects India to be the fastest growing consumer by the year 2040. The Oil demand in the world’s fastest growing crude market may weaken as the government’s cash crackdown slows the economy. Fuel demand growth is expected to slow by as much as 40 per cent in 2017 compared to last year.

**1.2 Sectors in Indian Economy**

The Indian economy is primarily consisting of three sectors, i.e. primary, secondary and tertiary sector. These sectors are further divided into subsectors.

**A. Primary Sector**

The primary sector of Indian economy depends directly on natural resources to execute various processes and manufacture the goods and services needed to keep the whole operation going. Agriculture, mining, fishing and forestry are some examples of primary sector. Agriculture and allied sectors accounted for 17 per cent of the GDP and employed 49 per cent of the total workforce in 2014 (Source: Economic Survey 2014-15). The contribution of agriculture to GDP has steadily declined during last decade yet it is the largest employment source and play significant role in socio economic development of India. Since 1950, special emphasis is placed on agriculture in the five year plans. According to Department of Industrial Policy and Promotion (DIPP), the Indian agricultural services have attracted FDI inflow of about US$2,182 million from April 2000 to June 2015.

---

4 Morgan Stanley said in a research note
B. Secondary Sector-

In the secondary sector natural ingredients are used to create products that are consequently used for consumption. This sector is regarded as one that adds value to the products and services. It accounts for 26 per cent of GDP and employs 22 per cent of the total workforce (source: Economic Survey 2014-15). According to the World Bank, India’s industrial manufacturing GDP output in 2015 was sixth largest in the world. The Indian industrial sector undergone significant changes as a result of the LPG reforms in 1991. Following subsectors/industries falls under this sector.

**Automobile Sector:** The Indian auto industry is one of the largest in the world with an annual production of 23.37 million vehicles in FY 2014-15. It accounts for 71 per cent of the country’s GDP. In FY 2014-15 automobile exports grew by 15 per cent (source: Economic Survey 2014-15).

**Cement Industry:** India is the second largest producer of cement in the world. In the twelfth five-year plan (2012-17) Government of India plans to increase investment in infrastructure to the tune of US$1 trillion and increase the industry’s capacity to 150 million tonne (source: India cement report by Nomurea Research dated 13 October,2015).

**Engineering Industry:** The engineering sector is of strategic importance to India’s economy. The government has appointed Engineering Export Promotion Council (EEPC) as the apex body in charge of promotion of engineering goods, products and services from India. The capital goods and engineering turnover in India is expected to reach US$125.4 billion by FY 2017.

**Gems and Jewellery:** The gems and jewellery sector plays a significant role in Indian economy, contributing about 6-7 per cent of country’s GDP. The overall gross exports of this sector in FY2014-15 were US$39.9 billion.

**Oil and Gas Industry:** The oil and gas sector is among the six core industries in India and plays a major role in influencing decision making for all and other important sections of the economy. Indian oil and gas industry is anticipated to be worth US$139.8 billion by 2015. India’s economic growth is closely related to energy demand. The government has allowed 100 per cent FDI in this sector. According to data released by DIPP, the petroleum and natural gas sector attracted FDI worth US$ 6.62 billion between April 2000 and September 2015. During 2015-16 India’s demand for gas touched 124 MTPA against a domestic supply of 33MTPA.
**Pharmaceutical Industry:** The Indian pharmaceutical market is the third largest in terms of volume and thirteenth largest in terms of value, as per a report by Equity Master. The Indian pharma industry is expected to grow over 15 per cent per annum between 2015 and 2020 (source: Pharmaceutical Export Promotion Council).

**Telecommunication Industry:** India is currently the world’s second largest telecommunication market and has registered strong growth. The total mobile services market revenue in India is expected to touch US$37 billion in 2017, registering a CAGR of 5.2 per cent between 2014 and 2017, according to research firm IDC.

**Textile Industry:** India’s textile industry is one of the oldest in Indian economy. Even today it is one of the largest contributors to India’s exports. The industry realized export earning worth US$41.4 billion in 2014-15 as per the Cotton Textiles Export Promotion Council. It has allowed 100 per cent FDI under the automatic route (source: Ministry of Textile).

**C. Service Sector**

India’s service sector has the largest share (US$ 783 billion and 72.4 percent with) in the GDP with CAGR of 8.7 per cent in 2014-15 and provides employment to 27 per cent of the workforce. Information Technology (IT) and Business Process Outsourcing (BPO) are among the fastest growing sectors. The sector has attracted the highest amount of FDI equity inflows during April 2000 to September 2015, which is about 17 per cent of the total foreign inflows, according to DIPP.

Despite others oil and gas sector plays a crucial role in the rapid development of the economy. The Indian Petroleum (oil and gas) industry is one of the oldest in the world, with oil exploration in Assam in 1867 and emerging since then. For nearly fifty years after independence, the oil sector in India has seen the growth of giant national oil companies in fairly protected environment. Oil is the lifeblood of the industrialized nations. Oil has become the world’s scarce source of energy since the mid-1950s. Its products underpin modern society, mainly supplying energy to power industry, heat homes and provide fuel for vehicles and airplanes to carry goods and people all over the world. With the increase in socio and economic development of the country the need for energy security has also stirred up.
1.3 Oil and Gas Sector (Petroleum Industry) -

Despite other sectors/industries the oil and gas industry is of significant prominence in fuelling India’s growth story. The requirement for energy in the country is expected to register a substantial rise with spontaneous development. In reality energy and economy are intertwined and interdependent. Keeping pace with the economic growth trend, the consumption of petroleum products in India in 2016-17 was estimated at 193.745 MMT, a growth of almost 4.91 per cent compared to consumption of 184.674 MMT during 2015-16 (source: Indian PNG Statistics 2016-17). The world energy demand is projected to increase by 40 per cent by the year 2030. India and China will account for about half of global energy demand through 2040 period, with India’s energy demand growing at 3.2 per cent annually. India’s energy consumption is projected to grow at 4.2 per cent per annum up to 2035, faster than all major economies in the world. At the 55th Annual General Meeting of IOCL 2014, it was observed that the India’s energy demand is expected to double by 2035 from 2011 level. Growing economy and population growth are the main drivers for demand of oil and gas. This visibly shows that Indian Oil and Gas industry is having a major role in Indian Economy; as it has catered to the needs of 1.2 billion people.

India has 0.3% of world’s proven oil reserves; however, it houses more than 17.5 percent of the world’s population. Given the increased dependency on petroleum products and the constrained domestic resources in the nation, import of crude oil has always dominated the Indian Petroleum Industry. In the FY 2015-16, India imported an estimated 202.9 MMT of crude oil at USD 64 billion (source: BPCL Annual Report 2015-16). India is the third largest consumer of crude oil and petroleum products in the world in 2015, after the U.S and China. In March 15, the Hon’ble Prime Minister Narendra Modi set the target of decreasing the oil import dependence by 10 percent by 2022 (Source: Petrotech 2016, 12th International oil and gas conference and exhibition). He has given a clear roadmap on future of energy sector which rests on 4 pillars viz. energy access, energy efficiency, energy sustainability and energy security. The government has proposed $ 100 billion investment in oil and gas sector in 2022. India’s refining capacity is 230 MMTPA and it is expanded by 15 MMTPA with the commissioning of Paradip Refinery in Feb 2016

---

5 Opined by Sashi Mukundan- Regional President of BP and Chairman of CII Hydrocarbon Committee
6 International Energy Outlook 2016
7 BP Energy Outlook 2016
Today, it attracts both domestic and foreign investment as attested by the presence of Reliance Industries Limited (RIL) and Cairn Energy India respectively. The Cairn Energy India, a subsidiary of British company Cairn Energy, makes more than 20 per cent of India’s crude oil production through its operations in Gujarat regions and Krishna Godavari basin. The Oil and Natural Gas Corporation (ONGC), Reliance Industries Limited (RIL) and Gujarat state petroleum have found natural gas in deep water. Public sector oil firms i.e. HPCL, BPCL, IOCL and EIL expected to invest Rs. 1.5 lakh crore to set up India’s biggest refinery (source: Economic Times; January 26, 2016). The OIL is planning to restart its work in Ningru, Arunachal Pradesh to develop its 18 wells (Source: petro watch). The IOCL plans to set up a Rs. 30,000 crore refinery at Mundra in Gujrat as part of a plan to increase its processing capacity to 100 million tonnes (MT). The BPCL plans to spend about Rs. 13,000 crores on expanding its Numaligarh refinery in Assam by the year 2017-18.

The Government has also taken many initiatives to boost investment in this sector. New Exploration and Licensing Policy (NELP) was introduced to enhance exploration activity in the country. It was envisioned to deal with the ever growing gap between demand and supply of gas in India. The aim of the policy is to provide a level playing field to all parties, private and public, to compete on equal terms for the award of exploration acreage. The government has emphasized on cooperation as a means to achieve energy security in India. The oil and gas industry needs to work together with the government step by step to intensify exploration, enhance production and stimulate oil and gas sector. The future of oil and gas sector in India seems bright with enhanced opportunities for growth and timely cooperation from state/ central authorities.

1.4. Oil and Gas (Petroleum) Companies in India

The oil industry is divided into three major components: upstream, midstream and downstream. The upstream segment comprises Exploration and Production (E and P) activities. The midstream segment is involved in storage and transportation of crude oil and natural gas. The downstream segment is engaged in refining and production of petroleum products and processing, storage, marketing and transportation of commodities
such as crude oil and natural gas. India has 20 refineries out of which 17 are in the public sector and three in the private sector. The public sector corporations dominate the Indian exploration and production sector. The Oil and Natural Gas Corporation (ONGC) and Oil India Limited (OIL) account for more than 70 per cent share in the exploration/production sector. The other key players in this sector are Hindustan Petroleum Corporation Limited (HPCL), Indian Oil Corporation Limited (IOCL), Bharat Petroleum Corporation Limited (BPCL), Reliance Industries Limited (RIL), Cairn Energy India, Essar Oil, British Petroleum (BP) etc.

1.5 Public Sector Oil and Gas (Petroleum) Companies

The Indian oil and gas industry have been successful in fuelling the rapid growth of the Indian Economy. The major oil and gas companies are Oil and Natural Gas Corporation Ltd. (ONGC), Hindustan Petroleum Corporation Ltd. (HPCL), Indian Oil Corporation Ltd. (IOCL), Bharat Petroleum Corporation Ltd. (BPCL), Gas Authority of India Ltd. (GAIL), Oil India Ltd. (OIL), Hindustan Oil Exploration Company Ltd. (HOEC) etc. There are total of 17 refineries in the country located at Guwahati, Barauni, Koyali, Haldia, Mathura, Digboi, Panipat, Vishakhapatnam, Chennai, Nagapatinam, Kochi, Bongaigaon, Numaligarh, Mangalore, Tatipaka and two refineries in Mumbai. In the present study following Oil sector companies are taken.

**Hindustan Petroleum Corporation Limited (HPCL) –**

The Company was incorporated in the name of Standard Vacuum Company of India limited on 5 July, 1952. Later its name was changed to ESSO Standard Refining Company of India Limited on 31st March, 1962. The HPCL came into being after the merger and takeover of erstwhile ESSO Standard and Lube India. It’s a Government of India enterprise with Navratna status and a Forbes 2000 and Fortune Global 500 Company. It is also listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). The HPCL’s vision is to be a world class energy company, known for caring and delighting the customers with high quality products and services across domestic and international markets with aggressive growth and delivering superior performance. The HPCL’s oil business straddles from hydrocarbon sector of exploration, production, refining and marketing.

The corporation is having a highly motivated workforce of over 10,422 employees working all over India at its refining and marketing locations. It has a full-fledged corporate training department to augment learning and development requirement of its
officers. It believes in harnessing the full potential of all employees for becoming a world class energy company and craves to create value through enhanced competencies and be a strategic partner to business by enabling employees to realize their full potential through innovative and progressive learning initiatives. The HPCL is committed to achieve the economic, ecological and social responsibility objectives of sustainable development consistently through various operations and activities. It focuses on child care, education, health care, skill development and community development, upliftment of weaker sections of society etc.

Indian Oil Corporation Limited (IOCL) –

The IOCL is India’s largest commercial enterprise, with a profit of Rs. 19,106 crores for the year 2016-17. It is ranked 119th among world’s largest corporates (and first among Indian enterprises) in the prestigious Fortune Global 500 listing for the year 2015. As India’s flagship oil company, with a 33,135 strong workforce, it has been meeting India’s energy demands for over half a century. With a corporate vision to be ‘The Energy of India’ and to become ‘A Globally Admired Company’, Indian oil’s business interests straddle from refining, pipeline, transportation and marketing of petroleum products to exploration and production of crude oil and gas.

Indian oil accounts for nearly half of India’s petroleum products market share, 31 per cent national refining capacity (together with its subsidiary Chennai Petroleum Corporation Limited, CPCL) and 71 per cent downstream sector pipelines through capacity. The Indian oil group owns and operates ten of India’s twenty-two refineries with a combined refining capacity of 65.7 MMTPA. Having set up subsidiaries in Sri Lanka, Mauritius and the UAE, the Corporation is simultaneously scouting for new business opportunities in the energy markets of Asia and Africa. It has also formed about 20 joint ventures with reputed business partners from India and abroad to pursue diverse business interests.

The Corporation provides comprehensive welfare facilities to its employees to take care of their health, efficiency, economic betterment, social status, etc., and to enable them to give their best at the workplace. The Corporation has always supported a participative culture in the management of the enterprise through a consultative approach with the collectives and establishing a harmonious relationship for industrial peace and higher productivity. Employees' participation is also ensured through information-sharing with the collectives and employees on a regular basis. The efforts to promote employees' participation in
management were continued during the year through various activities such as Suggestions Scheme, Total Productive Maintenance, Quality Circles, mentoring, etc.

Indian Oil has successfully combined its corporate social responsibility agenda with its business offerings, meeting the energy needs of millions of people every day, across the country. Besides, the Corporation partner’s communities in which it operates by supporting innumerable initiatives connected with health, family welfare, education, environment protection, provision of potable water, sanitation, and empowerment of women and other marginalized groups. Indian Oil was conferred the prestigious India Today PSU awards in three categories- Best Global Presence, Best Performing Company and Best in CSR and Sustainability in the year 2015-16.

**Bharat Petroleum Corporation Limited (BPCL) –**

The BPCL has attained the rank of 757 in the Forbes Global 2000 List in 2015, a significant leap from the 1045 rank of 2014. It celebrated its 40th Foundation Day in January 2016. The BPCL’s vision is to become the most admired global energy company leveraging talent and technology and be the first choice of customers. It wants to exploit profitable growth opportunities outside energy. It values trust, customer centricity, and development of people, ethics, innovation, collaboration and involvement. The BPCL has R and D facilities at three locations - the Corporate R and D Centre at Greater Noida, Uttar Pradesh, and R and D Product and Application Development Centre at Sewree, Mumbai and the in-plant RandD Centre at Kochi Refinery. All three centres provide the Company an edge over competitors.

The BPCL have made rapid strides in the linkage of key Processes such as Career HR Advancement through multiple role exposures, Performance Management, Potential Assessment and Learning Management Framework, to name a few. The second cycle of the ASCEND process, a 360-degree competency assessment framework, was rolled out. Significant investment has been made in the area of Leadership Development, aimed at enriching the leadership pipeline within the Corporation and building capability within managers. Their flagship program ‘Excelerator’ is aimed at equipping the leaders with relevant leadership competencies to enable them to unleash their potential, thereby creating the necessary business impact.

Through its CSR initiatives, BPCL has widespread impact throughout the country, in and around business locations as well as in rural / tribal communities. Every year brings new
learning and using these inputs, it scaled up various projects, taken up new projects and exited from certain projects that have attained sustainability. Its core thrust areas for CSR are education, water conservation, skill development, health and hygiene and community development. The BPCL has bagged the Public Sector Unit of the Year Award at the premier edition of the ICICI Lombard and CNBC-TV18 India Risk Management Awards, which recognizes those organizations and teams that have significantly added to the understanding and practice of risk management. BPCL also obtained the ‘Leading Oil and Gas Corporate of the Year’ and the ‘Oil and Gas Marketing Company of the Year’ Awards, two of the topmost recognitions of the PetroFed Oil and Gas Industry Awards. PetroFed also conferred the Innovator of the Year 2013 Team Award to BPCL Pipelines and a Special Commendation Award for ‘Innovator of the Year - Team’ to Corporate R and D Centre.

1.6. Private Sector Oil and Gas (Petroleum) Companies

Historically, the years since independence have, however, seen the rapid growth of the upstream and downstream oil sectors. There has been optimal use of resources for exploration activities and increasing refining capacity as well as the creation of a vast marketing infrastructure. The growing demand of oil products and opening up of the sector to private sector, immense opportunity created for investment and demand for a pool of highly trained and skilled manpower.

**Reliance Industries Limited (RIL) –**

The Reliance group founded by Dhirubahi H. Ambani is India’s largest private sector enterprise, with businesses in energy and materials value chain. He visualized the growth of Reliance as an integral part of his grand vision for India. He was convinced that India could become an economic superpower within a short period of time. Today, the group’s turnover represents nearly 3% of India’s GDP. At present, Mukesh D. Ambani is the Chairman and Managing Director of Reliance group.

Reliance Industries Limited (RIL) is the flagship company of the group and is featured in Fortune Global 500 list. The RIL is one of the largest exploration and production players in India and has a balanced domestic and international asset portfolio. Their activities consist of hydrocarbon exploration and production, petroleum refining and marketing, petrochemicals, retail and telecommunications. In each of these areas, it is committed to innovation-led, exponential growth. Their vision has pushed them to achieve global
leadership in many of our businesses – including position as the largest polyester yarn and fibre producer in the world. Reliance Industries Limited is a largest private sector corporation in India. It has a turnover of nearly USD 66.8 billion and a net profit of over USD 3.9 billion. RIL has astounding CAGR of 21 per cent. From oil and gas to refining and marketing, to petrochemicals and retail and special economic zones, their products and services energize India and enhance lives.

RIL owns the world’s largest refinery complex at Jamnagar. It is the world’s largest refining hub. The entire refining complex was built in a record time at globally competitive capital costs – in fact, at costs much lower than comparable refineries around the world. It has transformed India from being a net importer of petroleum products to a net exporter, thereby ensuring the nation's energy security. With crude processing capacity of 1.24 million Barrels per Stream Day (BPSD), the Jamnagar refinery is a trendsetter and has won several awards, including the prestigious 'International Refiner of the Year' award. It also enjoys the distinction of housing some of the world's largest units, such as the Fluidized Catalytic Cracker (FCC), Coker, Alkylation, Paraxylene and Polypropylene plants.

RIL contribute to well-being of people by introducing sustainable measures and providing assistance to institutions and welfare organizations. Their activities spread across India and reach well beyond business locations, impacting the lives of marginalized communities. Their initiatives have reached millions over the years and nearly 1, 50,000 people benefit from their continuing programs every month. A large number of initiatives are focused on developing community infrastructure and protecting the environment. Reliance has developed infrastructure for water conservation and constructed community halls, schools, and health centers in various locations. Some of Reliance's initiatives to promote environment protection include investing in renewable energy sources, promoting green plantations and spreading environmental awareness.

**Essar oil -**

Essar oil is fully integrated oil and Gas Company of international scale. It engaged in exploration and production of oil and natural gas, refining of crude oil and marketing of petroleum products. Essar believes in positivity, passion and performance. It has been ranked the best Indian company amongst its energy peers in carbon management. It is also listed on Bombay Stock Exchange and National Stock Exchange. It owns India’s second
largest single site refinery at Vadinar, Gujrat having a capacity of 20 MMTPA. This refinery is capable of processing some of the toughest crudes and yet produces high quality Euro IV and V grade products. The company has emerged to become India’s largest Coal Bed Methane (CBM) gas producer. At their flagship, Raniganj CBM asset, it achieved a production capacity of 0.67 million standard cubic meters per day.

Essar oil considers its human resource as their biggest asset and believes that the organizational success is driven by the skills and competencies of people. It values each employee with an objective of emotionally connecting people to positively engage in value creation. It focuses on strategic workforce planning, talent attraction and management, recruitment, learning and development, employee engagement etc. At Essar oil, all women employees have equal opportunities, equal rights and equal responsibilities. Essar oil is committed to minimize pollution, reducing environmental footprint and optimizing resource consumption by planning and carrying out operations through environmentally responsible processes, techniques and practices. The community engagement projects at Essar oil locations are undertaken through the Essar group foundation. The engagement model is designed to deliver maximum value to the community. It takes several steps to promote healthcare and education, rural infrastructure, poverty alleviation and creating sustainable livelihoods. Essar oil got Greentech Gold Award in Petroleum Refinery sector for outstanding achievement in Environment management 2015. It has bagged Gold certificate of merit at the Frost and Sullivam’s Manufacturing Summit 2014.

1.7 Conceptual Framework of Training and Employee Performance

1.7. A. Training

Training is the process for providing required skills to the employee for performing job related functions effectively, proficiently and qualitatively. Training of employees is continuous and given in specified time. Generally training is provided by an expert or professional in related field or job. Training is required at every stage of work and for every person at work. To keep one updated with the fast changing technologies, concepts, values and environment, training plays a vital role. Training programs are also necessary in any organization for improving the quality of work of the employees at all levels. It is also required when a person is moved from one assignment to another of a different nature. Training is a process of learning a sequence of programmed behaviour. It is the
application of knowledge and gives people an awareness of rules and procedures to guide their behaviour. It helps in bringing about positive change in the knowledge, skills and attitudes of employees.

Training is investment in getting more and better quality work from available talent. Thus, training is a process that tries to improve skills or add to the existing level of knowledge so that the employee is better equipped to do his present job or to mould him to be fit for a higher job involving higher responsibilities. It bridges the gap between what the employee has and what the job demands. Since training involves time, effort and money by an organization, so an organization should to be very careful while designing a training program. The objectives and need for training should be clearly identified and the method or type of training should be chosen according to the needs and objectives established. Once this is done accurately, an organization should take a feedback on the training program from the trainees in the form of a structured questionnaire so as to know whether the amount and time invested on training has turned into an investment or it was a total expenditure for an organization.

The objective of the training is to enhance the efficiency of the employees to perform a specific job efficiently and effectively. Training has been defined by different experts/scholars of management. Some important definitions of training are as under:

**Dale S. Beach**, "Training is the organized procedure by which people learn knowledge and Improve skill for a definite purpose."

**Michael J. Jucius**, "Training is a process by which the aptitudes, skills and abilities of employees to perform specific jobs are increased."

**Edwin B. Flippo**, "Training is the act of increasing the knowledge and skill of an employee for doing a particular job."

**Dale Yoder**, "Training is the process by which manpower is filled for the particular job it has to perform." In simple words, to provide ability to the employee to perform a specific job is called training. Thus, the art. Knowledge and skill to accomplish a specific job in a specific way is called training.

At all levels of organization training and development programs are needed in order to make qualitative improvement in the work of employees. The employee training is diverged into on-the-job training and off-the-job training methods having different sub-methods of training given for different purposes to different types of employees holding or going to hold different jobs. In India at NTPC (National Thermal Power Corporation),
one-year training program is conducted to its newly joined employees, off-the-job training by way of classroom method for period of six months and on-the-job training by way of job rotation method for remaining six months. Boston Consulting Group's (BCG) India is providing on-the-job training by live case studies for its newly joined employees followed by induction program.

**Need of Training:**
The training is essential because technology is developing continuously and at a fast rate. The systems and practices get outdated soon due to new discoveries in technology, including technical, managerial and behavioural aspects. Organizations that do not develop mechanisms to catch up with and use the growing technology soon become stale. However, developing individuals in the organization can contribute to its effectiveness of the organization. There are some other reasons also for which this training becomes necessary. Explained below are various factors, giving rise to the need for training.

Employment of inexperienced and new labor requires detailed instructions for effective performance on the job.

People have to work effectively with minimum supervision, minimum cost, waste and spoilage, and to produce quality goods and services.

Increasing use of fast changing techniques in production and other operations requires training.

Old employees need refresher training to enable them to keep abreast of changing techniques and the use of sophisticated tools and equipment.

Training is necessary when a person has to move from one job to another because of transfer, promotion or demotion.

**Common Benefits of training:**

Besides many some of the benefits are listed below-

As the business world is continuously changing and dynamic organizations will need to provide to their employee training throughout their careers. If they do not provide continuous training they will find it difficult to stay ahead of the competition.

The other benefit of training is that it will keep employees motivated. New skills and knowledge can help to reduce or minimize boredom. It also demonstrates to the employee that they are valuable enough for the employer to invest in them and their development.
Employee Training can be used to create positive attitudes through clarifying the behaviours and attitudes that are expected from the employee by employer.

Employee Training can be cost effective, as it is cheaper to train existing employees compared to recruitment of new employee with the skills needed.

Training saves the time and money of organization provided the employees are trained effectively.

**Advantages to the company**

**Increased efficiency of employees:** An effective training program can make the employees of the company work in an effective manner. With training people gain confidence and this confidence is seen in the output and results.

**Reduced supervision:** An employee needs to be supervised when he works. When the employee has got sufficient training the amount of supervision required is less as mistakes are less. This reduces the workload of the supervisor.

**Less amount of wastage:** The amount of wastage by an employee is reduced a lot due to training and therefore if we take an account of the amount of wastage we find that the company has saved a lot of money.

**Reduced turnover:** Proper training improves chances of obtaining promotions and employees are happy because they have better opportunities Due to this their chances of leaving their current job reduce greatly thereby reducing labor turnover in the company.

**Helps new employees in the organization:** Training always benefits employees whether old or new. In case of new employees, training helps them a lot. This is because new employees may not be aware of the functioning of the organization and training helps them to gain knowledge and insight into the working of the company

**Better labor –management relations:** Labor – management relations are very essential for any organization. When companies introduce training programs and prepare employees for future jobs and promotions they send out a message to the unions that they are interested in employee welfare. Due to this the unions also adopt a positive attitude and labor-management relations improve.
Advantages to the employees

**Self-confidence:** Training leads to increase in employee self-confidence. The person is able to adjust to his work environment and doesn’t feel humiliated in front of his seniors. This confidence leads to chances of better efforts in the future from the employees.

**Increased motivation levels:** Training brings positive attitude among employees and increases the motivation levels of the employees in the organization, thereby improving the results of the organization.

**High rewards:** An effective training program helps an employee to take the benefit of the rewards systems and incentives available in the company. Thus the employee is able to get these rewards, which in turn increases his motivation levels.

**Group efforts:** An effective training program not only teaches an employee how to do his work but also trains him to work as a part of the group. Thus training programs improve group efforts.

**Promotion:** Effective training programs increase performance and increase the chances of obtaining promotions. Many employees even opt for certain programs so that they can help the employee to improve his chances of promotions and obtaining higher positions in the organization.

1.7. B. Employee Performance

Every organization has been established with certain objectives to achieve. These objectives can be achieved by utilizing the resources like men, machines, materials and money. All these resources are important but out of these the manpower is the most important. It plays an important role in performing tasks for accomplishing the goals. The question arises that how these resources are utilizes by manpower. Further, the business environment is changing drastically. The environmental factors are uncontrollable. These are beyond control of management of the firms. One has to adjust with the external factors to do the business in the market. Every environmental factor like social, cultural, legal, political, economic, technology and competition gets changed very fast. For effective working the knowledge of these factors is must otherwise the plan will misfire. In present situation it is difficult to predict about anything. It is uncertain to say that what will happen tomorrow. Again the need for highly skilled and dedicated manpower is felt who can give the best output.
Nowadays the markets are also very competitive and there is cutthroat competition. For every organization it is difficult to start, survive, stabilize and excel in the business. The firm that gets the advantage over other competitors through their talented and dedicated manpower can take the lead in the market. The contribution of employees on job is the most important factor for development and excellence in business. The performance of employees on different jobs in close coordination is needed for success of the unit. Employees are performing different jobs in an organization depending upon the nature of the organization.

They mainly perform tasks like production, storage, manufacturing, transportation, marketing, purchasing, distribution, promotion of business, finance and accounting, human resource, research and public relations. All these activities are inter-related to achieve the targets. These are to be performed by the employees properly so they can give their best output at the job. This will have great impact on the total production, sales, profit, progress and market position of the company in the market. Various factors like skills, training, motivation, dedication, welfare, management policies, fringe benefits, salary and packages, promotion, communication etc. are responsible to encourage the people to work sincerely and give their best output. The importance of employees’ performance must be understood by the management and sincere efforts must be put in that direction. The management of the company taking timely steps in that direction will be in position to develop and motivate the people to do so. Finally, the company may take the lead to the market and grab the opportunities available in the market.

**Advantages of Higher Employees’ Performance**

Following are advantages of higher performance to the individuals, organization, society and nation as a whole (i) The productivity of individual on job increases, (ii) Employee gets job satisfaction at job, (iii) Psychological problems of employees come to low level, (iv) Involvement of employees in their jobs increases, (v) A sense of commitment and loyalty among employees develop, (vi) Employees get higher salaries and incentives on production basis, (vii) Quality and quantity of the total production increase, (viii) Sales and market shares of the company in the market improves, (ix) Profit improves and that leads to progress of the business and (x) Goodwill of the organization goes high.
1.8. Concluding Observation

India is counted among the most important emerging economies of the world in present era. Having a card of largest democracy in the world it is teeming with opportunities of growth and development. India’s resilience and current levels of reasonably strong growth should thus, be appreciated in the light of its increasing contribution to global growth. The Indian Economy has made substantial improvements in all the sectors i.e. automobile sector, telecommunication industry, pharmaceutical industry, railway industry, oil and gas industry etc. Besides others the oil and gas industry has played a vital part in the economic development of a country. Energy is the driver of economic growth and a rising India is taking all necessary steps to ensure energy sufficiency. To bolster energy security, the Government of India is actively pursuing a policy to attract FDI in the upstream and downstream sector. With up trend in socio-economic development of the country the need for energy security has risen. The demand for petroleum products has shown high growth and likely to continue as per current projections.

Large number of public and private companies is in operation in Oil Sector viz. HPCL, IOCL, BPCL, OIL, ONGC etc. and in private sector Reliance Industries Limited, Cairn Energy India Private Limited and Essar Energy etc. India’s pecuniary growth is vigilantly linked to energy demand. It is the key to unlock tomorrow’s opportunities. But on the other hand India’s oil reserves meet only 25 per cent of the country’s domestic oil demand and import 60 per cent of its crude oil requirement. India’s heavily dependence on import of crude oil has compelled government to provide a long term policy for the hydrocarbon sector in order to meet the country’s future energy needs.

As the country churns out record levels of oil and gas, the findings suggest that oil companies are now increasingly concerned about the training of the human resource. There is a shortage of manpower especially expert/scientist in the country to carry out Research and Development in the Petroleum and Natural Gas sector. In an ever changing and fast paced corporate world, training is an indispensable function. It allows employees to acquire new skills, sharpen existing ones, perform better, increase productivity and make a better leader. The human resources are recognized as a valuable asset and supports as backbone in an organization provided these are managed and trained efficiently.

Nowadays the markets are also very competitive and there is cut throat competition. To survive in such a business environment, training is must. Employees work efficiently when they are properly trained. Training is the process for providing required skills to the
employee for doing the job effectively, skilfully and qualitatively. It plays a crucial role in developing employees in order to ensure that they are equipped with right kind of knowledge, skills and abilities in order to perform their tasks. A sound training program has its contribution in increasing the performance, productivity and improving the quality of work of the employees at all levels. Training is a process of learning a sequence of programmed behaviour. It is the application of knowledge and gives people an awareness of rules and procedures to guide their behaviour. It helps in bringing about positive change in the knowledge, skills and attitudes of employees. Once this is done accurately, an organization should take a feedback on the training program from the trainees in the form of a structured questionnaire so as to know whether the amount and time invested on training has turned into an investment or it was a total expenditure for an organization.

Training is advantageous both for organization and for employees. It increase the efficiency of employees, reduce turnover rate, less wastage etc. and for employees it helps in increasing motivation, increased self-confidence, high rewards etc. So, the task of training is pivotal to particularly those organizations where update to latest technology, skills and competency is inevitable.

**References**

Economic Survey 2014-15
Economic Survey 2015-16
Annual Report of MOP and NG 2015-16
Indian Petroleum and Natural Gas Statistics 2016-17
World Investment Report, 2015
The Economic Times; Jan 22, 2016
The Economic Times, 3rd February, 2016
Article in Indian Express; India to be the world’s third largest economy by 2030
The Hindu, 30th Dec.2015
World Economic Forum, 2016
India Economic Outlook, 21st Feb, 2017
The Economic Times, 9th Feb, 2017
Oil and Gas sector, Achievement Report, 18th Jan, 2017
Indian Brand Equity Foundation (IBEF).org
IOCL, HPCL and BPCL Annual Report 2015-16
RIL, Essar Energy Annual Report 2015-16