

Govt on fund hunt for strategic oil storage

TIMES NEWS NETWORK

New Delhi: Petroleum minister **Dharmendra Pradhan** on Wednesday launched India's global quest for investors to fund expansion of the country's underground strategic oil storage capacity and fill up existing facility as geopolitical uncertainties keep global oil market on the boil and continue to push up pump prices for consumers at home.

Launching the first road show here, Pradhan said the second phase of the strategic storage will be built on a public-private partnership where the investor would

take the responsibility of constructing, filling and operating the natural caverns being developed as storage. India will retain the right of first refusal to buy oil stored in the facilities in case of an emergency.

The second phase envisages building 6.5 million tonnes of storage at Padur in Karnataka and Chandikhol in Odisha at an investment of Rs 11,000 crore. This is expected to double the emergency cover to 22 days — as current consumption growth rate — in case of supply disruption due to natural



calamity. India now has a strategic storage capacity of over 5 million tonne in underground rock caverns in Mangalore and Padur in Karnataka

and Visakhapatnam in Andhra Pradesh. A third of the Visakhapatnam facility has been hired by state-run Hindustan Petroleum and Abu Dhabi's ADNOC and the Indian government has filled the storage at Mangalore.

H P S Ahuja, chief executive of Indian Strategic Petroleum Reserve Ltd, the special purpose vehicle of the oil ministry, said the building of the

storages would take 6-8 years.

"We are a 4.5 million barrel-per day-consuming market, with the refining capacity of 5 million barrels per day. Demand for petroleum products has been increasing at a compounded annual growth rate of 5.5% from 2013 to 2017," Pradhan said.

India is adding 330,000-380,000 barrels per day to global oil demand. He added that to improve strategic reserve, union cabinet has granted approval for establishing an additional 6.5 million tonnes of strategic petroleum reserve which will be able to provide an extra 12 days of supply.