

Future Business Prospects and Marketing Strategies of Oil and Energy Marketing Companies (Under Government of India)

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Abstract:

The prosperity of a country depends directly on the development of agriculture and industry. For adequate agricultural production, many types of other facilities are required such as operating power, transport, energy generation and many types of other facilities. Whereas for industrial production and development not only machinery and equipment but also skilled manpower, management, energy, etc. facilities are needed. All these facilities and services are collectively called infrastructure.

India has both commercial as well as non-commercial sources of energy. Our Indian government is also engaged in the discovery of various types of unconventional sources of energy to give extra support to the development of country India.

Consumption of petroleum products in India in 1973 was about 240 million tonnes, which increased to 1382 lakh tonnes in the year 2009-2010. Crude oil production in India is only about 335 million tonnes, whereas the consumption of crude oil in India is at a much higher level than its actual production in country

India.

Due to this, in 2008-2009, India had imported 138 million tonnes of crude oil from outside, which went on steadily increase over time. As a result of this, foreign exchange is going outflow against the import of crude oil in India.

Keywords: Energy, petroleum, diesel, fuel, agriculture, promotions, infrastructure, prosperity, transport, power, development

Introduction

The energy crisis was essentially the oil crisis in the '70s and '80s, it was not only a national issue but a global problem. Oil and Natural Gas Limited and Oil India Limited are constantly working in search of other types of oil. But the consumption level of petroleum and other petroleum-based products is increasing at a very high pace as compared to the production and refinery capacity of our domestic oil generation companies.

In this way, the country is forced to depend on imports from other countries for its daily petroleum requirements. The most serious problem is that the known reservoir of mineral oil in India is only 0.3% of the world's total oil reserves. It is obvious that the oil cannot be the main source of commercial fuel for India by knowing the above facts.

When crude oil was available at cheap rates, there was no any such problem of import burden on country India, but in 1973, For the first time the price of crude oil was raised by The Organization of the Petroleum Exporting Countries (OPEC), then the crude oil price, which was 2.7 dollars per barrel in 1973, increased to 35.52 dollars per barrel in 1980. And it crossed the figure of 109.45 dollars per barrel in the year 2012-2013. Although we have seen a decline in crude oil prices in some years, the current price of crude oil has risen to \$58.74 per barrel in 2018-2019.

Part of the oil imports in India's imports was 12%, which rose to high and dangerous

levels of 76% in the year 1982-1983. For this reason, the balance of payments in India has also been adversely affected. Whereas the measures taken by the Indian government to control the consumption of petroleum and oil were not fully successful.

Literature Review

In relation to my research, I am trying to give a brief detail of all the relevant researches which has been done so far and have some type of relationship with my research. Among all the works done in the form of researches related to my research title and research work, I am hereby giving a brief of the most relevant researches related to my research proposal.

According to the research conducted by India Infoline Finance Limited, a leading diversified finance company in India, based in Mumbai. The research conducted by India Infoline Finance Limited was sector-based research on the topic Oil marketing companies, macro risks abate optimism gives a concrete research idea related to the research problem come to my mind to take as a research proposal. As the above-conducted research by India Infoline Finance Limited on the topic Oil marketing companies, macro risks abate optimism introduces a detailed overview of the possible problems and challenges which our country India will have to face in the upcoming years, and such problems will never be ignored as the basis of such problems are not new for us, it's actually a very well-known and prevalent condition.

On the other side, we have been extremely bullish on the Oil and energy marketing companies over the past few years during which Hindustan Petroleum Corporation Limited, Bharat Petroleum Corporation Limited, Indian Oil Corporation Limited delivered handsome returns of 307%, 127%, and 133% respectively.



Key drivers of this resounding rally include,

- Government's nod to market-based pricing of fuels in line with global practices,
- Softening crude oil prices,
- Steady refining margins,
- More-than-doubled return ratios and
- Improved balance sheets of the said players.

While these factors would continue to boost oil and energy marketing companies' financials, other macro factors are posing a palpable threat to the sector.

These include;

- Imminent upward bias in crude oil prices in the wake of strong demand trend, growing geopolitical strife, and reduced supply glut;
- Mounting competition from private players in the domestic fuel retailing space; and
- Aggressive vehicle electrification plans.

Discussion

Crude oil prices, following a downward spiral within the past few years (fall of 73% from 2014 to 2016), have followed a robust trend within the recent past (up 20% in one year). The key driver is the strong The Organization of the Petroleum Exporting Countries (OPEC) adherence to production cuts announced in November 2016 that reduced the supply glut from the system.

Meanwhile, global oil demand has looked up as reflected by the upgrade in The International Energy Agency (IEA) estimates. Whereas in the domestic fuel retailing market, various outside private players have seen their

market share increasing from near nil to about 7% in the past few years. With improving marketing margins through daily and dynamic pricing, private players are likely to increase investments to widen their presence.

Off late, there's have been increasing talks of electrification of vehicles globally including India. In fact, the Indian Road Transportation and Highways Ministry is targeting that all cars sold in the domestic market would be electric cars by 2030. This target is far more aggressive compared with developed countries such as the UK, which have a target to sell only electric cars from 2040.



In the shorter term, the electric car scales up has to lock horns with several headwinds. However, over the longer term, we reckon petroleum product consumption will face substantial threats from electric vehicles. These researches give us the idea that even though the government and big oil and energy marketing companies are planning to promote electric vehicles for the near future.

But the questions come in front of us will be, "Is our country India currently have such type of infrastructure and potential so that we can easily shift toward electric vehicles from being a petroleum vehicle owner?"

In the same manner, the next question is "Will we even get the electric vehicle and its changeability at the same price at which we are currently getting petroleum vehicles and its fuel?"

Limitations of the Study

Each character may deliver you individual outcomes; however, it does not imply that the equal consequences belong to the complete population. As a researcher, I will not always be able to undergo all of the resources. I can't acquire all the statistics I wanted for my research in view that it will take a number of times. Because of it, my work won't cover every aspect.

Often time limits are the motive why my studies and researches may not be complete. When I get a task, I have a limited amount of time to do it. Sometimes we, as a researcher want a few gadgets or additional software to conduct the researches. This is probably trouble considering the fact that we don't always have the sum we need.

Along with it, there are unique ways to collect information: interviews, surveys, questionnaires, etc. The way we collect records might be a real limitation since the solutions and the outcomes vary. When researchers find some new information, we use a particular research technique.

Different techniques supply us with various opportunities. Quality of the datum we get frequently relies upon on the technique we choose.

The proposed research has the following limitations which I have mentioned below:

- Knowing that the Jatropha crop and other such crops will likely benefit the farmers in the near future, but they're still will be a possibility that the farmers should not adopt the Jatropha crop and related crops with their full capacity due to some reasons.

Such as;

1. Lack of adequate land.
2. Lack of funding and banking facilities.
3. Lack of proper infrastructure.
4. Lack of proper structure of buying and selling.
5. Lack of adequate soil fertility.

• There can be a lack of basic banking and funding facilities for the manufacturing unit extension.

• There will be a chance of a lack of an adequate number of manufacturing and conversing units which will convert jatropha seed or another related plant into biofuel and biodiesel.

• Though biofuel and its related business have immense potentials and possibilities for our country India as well as our Oil and Energy Marketing companies, it's all depends upon the Government of India, that what will the next plan for the same.

• Despite adopting Jatropha crop and other related crops efficiently there may be a possibility of not adequate extraction sources for getting biofuel or biodiesel out of it.

• Despite acquiring and receiving biofuel and biodiesel successfully out of such bio crops there can be a possibility that our finished goods may not be sold easily in the Indian market and outside markets, etc.

Conclusions

Consumption of petroleum products in India in 1973 was about 240 million tonnes, which increased to 1382 lakh tonnes in the year 2009-2010. Crude oil production in India is only about 335 million tonnes, whereas the consumption of crude oil in India is at a much higher level than its actual production in country India.

Due to this, in 2008-2009, India had imported 138 million tonnes of crude oil from outside, which went on steadily increase over time. As a result of this, foreign exchange is going outflow against the import of crude oil in India. We have to take some concrete steps at the earliest to get control over the frequent overflow of India's fund, which is going outside in the form of import duty, taxes and foreign exchange rates. Otherwise, we will never be able to recover from this growing debt.

Our transportation systems are highly

dependent on petroleum and other petroleum-based products. High and volatile prices for oil naturally give rise to suggestions that oil production has peaked, or that we are running out of oil. Concern over oil supplies is not new.

In fact, historical projections suggest that the planet has "almost run out of oil" a minimum of five times within the past century. A large part of our GDP going outside India. Because we are importing crude oil from outside India for our daily usage and requirements. As such a large part of our GDP going out of the country, we were compromising for a very long time with other very important needs and basic requirements.

This prevents our country from moving forward in a steady way. And will affect the overall development of our country India. Keeping all these conditions in mind. It is very much important for us to take any appropriate action as soon as possible. From which we can save ourselves from the huge losses coming ahead.

Through this research work, my main objective would be to get necessary information about all the problems and its causes from which Oil and Energy Marketing Companies in India and India is struggling, that are directly related to the Indian oil and energy marketing companies as well as our country India. After knowing this, the next objective will be to find out all those useful solutions through which we can solve all the above-stated problems.

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