

**GOVERNMENT OF INDIA
DISINVESTMENT
LOK SABHA**

UNSTARRED QUESTION NO:1079

ANSWERED ON:24.11.2000

DISINVESTMENT IN OIL COMPANIES

MOINUL HASSAN AHAMED;PUSP JAIN;RAJO SINGH;RAMCHANDRA BAINDA

Will the Minister of DISINVESTMENT be pleased to state:

- (a) whether the disinvestment of Public Sector Oil Companies was on the agenda and was approved by the Cabinet Committee on Disinvestment;
- (b) if so, the details thereof;
- (c) whether the opinion of global advisors appointed by the Government in the matter of disinvestment in various oil sectors have been obtained;
- (d) if so, the details thereof; and
- (e) if not, the reasons therefor?

Answer

THE MINISTER OF STATE OF THE MINISTRY OF PLANNING, PROGRAMME IMPLEMENTATION, ADMINISTRATIVE REFORMS, PUBLIC GRIEVANCES AND DISINVESTMENT (SHRI ARUN SHOURIE)

(a)&(b) The consideration of proposals for disinvestment in Central Public Sector Undertakings including Public Sector Oil Companies is a continuous process. The Cabinet Committee on Disinvestment had, therefore, considered from time to time various proposals regarding Public Sector Oil Companies. In order to improve the long-term viability of the stand-alone refineries and strengthening the business synergies among Public Sector Oil Companies under the administrative control of the Ministry of Petroleum & Natural Gas (MoP&NG), the Government has, in September 2000, approved the following restructuring of the PSUs in petroleum and natural gas sector through strategic alliances:

(i) Bharat Petroleum Corporation Ltd. (BPCL) would buy the entire shareholding of Government of India (GOI) of 55.04% in Koch Refineries Ltd. (KRL) and make KRL its subsidiary;

(ii) Indian Oil Corporation Ltd. (IOC) would buy the entire shareholding of GOI of 52.5% in Chennai Petroleum Corporation Ltd (CPCL) and of 74.46% in Bongaigaon Refinery and Petrochemicals Ltd. (BRPL) and make them its subsidiaries;

(iii) BPCL would buy 19% of equity of Numaligarh Refinery Ltd. (NRL) from IBP and make NRL its subsidiary;

(iv) Oil India Ltd. (OIL) would buy 10% of the NRL equity from the unsubscribed portion of NRL equity capital; and

(v) The valuation of shares for the sale of Government holdings in KRL, CPCL, BRPL and NRL shall be done by MoP&NG in consultation with Ministry of Finance. The process of determination of prices has been taken up.

(c) to (e) The Advisors for the transactions are appointed normally after a decision in regard to a particular Central Public Sector Undertaking is taken by the Government. The Advisors are mandated to advise the Government in the matter of implementation of specific decisions only.