

**GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA**

UNSTARRED QUESTION NO:1748
ANSWERED ON:02.08.2001
APPOINTMENT OF M/S MCKINSEY BY ONGC
VILAS BABURAO MUTTEMWAR

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

- (a) whether the Oil and Natural Gas Corporation has appointed M/s. Mckinsey to study the administrative set up and to suggest the structural changes in the functioning of the Corporation so as to improve its working and to reduce the administrative expenditure;
- (b) if so, whether M/s. Mckinsey has since submitted their report;
- (c) if so, the recommendations made by them;
- (d) whether the Government have since examined these recommendations, and
- (e) if so, the reaction of the Government thereto?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI SANTOSH KUMAR GANGWAR)

(a) to (e) : Oil and Natural Gas Corporation Ltd.(ONGC) had, in March, 1997, initiated a project for restructuring of the Corporation in consultation with M/s Mc Kinsey and Company Incorporated, international management Consultants.The consultants had submitted their recommendations on Organisation Transformation Project (OTP) of ONGC to its management.The recommendations of the Consultants were received by ONGC in phases over a period of time during the years 1997 to 1999. The recommendations of the Consultants highlighted the need to have a greater focus on ONGC's core activities of finding and producing oil and gas, better management of skills and expertise in oil field services, greater commercial and performance accountability and quicker decision making by decentralisation. The operative recommendations of the Consultants, inter alia, included the need for focussed attention on structural changes; and also changes in systems and procedures in the areas of exploration, reservoir management, drilling, material management, logistics, human resources, budgeting & costing, performance management systems research and development Institutes and information services. ONGC as a `Navratna` Public Sector Undertaking enjoys substantial autonomy in its operations. While some of the recommendations of the consultants are already under various stages of implementation, the rest are receiving attention of the management of ONGC.The Board of ONGC, in its meeting held on 27.7.2001, has considered the implementation of OTP with certain modifications/corrections throughout the organisation.Necessary action plan is being drawn by ONGC accordingly for its implementation. At present, the Government has no proposal under its consideration for any change in the organisational structure of ONGC.However, the process of review by the Government of the performance of Public Sector Undertakings, like the ONGC, is a continuous one.