

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

UNSTARRED QUESTION NO:4032
ANSWERED ON:03.05.2007
BUYING EQUITY ABROAD
Saradgi Shri Iqbal Ahmed

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

- (a) whether the Government is formulating a strategy to enable domestic public sector oil companies to join hands to compete for buying equity abroad;
- (b) whether the Government is creating a package that would comprise the entire value chain i.e. reviving exploration and other value addition so that the domestic firms are able to stand and compete with Oil conglomerates that dominate the sector overseas;
- (c) whether the Government proposes to integrate the organization and strengthen them across the value chain so that they can bring/offer a complete package;
- (d) if so, whether any concrete programme of action has been prepared by joint overseas bidding oil PSUs; and
- (e) if so, the time by which the final decision is likely to be taken in this regard?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI DINSHA PATLE)

(a) to (c) : In August, 1995, the Government advised the down- stream public sector undertakings to promote their own Joint Venture Company for Exploration and Production (E&P) business.

(d) to (e): In November 1995, Indian Oil Corporation Board accorded approval to start E&P activities with suitable joint venture partners and to set up a business group to look after E&P activities. In December 2004, a Memorandum of Understanding (MOU) was signed by IOC and OIL to synergize skills and strengths of the respective companies in jointly pursuing available overseas upstream business activities and other related petroleum activities in the hydrocarbon chain. The IOC-OIL combine has been able to successfully acquire exploration acreages in Libya, Gabon, Nigeria and Yemen. Similarly, GAIL has made investments in Myanmar, and Oman with equity partnership in consortiums that include other public sector Oil Companies.

In December, 2005, the Government also approved the formation of project specific Special Purpose Vehicles (SPVs) between Oil India Ltd. and Indian Oil Corporation Ltd. In addition to such government efforts, Navratna Oil PSUs Boards are empowered to pursue acquisition of E&P companies abroad to strengthen their E&P Business. Hence, Public Sector Oil Companies are continuously making efforts to strengthen their E&P activities abroad through efforts jointly with other public sector oil companies.