

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

UNSTARRED QUESTION NO:2308  
ANSWERED ON:11.03.2010  
FDI IN PETROLEUM AND NATURAL GAS SECTOR  
Singh Shri Ilyaraj ;Sinh Dr. Sanjay

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

- (a) whether the Government has permitted 100 per cent FDI in the Petroleum & Natural Gas Sector;
- (b) if so, the details of those companies with 100 per cent FDI in this sector;
- (c) whether this move is likely to adversely affect companies in the domestic sector; and
- (d) if so, the steps taken by the Government to protect the interests of companies in the domestic sector?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI JITIN PRASADA)

(a) Foreign Direct Investment (FDI) up to hundred percent for all activities, other than refining and including market study and formulation, investment/financing, setting up infrastructure for marketing in Petroleum and Natural Gas Sector is permissible through automatic route, subject to sectoral regulations. For the refining sector, FDI up to 49% in case of Public Sector Undertakings is permissible through Foreign Investment Promotion Board. However, FDI up to hundred percent in the refining sector is permitted through the automatic route in case of private companies.

(b) to (d) The Government of India is encouraging participation of the private sector, including foreign companies, in exploration, production and transportation net work for petroleum and natural gas in order to supplement the efforts of the National Oil Companies in meeting the rising demand of oil and gas. Exploration and production are capital intensive and high risk activities, requiring use of expensive state-of-the- art technologies and best management practices. Domestic companies have been operating in collaboration with foreign companies with desired success.