

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

STARRED QUESTION NO:393  
ANSWERED ON:22.04.2010  
NEW INVESTMENT PLANS BY IOC  
Patil Shri Sanjay Dina ;Sule Supriya

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

- (a): Whether the Indian Oil Corporation is in the process of reviewing its future investment plans on account of mounting under-recoveries;
- (b): if so, whether the company has decided to prioritise new projects and proposes to take up only those projects where investment requirement is relatively small and the rate of returns are high;
- (c): if so, the details thereof;
- (d): whether there are apprehensions that the company might have to dilute equity in its upcoming Paradeep Refinery and Petrochemical Project in Orissa at a less than premium price in a bid to raise funds; and
- (e): If so, the extent to which the company was compelled to review its investment plans and the extent to which it has achieved success with the renewed initiative?

**Answer**

MINISTER OF PETROLEUM & NATURAL GAS (SHRI MURLI DEORA)

(a) to (e): A statement is laid on the table of the House.

STATEMENT REFERRED TO IN REPLY TO LOK SABHA STARRED QUESTION NO.393 TO BE ANSWERED ON 22-04-2010 REGARDING NEW INVESTMENT PLANS BY IOC.

(a): Indian Oil Corporation (IOC) has reported that the under recoveries to the extent not compensated are partially affecting the future investment plans of IOC.

(b) & (c): The projects are taken up based on the economic viability. There are only two projects that have been deferred, which are:

- i) Installation of Petrochemicals at Paradip
- ii) Para Xylene (PX)/ Purified Terapthalic Acid (PTA) at Gujarat Refinery

(d) & (e): The Paradip refinery project is being financed partly from internal resources and partly from syndicated loan already tied up from various banks. Therefore, dilution of equity at a less than premium price to raise funds through equity route is not applicable.