

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

UNSTARRED QUESTION NO:3187

ANSWERED ON:15.04.2010

SURPLUS FUNDS OF ONGC

Mahato Shri Narahari;Majumdar Shri Prasanta Kumar

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

(a) whether Oil and Natural Gas Corporation (ONGC) has protested against the direction of parking surplus funds only with the Public Sector Undertaking (PSUs) Banks;

(b) if so, the details thereof;

(c) whether the rate of interest offered by public sector banks on bulk deposits are less than the rates offered by them on retail deposits for the same period of maturity;

(d) if so, whether ONGC is losing Rs.200-300 crores of interest revenue annually on account of this; and

(e) if so, the details thereof and the reaction of the Government in this regard?

Answer

MINISTER OF STATE FOR PETROLEUM & NATURAL GAS (SHRI JITIN PRASADA)

(a) & (b): Oil and Natural Gas Corporation (ONGC) have expressed difficulty with the implementation of Government guidelines relating to investment of their surplus funds. They have mainly pointed out that the process of placing deposits with banks without inviting competitive bids is causing loss of interest revenue.

(c), (d) & (e): The card rates offered by banks are valid for retail deposits upto Rs.15 lakh but for bulk deposits, generally, special rates are offered from time to time depending upon the market liquidity and funding needs of banks concerned.

The Government had advised all Central Public Sector Enterprises (CPSEs) to invest their surplus funds with Public Sector Banks at their published card rates, without inviting competitive bids, in order to avoid undesirable competition amongst banks leading to arbitrary hikes in deposit rates, resulting in adverse consequences for the economy.