

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

UNSTARRED QUESTION NO:598

ANSWERED ON:24.02.2011

VEDANTA GROUP STAKE IN CAIRN INDIA LTD.

Kodikunnil Shri Suresh;Tewari Shri Manish

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

- (a) whether London based Vedanta Group has bought a majority stake in Cairn India Ltd. that operates among other things the oil fields in Barmer, Rajasthan;
- (b) if so, whether the deal require the approval of the Government;
- (c) whether Cairn India Ltd. through a equity transfer impact transfer the Oil Blocks that is operates to Vedanta;
- (d) if so, whether Vedanta would also inherit the royalty exemption granted to Cairn India;
- (e) whether Oil and Natural Gas Corporation (ONGC) which has a 30% stake in the Barmer oil field have pre-emptive rights which entails that the Vedanta acquisition cannot be completed without its consent;
- (f) whether the Government of India is considering to approve the deal; and
- (g) if so, the details thereof?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI R.P.N. SINGH)

(a) to (g) Cairn Energy PLC vide letter dated 16.8.2010 informed this Ministry about the proposed disposal of their 51% shareholding in Cairn India Limited (CIL) to Vedanta Resources PLC. This Ministry advised Cairn Energy PLC and its subsidiaries (operators) that they have to seek the prior consent of the Government for the proposed transfer as required under the provisions of the Production Sharing Contracts (PSC). Accordingly, certain subsidiaries of Cairn Energy PLC have applied vide letters dated 9.9.2010 and 23.11.2010 seeking consent of the Government of India. The matter is under examination and a decision would be taken by the Government in accordance with PSC provisions.

Cairn Energy PLC which holds 62.4% interest in CIL, vide letter dated 16th August, 2010, has informed ONGC that it has informed that it has announced the proposed disposal of its substantial shareholding in Cairn India Ltd. ONGC viewed that it has pre-emptive rights in relation to Cairn's Participating Interest (PI) under Joint Operating Agreement (JOA). ONGC has requested Cairn Energy PLC to provide details in this regard to examine its rights. Cairn Energy PLC provided the share purchase deed for the proposed transaction and informed that ONGC's pre-emptive rights have not been triggered as it is not a case of transfer of PI. After examining the document submitted by Cairn Energy PLC, the Board of Directors of ONGC in their meeting dated 29.01.2011 decided that the acquisition cost by Vedanta to Cairn for the proposed transaction of sale of shares of CIL is much above of the ONGC evaluated value of the proposed transaction and therefore, ONGC does not find merit in the acquisition on commercial considerations.