

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

UNSTARRED QUESTION NO:684
ANSWERED ON:24.11.2011
CAIRN-VEDANTA DEAL
Singh Shri Dushyant

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

- (a) whether the Government has put any pre-conditions to the sanction of the Cairn India-Vedanta deal;
- (b) if so, the details thereof;
- (c) whether it is a fact that the Vedanta Resources and Twin Star Holdings Limited can claim protection under India-UK/Mauritian BIPA- claiming failure to provide favourable conditions to make investment;
- (d) if so, the details thereof;
- (e) whether it is a fact that Cairn Energy may bring a claim of denial of justice, which is well-protected by India-UK BIPA; and
- (f) if so, the details thereof?

Answer

MINISTER OF PETROLEUM & NATURAL GAS (SHRI S. JAIPAL REDDY)

(a)and(b): The Government of India (GOI) has approved the proposal of Cairn Energy Pic for transfer of 40% of equity shares of Cairn India Limited (CIL) to Vedanta Resources Pic by stipulating following conditions:-

(i) Parent financial and Performance Guarantees furnished by Cairn Energy Pic in pursuance to relevant applicable Article(s) of abovementioned 7 NELP PSCs and 3 Pre-NELP PSCs, shall be substituted by Parent Financial and Performance Guarantees to be furnished by Vedanta Resources Pic, which needs to be acceptable to the Government and should be in the form and substance set out in the PSC.

(ii) Vedanta Resources Pic to guarantee that the technical capability of Cairn India Limited is and shall be kept undisturbed and ensure continued production of oil and gas as per approved Field Development Plan (FDPs) from time to time. In case Vedanta Resources Pic fail to perform as guaranteed then GOI shall be entitled to stipulate additional conditions, as deemed fit, including change in operatorship of blocks.

(iii) Vedanta Resources Pic also shall give an undertaking that they shall ensure adherence to the approved field development plans and work programs.

(iv) Cairn India Limited and its affiliates shall provide the No Objection Certificate (NOC) obtained from their consortium partner(s) for each abovementioned blocks (except for Rawa (PKMG-1) and CB-OS/2 blocks) for the proposed transaction under the respective PSCs.

(v) Necessary approvals from other Regulatory Bodies such as SEBI, on the proposed transaction to be obtained and submitted by Vedanta Resources Pic.

(vi) Necessary security clearance from Ministry of Home Affairs in favour of the assignee, i.e. Vedanta Resources Pic to acquire the shareholding shall be obtained and submitted by the said assignee.

(vii) In respect to RJ-ON-90/1 block, the parties, i.e. Cairn India Limited, Cairn Energy India Pty Limited (CELL), Cairn Energy Hydrocarbon Limited (CEHL) and any other affiliate company of CIL; and Vedanta Resources Pic and any other affiliate company of Vedanta Resources Pic, shall agree and give an undertaking that the royalty paid by ONGC is cost recoverable by ONGC as contract costs, as per the provisions of the PSC.

(viii) In respect to RJ-ON-90/1 block, Cairn Energy India Pty Ltd., and Cairn Energy Hydrocarbon Limited shall withdraw the arbitration case relating to the dispute raised by them on payment of Cess under the PSC.

(c) to (f): The objective of Bilateral Investment Promotion and Protection Agreement (BIPA) is to promote and protect the interests of investors of either country in the territory of the other country. It is open to any eligible investor to seek recourse under the provisions of BIPA in case the investor feels that any of the provisions of BIPA have been violated. However, Government of India would not take

any step that it considers to be violative of its commitment under BIPA.