

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

UNSTARRED QUESTION NO:5582

ANSWERED ON:10.05.2012

FOREIGN INVESTMENT IN PETROLEUM INDUSTRY

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

- (a) whether hundred per cent foreign capital investment has been allowed in the petroleum industry;
- (b) if so, the reasons therefor;
- (c) whether such a move will adversely affect the petroleum industry and result in exploitation of natural resources of the country;
- (d) the reaction of the Government thereto; and
- (e) the corrective measures being taken by the Government in this regard ?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRIRP.N. SINGH)

(a) to (e) Hundred per cent Foreign Direct Investment (FDI) has been allowed for exploration activities of oil and natural gas fields, infrastructure related to marketing of petroleum products and natural gas, petroleum product/gas pipelines, LNG regasification infrastructure and petroleum refining in the private sector, subject to the existing sectoral policy and regulatory framework in the sector. However, petroleum refining by Public Sector Undertakings (PSUs) are allowed with 49% foreign equity, without any divestment or dilution of domestic equity in the existing PSUs, and after taking approval of the Government.

In order to meet the rising demand of oil and gas, the Government of India is encouraging participation of the private sector, including foreign companies, in exploration and production of petroleum and natural gas and related activities that is capital intensive and highly risky, requiring use of expensive state-of-art technology. Foreign capital investment is supplementing the efforts of the domestic petroleum industry in exploitation of oil and gas in the country.