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Title: The Minister of State (Independent Charge) of the Ministry of Petroleum and Natural Gas laid a statement regarding strategic sale of Government of India's existing 51.11% of total paid up equity shareholding in Hindustan Petroleum Corporation Limited (HPCL) to Oil and Natural Gas Corporation Limited (ONGC) alongwith transfer of management control.

THE MINISTER OF STATE OF THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DHARMENDRA PRADHAN): Madam, Speaker, I am making this statement regarding strategic sale of the Government of India's existing 51.11 per cent of total paid up equity shareholding in Hindustan Petroleum Corporation Limited (HPCL) to Oil and Natural Gas Corporation Limited (ONGC) alongwith transfer of management control.

Cabinet Committee on Economic Affairs (CCEA) in its meeting held on 19<sup>th</sup> July, 2017 has given 'in principle' approval for strategic sale of the Government of India's existing 51.11 per cent of total paid up equity shareholding in Hindustan Petroleum Corporation Limited (HPCL) to Oil and Natural Gas Corporation Limited (ONGC) along with transfer of management control.

The proposed acquisition in the oil sector will create a vertically integrated public sector 'Oil Major' company having presence across the entire value chain. This will give ONGC an enhanced capacity to bear higher risks, take higher investment decisions and to neutralize the impact of global crude oil price volatility. The acquisition of HPCL by ONGC will result in significant synergies, in terms of optimization of logistics costs, R&D activities, economies of scale of purchase of crude oil and optimization in refinery operations.

For overseeing this transaction, CCEA approved setting up of an Alternative Mechanism, headed by the Finance Minister, which will help in taking quick decision with regard to the timing, price, terms and conditions and other related issues to the transaction.

Post-acquisition by ONGC, HPCL will continue to be a Central Government Public Sector Enterprises (PSE), having become a subsidiary of ONGC. It can still maintain its cultural uniqueness and brand identity, distinct from ONGC.

[Placed in Library, See No. LT 7153/16/17]