

**LOK SABHA**

UNSTARRED QUESTION No. 2130

TO BE ANSWERED ON 1<sup>st</sup> JANUARY, 2018

**MERGER OF OIL PSUs**

2130. SHRI SISIR KUMAR ADHIKARI:

पेट्रोलियम और प्राकृतिक गैस मंत्री

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

(a) whether the Government proposes to merge Public Sector oil companies into one entity and if so, the details thereof along with the reasons therefor; and

(b) whether the said oil companies propose to diversify their business for maximising profit and if so, the details thereof along with the investment made and funding process planned by the Government in this regard, company-wise?

**ANSWER**

पेट्रोलियम और प्राकृतिक गैस मंत्री (श्री धर्मेन्द्र प्रधान)

**MINISTER OF PETROLEUM & NATURAL GAS**

**(SHRI DHARMENDRA PRADHAN)**

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**(a):** In the Budget Speech of 2017-18 on February 1, 2017, Finance Minister had *inter alia* stated that “we see opportunities to strengthen our CPSEs through consolidation, mergers and acquisitions. By these methods, the CPSE can be integrated across the value chain of an industry. It will give them capacity to bear higher risks, avail economies of scale, take higher investment decisions and create more value for the stakeholders. Possibilities of such restructuring are visible in the Oil and Gas sector. We propose to create an integrated public sector ‘Oil Major’ which will be able to match the performance of international and domestic private sector oil and gas companies”.

ONGC had forwarded a proposal to acquire HPCL. The Government has given in-principle approval for strategic sale of the Government of India’s existing 51.11% of total paid up equity shareholding in HPCL to ONGC along with transfer of management control.

**(b):** The oil companies diversify their business for backward and forward integration into exploration and production, petrochemicals, natural gas and alternate energy. The funding for diversification of their business is done through a judicious mix of internal accruals and external borrowings on stand alone basis, through joint ventures and consortium with other companies including other Public Sector Undertakings.

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