

**LOK SABHA**

**UNSTARRED QUESTION NO. 871**

**TO BE ANSWERED ON 23.07.2018**

**Acquisition of State PSUs**

871. SHRI BHARATHI MOHAN R.K.:  
SHRIMATI V. SATHYA BAMA:  
SHRI PR. SENTHIL NATHAN:

Will the **Minister of PETROLEUM AND NATURAL GAS** पेट्रो लयम और प्राकृतिक गैस मंत्री be pleased to state:

- (a) Whether the Government has given nod for the acquisition of certain State Public Sector Undertakings and allied companies with ONGC and if so, the details thereof along with the funds allocated for the purpose;
- (b) the effective steps taken by the Government to make such projects economically viable and profit making; and
- (c) the steps taken by the Government for the smooth execution of mergers and acquisitions of companies by ONGC in near future?

**ANSWER**

**MINISTER OF PETROLEUM AND NATURAL GAS  
(SHRI DHARMENDRA PRADHAN)**

(a) With due facilitation from Government, Oil and Natural Gas Corporation (ONGC) acquired 51.11% equity stake in Hindustan Petroleum Corporation Limited (HPCL) from Government of India on January 31, 2018 by paying ₹ 36,915 crore. The acquisition was funded by ONGC through internal accruals of ₹ 12,034 crore and external borrowing of ₹ 24,881 crore.

(b) & (c) This acquisition in the oil sector created a vertically integrated public sector 'Oil Major' company having presence across the entire value chain, giving ONGC enhanced capacity to bear higher risks and take higher investment decisions. The acquisition of HPCL by ONGC will result in significant synergies, in terms of optimization of logistics costs, research & development activities, economies of scale of purchase of crude oil and optimization in refinery operations. An in principle agreement was arrived at in a meeting held on 17.04.2018 to merge Mangalore Refinery and Petrochemicals Limited (MRPL) and ONGC Mangalore Petrochemicals Limited (OMPL) with HPCL.

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