

MINISTRY OF PETROLEUM AND NATURAL GAS
LOK SABHA
UNSTARRED QUESTION No. 4171
TO BE ANSWERED ON 7th January, 2019

Merger of Oil Companies

4171. SHRI SHRIRANG APPA BARNE:
DR. PRITAM GOPINATH MUNDE:
SHRI ADHALRAO PATIL SHIVAJIRAO:
SHRI ANANDRAO ADSUL:
SHRI DHARMENDRA YADAV:

Will the Minister of PETROLEUM AND NATURAL GAS

पेट्रो लयम और प्राकृतिक गैस मंत्री

be pleased to state:

(a) whether the State-run oil and gas entities have not been able to compete with international and domestic private oil and gas majors;

(b) if so, the details thereof and the reasons therefor along with response of the Government thereon;

(c) whether the Government plans to merge State-run oil and gas entities to create an integrated firm having the strength to compete with international and domestic private oil and gas majors and if so, the details and facts thereof;

(d) whether some State-run oil and gas entities prefer to remain separate even in case of merger and if so, the details of such companies along with the reaction of the Government thereto; and

(e) whether GAIL had said that their business model is distinct from others and it may remain a separate vertical even in case of a merger and if so, the details thereof?

ANSWER

पेट्रो लयम और प्राकृतिक गैस मंत्री

(श्री धर्मन्द्र प्रधान)

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

(a) & (b): Six Oil and gas Public Sector Undertakings under Ministry of Petroleum and Natural Gas feature in the S & P Global Platts: Top 250 Global Energy Company Rankings – 2018, out of which four are in top 100, namely, Indian Oil Corporation Limited, Oil & Natural Gas Corporation Limited, Bharat Petroleum Corporation Limited and Hindustan Petroleum Corporation Limited.

(c) & (d): 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”.

Consequent to this, Government of India’s existing 51.11% shareholding in HPCL was sold to ONGC for a total consideration of Rs. 36,915 crore and the transaction for strategic acquisition of 51.11% paid-up capital in HPCL from Government of India was effected on 31st January, 2018.

(e): GAIL was carved out of ONGC to develop Indian gas sector through creating necessary infrastructure for transportation, processing and distribution of gas. GAIL continues to operate as an exclusive entity in midstream sector of natural gas.
