

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

STARRED QUESTION NO:222  
ANSWERED ON:08.12.2005  
FDI IN OIL AND GAS SECTOR  
Chinta Mohan Dr. ;Singh Shri Rajiv Ranjan (Lalan)

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

- (a) whether the Government has allowed Foreign Direct Investment (FDI) in the oil and gas sector in the country ;
- (b) if so, the details thereof ;
- (c) the amount of foreign funds invested in the oil and gas sector during each of the last three years ; and
- (d) the percentage of foreign investments made in the oil and gas sector out of the total foreign investments made in the country during the above period?

**Answer**

MINISTER OF PETROLEUM AND NATURAL GAS AND PANCHAYATI RAJ (SHRI MANI SHANKAR AIYAR)

(a) to (d) : A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF LOK SABHA STARRED QUESTION NO. 222 ASKED BY SHRI RAJIV RANJAN SINGH 'LALAN' AND DR. CHINTA MOHAN TO BE ANSWERED ON 8TH DECEMBER, 2005 REGARDING FDI IN OIL AND GAS SECTOR

(a) : Yes, Sir.

(b) : The details of the present Foreign Direct Investment (FDI) policy in the Petroleum and Natural Gas sector are as under :

- i. Under the New Exploration Licensing Policy (NELP) and the Coal Bed Methane Policy (CBM), FDI up to 100% has been allowed
- ii. In Petroleum Refining sector, in case of Private Indian companies, FDI is permitted up to 100%. In case of Public Sector Undertakings (PSUs), up to 26% FDI is allowed with PSU holdings at 26% and Public holdings at 48%.
- iii. For Petroleum Product Pipeline sector, FDI is permitted up to 100%.
- iv. FDI upto 100% is permitted for Natural Gas/LNG Pipelines.
- v. FDI is permitted up to 74% in infrastructure related to marketing of petroleum products.
- vi. 100% Wholly Owned Subsidiary (WOS) is permitted for the purpose of market study and formulation.
- vii. 100% WOS is permitted for investment/financing.
- viii. For actual trading and marketing, minimum 26% Indian equity is required over 5 years.

The FDI policy is subject to existing sectoral guidelines.

(c) & (d) : As per the data compiled by Reserve Bank of India(RBI), the details of FDI inflows, by way of equity capital only in the Oil and Natural Gas sector vis-À-vis the total FDI inflow in the country are given below:

(In Rs. crore)

Financial Year	Inflow in Oil & Natural Gas in the country	Total FDI Inflow	Column (2) as % of Column (3)	
Sector	(1)	(2)	(3)	(4)

2002-03    245.85    14,932.00    1.65

2003-04	378.93	12,117.00	3.13
2004-05	518.29	17,138.00	3.02

Note: The above FDI data includes inflows received through FIPB/SIA route, acquisition of existing shares and RBI's automatic route.