

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

UNSTARRED QUESTION NO:4354
ANSWERED ON:22.12.2005
DIVERSIFICATION OF BUSINESS BY ONGC
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Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

- (a) whether Oil and Natural Gas Corporation (ONGC) has not been producing crude oil as per the target fixed for the last three years, continuously;
- (b) if so, whether the company is making efforts to diversify its business in other fields; and
- (c) if so, the reason for allowing the ONGC to diversify its business?

Answer

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

(a): During the period 2002-03 to 2004-05 the actual production of oil by ONGC was marginally higher than the targets fixed in 2002-03 and 2004-05 whereas it was marginally lower than the target in 2003-04. The details are as follows:-

Year Crude Production (MMT)
Target Actual

2004-05	26.174	26.484
2003-04	26.387	26.057
2002-03	25.9	26.005

(b) & (c): In addition to concentrating on its areas of core competence in exploration and production of oil and gas, ONGC have been exploring various options for diversification of their activities by forward and backward integration, and in this context, have signed the following Memoranda of Understanding (MOU)/ Memorandum of Agreement (MOA) with various agencies:-

- i) MOU with Gujarat Industrial Corporation Ltd. (GIDC) to create infrastructure facilities within the Dahej Special Economic Zone (SEZ) to facilitate setting up LNG based value addition projects.
- ii) MOU with Karnataka Industrial Areas Development Board (KIADB) & Kanara Chamber of Commerce & Industry towards development of a Coastal SEZ at Mangalore, Karnataka.
- iii) MOU with Kakinada Sea Ports Ltd. (KSPL) & Infrastructure Leasing and Financial Services (IL&FS) for the development of Port-Based SEZ at Kakinada.
- iv) MOA with Infrastructure Leasing and Financial Services (IL&FS) for setting up a 750 MW combined cycle Gas Turbine power plant at Tripura in order to monetize its locked up assets in terms of isolated gas pools.
- v) MOU with Power Trading Corporation (PTC) for bulk sale of surplus power from existing as well as future units of ONGC.

The various projects relating to power generation, oil refinery, petrochemicals, LNG transportation, etc. envisaged in these MOUs are at a conceptual stage. However, ONGC have been advised that, in view of the critical importance of increased domestic oil and gas production to energy security and to fuel higher rates of growth to accelerate poverty eradication, diversification projects should not be at the expense of ONGC's core competence which is in the business of exploration and production.