

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

UNSTARRED QUESTION NO:2023
ANSWERED ON:09.03.2006
FINANCIAL POWERS TO IOC FOR INVESTMENT
Kurup Adv. Suresh

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

- (a) whether Indian Oil Corporation (IOC) has approached the Government for financial powers on the lines of OVL which allow investment decisions to be approved by the empowered Committee of Secretaries instead of a Cabinet approval for large investments;
- (b) if so, the details thereof; and
- (c) the decision taken by the Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI DINSHA PATEL)

(a) & (b) : With the vision of becoming a diversified and integrated oil major, Indian Oil Corporation Limited (IOC) has been making forays into domestic and overseas upstream sector as well as overseas downstream sector. They have entered into a Memorandum of Understanding (MoU) with the upstream company, Oil India Limited (OIL) to synergise skills and strengths in their respective domains to jointly pursue overseas business opportunities.

Considering the above, OIL together with IOC had requested the Government for either a fast track decision making mechanism, on the lines of the dispensation available to ONGC Videsh Limited (OVL), or for a special empowerment to be made available for overseas acquisition of projects which require quick decisions within a limited time frame to meet the different dead lines associated with the transaction process.

(c) : The Government have decided to permit OIL to form project specific Special Purpose Vehicles (SPVs) with IOC to undertake overseas projects beyond their financial powers. All such proposals for Exploration and Production (E&P) projects jointly to be undertaken by OIL and IOC would be brought for consideration before the Empowered Committee of Secretaries (ECS), under the same fast track mechanism as available to OVL. The ECS would then give its recommendations to the Government.