

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

STARRED QUESTION NO:398  
ANSWERED ON:11.05.2006  
POWERS TO OIL PSUS  
Vallabhaneni Shri Balashowry

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

- (a) whether the public sector oil companies have been demanding more autonomy, delegation of financial powers, etc., for enabling them to take quick decisions in the competitive scenario;
- (b) if so, the details thereof; and
- (c) the reaction of the Government thereto ?

**Answer**

MINISTER OF PETROLEUM & NATURAL GAS (SHRI MURLI DEORA)

(a), (b) & (c) : A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a), (b) & (c) OF THE LOK SABHA STARRED QUESTION NO. 398 FOR 11.5.2006 REGARDING POWERS TO OIL PSUS RAISED BY SHRIBALASHOWRY VALLABHANENI.

(a) to (c): The public Sector oil companies have been given enhanced autonomy and delegation of financial powers under the Navratnas and Miniratnas schemes introduced in July 1997 and October 1997 respectively. The Government have reviewed the powers presently delegated to the Board of Directors of Navratnas PSEs and decided to enhance the powers further keeping in view the pledge made in the National Common Minimum Programme.

1. The ceiling on equity investment to establish financial joint ventures and wholly owned subsidiaries in India or abroad shall be 15% of the networth of the PSE in one project limited to Rs. 1000 crore. The overall ceiling on such investment in all projects put together shall be 30% of the networth of the PSE.
2. The Board of directors of these PSEs shall have the powers for mergers and acquisitions, subject to the conditions that (i) it should be as per the growth plan and in the core area of functioning of the PSE, (ii) conditions/limits would be as in the case of establishing joint ventures/subsidiaries, and (iii) the Cabinet Committee on Economic Affairs (CCEA) would be kept informed in case of investments abroad.
3. The Board of Directors of these PSEs shall have the power to further delegate the powers relating to Human Resource Management (appointments, transfer, posting, etc.) of below Board level executives to sub-committees of the Board or to executives of the PSE, as may be decided by the Board of the PSE.
4. The Chief Executives of the PSE shall have the power to approve business tours abroad of functional directors up to 5 days' duration (other than study tours, seminars, etc.) in emergency, under intimation to the Secretary of the administrative Ministry.

Based on the demand by some of the oil sector Public Sector Undertakings for acquiring equity oil and gas abroad, the Board of Directors of ONGC Videsh Limited (OVL), a subsidiary of ONGC, has been given powers to approve projects each involving investment upto US\$ 75 million or Rs. 300 crore, whichever is less. For projects involving investment beyond this, an Empowered Committee of Secretaries (ECS) considers the proposal of OVL before seeking the approval of the Government. In the case of Oil India Limited, powers to incur capital expenditure or form joint ventures/subsidiaries were limited to Rs. 150 crores or equal to 50% of its networth, whichever is less. To extend support to the efforts of oil companies in acquiring equity oil and gas abroad, the Government have permitted Oil India Limited (OIL) to form project specific Special Purpose Vehicles (SPVs) with Indian Oil Corporation Limited (IOC) to undertake overseas projects beyond its financial powers. In the event, IOC is not interested, OIL can join hands with any other Navaratna downstream oil PSU. OIL and the Navaratna downstream oil Public Sector Undertakings (PSUs) thus now enjoy same powers as available to OVL for all such proposals for Exploration & Production (E&P) projects jointly to be undertaken by them.