

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

STARRED QUESTION NO:256
ANSWERED ON:10.08.2006
DIVERSIFICATION OF BUSINESS BY ONGC
Chinta Mohan Dr. ;Patil Shri Balasaheb Vikhe

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

- (a) whether the Oil and Natural Gas Corporation Ltd. (ONGC) was established to find oil and natural gas reserves in the country;
- (b) if so, whether after entering into the retail business, the main objectives of the ONGC have been hampered;
- (c) if so, whether the Government has asked ONGC to stop its retailing business and focus on exploration of oil and gas reserves;
- (d) if so, the details in this regard;
- (e) whether by this move of the Government, the role of ONGC as the integrated player in the oil market is likely to be shelved; and
- (f) if so, the future strategy adopted/ being adopted by ONGC in this regard?

Answer

MINISTER OF PETROLEUM AND NATURAL GAS (SHRI MURLI DEORA)

(a) to (f) A statement is laid on the Table of the House.

Statement referred to in reply to parts (a) to (f) of the Lok Sabha Starred Question No.256 by Dr. Chinta Mohan and Shri Balasaheb Vikhe Patil to be answered on 10th August, 2006 regarding diversification of business by ONGC.

(a) Yes, Sir.

(b) No, Sir.

(c) to (e) In addition to concentrating on its areas of core competence in exploration and production of oil and gas, Oil and Natural Gas Corporation Limited (ONGC) has been exploring various options for diversification of its activities by forward and backward integration, and in this context has signed the Memoranda of Understanding (MOU) / Memorandum of Agreement (MOA) with various agencies. Various projects relating to power generation, oil refinery, petrochemicals, LNG transportation, etc., envisaged in these MOUs are at a conceptual stage. However, ONGC has been advised to keep its focus on its core competence which is in the business of exploration and production.

ONGC had been granted authorization for marketing of Motor Spirit (MS) and High Speed Diesel (HSD) in accordance with the guidelines issued by the Government in the Resolution of 8.3.2002. ONGC envisaged setting up a total of 1100 Retail Outlets (ROs) in the country to take benefit of complete value chain integration in line with such models followed by global oil majors.

(f) ONGC is repositioning itself to foster the principle of relational enterprise through partnerships / strategic alliances / joint ventures with preferred partners and adopt a business strategy which relies on leveraging company skills and assets with focus on core business areas and opportunity - specific diversification.

ONGC has also forayed into overseas acreages for securing equity oil through its wholly owned subsidiary, ONGC Videsh Limited. In addition, a subsidiary of ONGC, Mangalore Refinery & Petrochemicals Limited (MRPL) is carrying out downstream functions on behalf of ONGC. At the same time, for risk mitigation and adding to its hydrocarbon value chain, ONGC has ventured into integration activities.