

## FDI Policy for Petroleum & Natural Gas Sector

The present Foreign Direct Investment (FDI) policy for the Petroleum and Natural Gas Sector is laid down by para 6.2.4.2 of Circular 6 of 2013 issued on 22.08.2013 by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry. The Policy is as follows:

Item	% of FDI Cap/Equity	Entry Route
Exploration activities of oil and natural gas fields, infrastructure related to marketing of petroleum products and natural gas, marketing of natural gas and petroleum products, petroleum product pipelines, natural gas/pipelines, LNG Regasification infrastructure, market study and formulation and petroleum refining in private sector, subject to the existing sectoral policy and regulatory framework in the oil marketing sector and the policy of the Government on private participation in exploration of oil and the discovered fields of natural oil companies.	100%	Automatic
Petroleum refining by the Public Sector Undertaking (PSU), without any disinvestment or dilution of domestic equity in the existing PSUs.	49%	Automatic

## Regulations in Petroleum & Natural Gas Sector

There are certain sectoral policy regulations that are required to be adhered to. The **sectoral policy/regulations** applicable for the **exploration and production (E&P)** activities in India are as follows:

- Statutes governing the upstream sector, viz. the Oil Field (Regulation and Development) Act, 1948 and Petroleum and Natural Gas Rules 1959 which govern grant of Petroleum Exploration Licenses and Mining Leases, royalty etc.
- New Exploration Licensing Policy(NELP)-allotment of exploration blocks only through international competitive bidding
- Coal Bed Methane(CBM) Policy- allotment of coal blocks for extraction of methane gas from coal seams through international competitive bidding

The **sectoral policy/ regulations** applicable for **refining and marketing activities** in India are as follows:

- Statutes governing industrial production, viz The Industries (Development And Regulation) Act, 1951, and rules framed there under, and the Petroleum Act, 1934, which relate to import, transport, storage, production, refining and blending of petroleum.
- The marketing regulations prescribe that for gaining marketing rights for transportation fuel by the private investors, including for foreign investment, a threshold of investment (Rs.2000 crore) should have been made and/ or be committed to make
- A number of specific product-wise regulations and rules framed under the Petroleum Act, 1934, all of which have a thrust on controlling adulteration and ensuring quality of the product.

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