

***Penalty for tardy officers okay, but why not bureaucrats?***

The steady fall in ONGC's output, from 26.9 million tonnes to 25.9 million tonnes in FY16 has always been a study in contrast with the sustained increase in its reserves—during this period, ONGC reported an increase of 855 million tonnes (oil and gas), as a result of which its reserve accretion was higher than its depletion due to extraction. This is what the government, according to a report in The Indian Express (IE), now seems to acting upon—if ONGC is finding more oil and gas, the petroleum ministry is asking, why is it not producing more. According to IE, the secretary has asked how ONGC's board of directors can be revamped—in particular, the role of functional directors—to ensure the oil behemoth has 'a lean structure facilitating quick decision making to boost the overall performance'.

The ministry has also asked ONGC to not promote officers who are heading various projects that have got delayed and debar them from applying for higher-level posts advertised by the Public Enterprise Selection Board. While forcing ONGC to perform to its potential is important, and penalising officials for delays is an integral part of this, it will be important to ensure the blame is shared equally with bureaucrats. ONGC's tardiness in the KG Basin looks patently obvious—while it fights with RIL over the latter evacuating the gas from its field, had ONGC worked on the field all these years, this situation would never have occurred. And while it is easy to blame ONGC for not working to start production in the Ratna and R-Series fields, keep in mind the fact that it was bureaucratic sloth that ensured no production between 1994 and last year—the field was auctioned and won by Essar Oil in 1996 but the production sharing contract was never signed due to differences on the rates of royalty and other issues; last March, the field was reverted to ONGC after the government cancelled the Essar licence.

Even in the case of the KG Basin, ONGC was hobbled by political and bureaucratic interference while trying to tie up with global majors with deep-sea drilling experience. Indeed, as this newspaper has pointed out before, it is bureaucratic sloth that has ensured Cairn India has not got an extension for its Rajasthan field for several years, and it was political interference that ensured gas prices were not raised for tough fields like the KG Basin one. While ensuring PSUs start performing better is critical, it is equally important to penalise bureaucrats that stop them from doing their jobs.