

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

UNSTARRED QUESTION NO:2783
ANSWERED ON:23.07.2009
SHARING OF PROFIT THROUGH PRODUCTION OF PETROLEUM
Patel Shri Devji

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

- (a) whether oil producing States such as Rajasthan, Gujarat and Assam have urged the Union Government to share the profit generated from the petroleum produced from these States;
- (b) if so, the details of the demands of these States alongwith the reaction of the Government thereto;
- (c) whether the Finance Commission has recommended to share the said profit;
- (d) if so, the details thereof;
- (e) the reasons for discriminating between the areas where the mineral oil and natural gas are produced;
- (f) the steps Union Government proposes to take to share the said irrespective of the blocks awarded through nomination, joint venture and New Exploration Licensing Policy (NELP); and
- (g) the time frame within which a final decision in resolving the issue is likely to be taken?

Answer

MINISTER IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI JITIN PRASADA)

(a to g): Under New Exploration Licensing Policy (NELP) and Coal Bed Methane Policy (CBM), Government of India receives profit petroleum/production level payments as per the provisions of Production Sharing Contracts (PSCs) in addition to royalty normally received on production of natural resources. State Governments, including Gujarat and Assam, had represented for sharing of profit petroleum with the Union Government. These representations were discussed and deliberated by the Twelfth Finance Commission of India, which recommended sharing of profit petroleum or production level payments with Union Government in the ratio of 50:50. The recommendations in this regard have been accepted by the Government of India. This sharing of profit petroleum is not applicable to other regimes including Pre-NELP, Nomination or Discovered field regimes.