GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:1502
ANSWERED ON:22.03.2012
SHARING OF PROFIT
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Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) the criteria for profit sharing between Government and private companies since 2006 under Production Sharing Contracts (PSCs); and

(b) the total quantum of revenue receives by the Government as a result of the same?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI R.P.N.SINGH)

(a) Under the Production Sharing Contract (PSC) regime, Profit Petroleum is required to be shared between the Contractor (s) and Govt. of India (GoI) based on the pre-defined Investment Multiple (IM) or Post Tax Rate of Return (PTRR) tranches in the PSCs, which vary from contract to contract.

In case of NELP-I to NELP- VI, PSCs (signed between the years 2000 and 2007), Contractors were required to bid Government share of profit petroleum for different tranches of IMs based on sliding scale principles, varying from IM of 1.5 or less to IM of 3.5 or more. From NELP-VII (signed in 2008) onwards, Contractor(s) are required to bid only at two level of Investment Multiple (IM), namely, profit share at an IM of 1.5 or less and profit share at an IM of 3.5 or more. The Government share of profit petroleum at IM ranging between 1.5 and 3.5 is determined by interpolation. In the new system, the Government share of profit petroleum increases in a straight line (linear scale) vis-Ã -vis the increase in IM and sudden increase in profit share is avoided.

(b) Total Profit Petroleum received by GOI is to the tune of Rs. 37,610 crores upto 31.12.2011.