

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

UNSTARRED QUESTION NO:2561
ANSWERED ON:29.03.2012
BENEFITS TO RIL AND CAIRN
Abdulrahman Shri ;Gowda Shri D.B. Chandre

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

- (a) whether the Government has received a series of letters/representation regarding alleged irregularities committed in extending undue benefits to the Reliance Industries Limited (RIL) and Cairn India Limited;
- (b) if so, the details thereof;
- (c) whether the Government has quantified the losses suffered by the country due to extension of these undue benefits to RIL and Cairn India Limited;
- (d) if so, the details thereof and if not, the reasons therefor; and
- (e) the steps taken by the Government to reclaim those parts of the oil fields in the Krishna-Godavari Basin where no hydrocarbon discoveries had been made?

Answer

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

(a) & (b): Letters/representations have been received and are appropriately considered by this Ministry.

(c) & (d): The expenditure incurred by the contractors is audited under the Production Sharing Contracts (PSCs) which provides for auditing of the actual expenditures/cost recovery by different set of auditors; firstly, by the Management Committee (MC) appointed auditors, secondly, by the Government appointed auditors. The Comptroller & Auditor General of India (C&AG) has carried out on request by this Ministry special audit for the blocks KG-DWN-98/3 and RJ-ON-90/1 operated by Reliance Industries Limited (RIL) and Cairn Energy India Limited (CEIL) respectively.

Under the Production Sharing Contract (PSC) regime, cost recovery entitled to the Contractor is restricted to the actual expenditure incurred by the Contractor and reported in the Annual Account.

The C&AG have submitted report for years 2006-07 and 2007-08. However, C&AG has not quantified any loss of revenue to the Government in the blocks for the audited years.

(e): Directorate General of Hydrocarbons (DGH) under this Ministry has reported that the areas/blocks relinquished by the contractors under the Production Sharing Contract (PSC) regime are considered for carving out blocks for offering under future New Exploration Licensing Policy (NELP) rounds.