

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

UNSTARRED QUESTION NO:4353

ANSWERED ON:22.03.2013

CESS ON CRUDE OIL

Deo Shri Kalikesh Narayan Singh

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

- (a) whether the Government is currently levying a cess on indigenously produced crude oil;
- (b) if so, the details thereof along with the reasons therefor;
- (c) the total amount collected by the Government through the levy of cess during the last three years, year-wise;
- (d) the total amount released by the Government from the above collection for the development of oil industry along with the funds utilized by various companies indicating the purpose of utilization of funds during the said period; and
- (e) whether the entire amount collected through cess is not being released to the oil industry and if so, the reasons therefor along with the corrective measures being taken or proposed to be taken by the Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SMT. PANABAACA LAKSHMI)

(a) and (b) Yes, Madam. Oil Industry Development(OID) Cess is levied on crude oil produced indigenously as a duty of excise under the Oil Industries (Development) Act, 1974.

OID Cess on crude oil produced from nominated blocks, Pre-NELP Exploratory blocks and Pre-NELP onshore discovered fields is payable to Central Government on monthly basis at a specific rate (presently Rs.4500/Metric Tonne(MT) effective from 17th March, 2012) on the quantity received in the refineries.

OID Cess on crude oil produced from Pre-NELP offshore discovered field is payable at the rates specified in respective Production Sharing Contracts(PSCs).

Crude oil produced from NELP blocks is exempted from payment of OID Cess.

(c) Based on the inputs received from Oil and Natural Gas Corporation Limited(ONGC), Oil India Limited(OIL) and Directorate General of Hydrocarbon(DGH), the amount of cess collected by the Government during the last three years is given below:

Years Amount (Rs. in crore)

2009-2010 6637.13

2010-2011 7671.44

2011-2012 8065.46

(d) and (e) In terms of Section 16 of OID Act the proceeds of the duties of excise levied as Cess is first credited to Consolidated Fund of India and the Central Government may, if Parliament by appropriation made by law in this behalf so provides, pay to the Board from time to time, from out of such proceeds after deducting the expenses of collection, such sums of money as it may think fit for being utilized exclusively for the purposes of this Act.

This is an enabling provision. Central Government has not transferred any funds to Oil Industry Development Board(OIDB) from out of cess proceeds for the years 2009-10 to 2011-12.