

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

UNSTARRED QUESTION NO:2380

ANSWERED ON:23.08.2013

FIXATION OF ROYALTY

Alagiri Shri S. ;Laguri Shri Yashbant Narayan Singh

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

- (a) whether there is no time-frame for fixation of royalty as per Oilfields (Regulation and development) Act 1948;
- (b) if so, the reasons therefor along with the reaction of the Government thereto; and
- (c) the steps taken by the Government to amend the Oilfields (Regulation and Development) Act 1948?

Answer

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

(a) to (c): The rates of royalty are fixed by the Government through a Notification under Section 6A(4) of Oil fields(Regulation and Development) Act, 1948 (ORDA). The Section 6(A)(4) of ORDA specifies the statutory provisions for fixation of royalty which is reproduced below:

Quote The Central Government may, by notification in the Official Gazette, amend the schedule so as to enhance or reduce the rate at which royalty shall be payable in respect of any mineral oil with effect from such date as may be specified in the notification and different rates may be notified in the respect of same mineral oil mined, quarried, excavated or collected from the areas covered by different classes of mining leases:

Provided that the Central Government shall not fix the rate of royalty in respect of any mineral oil so as to exceed twenty percent of the sale price of the mineral oil at the oilfields or the oil well-head, as the case may be.

Unquote In accordance with the above provision, Ministry of Petroleum & Natural Gas (MoP&NG) brings out notifications regarding rate and payment of royalty from time to time.

Last revision in rates of royalty was made by Government vide Notification dated 16th December, 2004. Subsequently, certain amendments have also been made in provisions of royalty vide notifications dated 20th August, 2007 and 28th August, 2009.

As per the provision Under Section 10(1) of Petroleum and Natural Gas Rules, 1959, the royalty shall be payable on monthly basis, as may be provided for in the lease and shall be paid by the last day of the month succeeding the period in respect of which it is payable.