

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

UNSTARRED QUESTION NO:3310
ANSWERED ON:30.08.2013
ROYALTY PAID TO STATES BY ONGC .SHRIMATI JAYSHREEBEN PATEL
Kanubhai Patel Jayshreeben

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

- (a) whether there is any policy for payment of royalty by the Oil and Natural Gas Corporation Limited (ONGC) to States/UTs;
- (b) if so, the details of the royalty paid to States/UTs during 2012-13, States/UT-wise;
- (c) whether the State Government of Gujarat has made any request to the ONGC in this regard; and
- (d) if so, the details and the present status thereof?

Answer

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

(a) & (b): Royalty on production of crude oil and natural gas is payable to the Central Government (for production from offshore fields) and to the State Governments (for production from onshore fields) in terms of the statutory provisions of Oilfields (Regulation and Development) Act, 1948 (ORDA), Petroleum & Natural Gas (PNG) Rules 1959, Petroleum & Natural Gas

(Amendment) Rules, 2003 read with notifications dated 16th December, 2004, 20th August, 2007 and 28th August, 2009 issued by the Government under the ORDA from time to time.

Details of the royalty paid to States/UTs by ONGC during 2012-2013, States/ UT-wise is as under:

(in Crore)

STATE 2012-2013
GOVERNMENT Royalty

Crude Gas Total

Gujarat 856.65 119.0 975.65

Assam 389.87 20.15 410.02
Tamil Nadu 168.66 92.38 261.04

Andhra Pradesh 14.80 85.88 100.68

Tripura 0.13 39.57 39.70

Rajasthan 5,077.79 4.83 5,082.62

Jharkhand - 0.21 0.21
Total State Govt. 6,507.89 362.01 6,869.90

Total Central Govt. 2,588.43 1,352.23 3,940.66
Grand Total 15,604.22 2076.21 17,680.48
Variation in totals, if any, are due to internal summation and rounding off.

(c) and (d): Oil and Natural Gas Corporation Limited(ONGC) had been paying royalty to Central and State Governments in terms of Statutory provisions. Further, in terms of Government directives, upstream companies including ONGC has been extending discounts on sale of crude oil produced from nominated acreages to PSU refineries.

Consequently, ONGC started making payment of royalty at post discount price from 1st April, 2008 to State Governments also (including Govt. of Gujarat) in line with royalty payment to Central Government as per the provisions of ORD Act.

In this regard Govt. of Gujarat has make certain representations with ONGC for making payment of royalty on pre-discount price for which appropriate replies were submitted to Govt. of Gujarat.

It is also understood that State Government of Gujarat has represented to Union Government on the issue of payment of royalty on pre-discount price. However, Union Government have clarified that the decision taken by the Central Govt. for payment of royalty on post-discount prices is the result of a thorough examination of the matter considering various statutory provisions in consultation with Ministry of Law. Accordingly, the royalty is being paid correctly by ONGC in terms of provisions of the Oilfields (Regulation and Development) Act, 1948, Petroleum & Natural Gas Rules, 1959. Petroleum & Natural Gas (Amendment) Rules, 2003 and notifications issued there-under.